

DOM DEVELOPMENT S.A. CAPITAL GROUP

MANAGEMENT BOARD'S REPORT OF ACTIVITIES IN THE FIRST HALF OF 2023





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1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A. CAPITAL GROUP





Dom Development S.A. has operated since 1996 and is the leader of the residential market in Poland. The Group offers apartments in multi-family buildings located in the main agglomerations of the country: in 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 high profitability, low debt with dividend payments.

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

Dom Development S.A. is a developer in the segment of upper-standard flats in Warsaw.

Dom Development S.A. Capital Group is the largest residential developer in Poland and it operates in three markets: Warsaw, Tricity, Wrocław, and in Cracow.

The Group’s activities are concentrated in the main agglomerations of Poland, where it offers flats in all market segments – from popular, through to upper-standard to luxury apartments. The premium segment dominating the Group's

portfolio allows both the Company and the Group to achieve satisfactory margins while maintaining a large scale of business.

For 25 years the Company's founders have managed and supervised it: 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 and a major shareholder, has also been the Chairman of the Company's Supervisory Board since 2008.

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

STRUCTURE OF DOM DEVELOPMENT S.A. CAPITAL GROUP AS AT 30 June 2023

| COMPANY | % OF THE SHARE CAPITAL HELD BY THE PARENT COMPANY | % OF THE VOTES HELD BY THE PARENT COMPANY |
|---|---|---|
| Subsidiaries | | |
| Dom Construction Sp. z o.o. | 100% | 100% |
| Dom Development Kredyty Sp. z o.o. | 100% | 100% |
| Dom Development Wrocław Sp. z o.o. | 100% | 100% |
| Euro Styl S.A. *) | 100% | 100% |
| Euro Styl Development Sp. z o.o. w likwidacji*) | 100% | 100% |
| Dom Development Kraków 12 Sp. z o.o. | 100% | 100% |
| Dom Development Kraków Sp. z o.o. | 100% | 100% |
| Issogne Sp. z o.o. | 100% | 100% |
| Mirabelle Investments Sp. z o.o. | 100% | 100% |
| Dom Development Grunty Sp. z o.o. | 46% | 100% |
| Dom Land Sp. z o.o. | - | - |

*) Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, with non-controlling interests held by Euro Styl Development Sp. z o.o. w likwidacji (under liquidation). As a result of the acquisition of both these companies, Dom Development S.A. has full control over the Euro Styl S.A. Capital Group.

The 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 Interim Condensed Consolidated Financial Statements of Dom Development S.A. Capital Group for the six-month period ended 30 June 2023.

1.1 GROWTH STRATEGY OF THE COMPANY AND THE CAPITAL GROUP

The strategic goal of the Dom Development S.A. Management Board 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 the leader of the housing market in Poland, the Dom Development S.A. Capital Group has a significant influence on spatial governance and quality of life in the agglomerations, where it operates. The Company's Management Board supports sustainable urbanisation by implementing internal standards of investment planning. Starting from apartments, through common areas of residential projects, to architectural solutions, including green areas – each of these aspects of development projects is carefully planned to create a friendly place to live in and forming high-standard urban fabric.

Sustainable development activities of Dom Development Group companies are set out in the DOM 2030 ESG STRATEGY adopted in 2022. The entire DOM 2030 Strategy is available on the Company's website at: <https://inwestor.domd.pl/pl/esg>.

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 reinforce the Group's position in the Cracow, Wrocław and Tricity markets.

Dom Development S.A. is an undisputed market leader in Warsaw with a market share exceeding 10% for many years. The Company's Management Board expects that the scale of its operations 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 this demanding market.

In recent years, Euro Styl S.A. and Dom Development Wrocław Sp. z o.o. have notably developed their potential to be among

the leaders in local markets. The Group's activities in these regions are expected to grow in the coming years.

The Cracow market is one of the largest 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. For this reason, the Management Board of the Company decided to establish Dom Development Kraków Sp. z o.o. in 2022. This company was formed as a result of 2021 and 2022 acquisitions of BUMA and SENTO, two recognised local housing developers. In the opinion of the Management Board of the Company, Cracow is a very forward-looking location with great potential for consolidation in the primary housing market. The Group's activities are aimed at gradual building and reinforcement of its position in the local market.

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 own 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 significant cash resources 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.

In view of high cost of debt finance, the strong balance sheet and high liquidity are, in the opinion of the Management Board, a fundamental competitive advantage that enables the Company and its Group to strengthen their market position.

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.

1.2 DOM DEVELOPMENT S.A. SHAREHOLDER STRUCTURE

As at the date of this report, the Company was controlled by Groupe Belleforêt S.à r.l. which held 55.02% of the Company's shares. The Dom Development S.A. shareholder structure has been relatively 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, optimised operations and 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, with PTE Allianz Polska S.A. being one of them.

On 5 January 2023, the Company was notified that on 30 December 2022, PTE Allianz Polska S.A., who manages Allianz Polska Otwarty Fundusz Emerytalny (open-end pension fund) and Allianz Polska Dobrowolny Fundusz Emerytalny (voluntary pension fund) had merged with Aviva Powszechnie Towarzystwo Emerytalne (pension fund management company) Aviva Santander Spółka Akcyjna, who manages Drugi Allianz Polska Otwarty Fundusz Emerytalny (open-end pension fund). The total interest of PTE Allianz Polska S.A. in the share capital of the Company increased to 9.73% as a result of this merger.

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 the date of this report, and on the change in their shareholding in the period from the publication of the Q1 2023 interim financial statements, are presented in the table below.

| | STATUS AS AT THE DATE OF THIS REPORT | | | | CHANGE FROM THE PUBLICATION OF THE Q1 2023 REPORT |
|----------------------------|--------------------------------------|----------|----------------------------|--------------------|---|
| | Shares | % shares | Number of votes at the GSM | % votes at the GSM | Shares |
| Groupe Belleforêt S.à r.l. | 14 155 941 | 55.02 | 14 155 941 | 55.02 | - |
| PTE Allianz Polska S.A.*) | 2 501 493 | 9.73 | 2 501 493 | 9.73 | - |
| Jarosław Szanajca | 1 454 050 | 5.66 | 1 454 050 | 5.66 | - |

*) The PTE Allianz Polska S.A. shareholding in the Company has been presented in accordance with the notification of 15.05.2023 that specifies the shares held by Allianz OFE.

1.3 MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.

In the period from 1 January 2023 until 30 June 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,
Chief Executive Officer
- Leszek Stankiewicz,
Vice President of the Management Board,
Chief Financial Officer
- Terry Roydon,
Member of the Management Board
- Mikołaj Konopka,
Member of the Management Board.

1.4 SUPERVISORY BOARD OF DOM DEVELOPMENT S.A.

In the period from 1 January 2023 until 14 June 2023 the Supervisory Board of Dom Development S.A. was composed of seven members as follows:

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

The following changes in the composition of the Supervisory Board of the Company took place in the six-month period ended 30 June 2023.

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

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

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

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

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

Consequently, from 15 June 2023 the Supervisory Board of Dom Development S.A. has been composed of seven members as follows:

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

1.5 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

The ownership structure of shares and share options in the Company held by the Members of the Management Board and the Supervisory Board as at the date of this Report was as follows:

| | STATUS AS AT THE DATE OF THIS REPORT | | | | CHANGE FROM THE PUBLICATION OF THE Q1 2023 REPORT | |
|------------------------------|--------------------------------------|---|---------------|---------------------------|---|---------------|
| | Shares | Nominal value of the shares (in PLN '000) | Share options | Shares and options, total | Shares | Share options |
| The Management Board | | | | | | |
| Jarosław Szanajca | 1 454 050 | 1 454 | - | 1 454 050 | - | - |
| Małgorzata Kolarska | 288 764 | 289 | - | 288 764 | (14 780) | - |
| Leszek Stankiewicz | 100 000 | 100 | 150 000 | 250 000 | - | - |
| Mikołaj Konopka | 172 561 | 172 | 50 000 | 222 561 | - | - |
| Terry Roydon | 58 500 | 59 | - | 58 500 | - | - |
| The Supervisory Board | | | | | | |
| Grzegorz Kiełpsz | 1 280 750 | 1 281 | - | 1 280 750 | - | - |
| Janusz Zalewski | 300 000 | 300 | - | 300 000 | - | - |
| Mark Spiteri | 900 | 1 | - | 900 | - | - |

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% shares each on the date of preparing of these financial statements.

2 SUMMARY OF ACTIVITIES IN THE FIRST HALF OF 2023



2.1 MAJOR EVENTS IN H1 2023

EXPANSION OF OPERATIONS IN THE CRACOW MARKET

In the first half of 2023, Dom Development Kraków Sp. z o.o. continued to consolidate development operations in the Cracow market. In March 2023, the Meeting of Shareholders of Dom Development Kraków Sp. z o.o. and the General Meeting of Shareholders of Sento S.A. adopted resolutions regarding the merger of Dom Development Kraków Sp. z o.o. as the acquiring company with Sento S.A. as the acquired company.

The purpose of merging these companies into one development organisation was to introduce in Cracow the business model equivalent to that in other locations where the Group operates.

The Cracow market is one of the largest residential markets in Poland both in terms of transaction volume and price level. It is a

highly fragmented market compared to other major agglomerations in Poland. In the opinion of the Management Board of the Company, Cracow is a very forward-looking location with great potential for consolidation in the primary housing market.

As a result of the acquisitions, which took place in 2021 and 2022, as at 30 June 2023, the land bank controlled by the Company has the capacity of 1 416 new units and 632 units already under construction. In H1 2023 Dom Development Kraków sold 237 units. The company strengthened its position in the Cracow market as reflected in increased sales and deliveries by 114% and 62% respectively, year over year.

COMFORTABLE LIQUIDITY SITUATION

On 19 January 2023, a master agreement was signed between Dom Development S.A. and mBank S.A. setting forth the rules for Dom Development S.A. utilising bank guarantees under the guarantee line provided, up to a maximum amount of PLN 30 000m and until 29 January 2027. The said agreement further strengthened the credibility of Dom Development S.A. as a trading partner, giving the opportunity to efficiently, effectively and reliably secure transactions with contractors.

On 7 February 2023, the Management Board of Dom Development S.A. adopted a resolution according to which it agreed to establish by the Company a bond issue programme of Dom Development S.A. with a total value not exceeding PLN 400m.

The Issue Agreement was entered into by the Company and mBank S.A. on the same date (i.e. 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.

Moreover, 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. As a result of the signed annex, the availability period of credit limit was extended until 26 February 2027 and the credit limit amount was increased, which currently stands at PLN 200m.

The above sources of finance ensure comfortable liquidity situation for Dom Development S.A., allowing for the development of current operations of the Company and companies operating within Dom Development Group.

DOM 2030 ESG STRATEGY

In accordance with the assumptions of the DOM 2030 ESG Strategy, the Management Board of Dom Development S.A. Capital Group has committed to implementing a system for sustainability reporting. In March 2023, the Capital Group voluntarily published its first 2022 non-financial report (with 2021 being the base year). Moreover, pursuant to Article 49b of the Accounting Act, a statement on non-financial data was included in the Management Board's report of activities. The purpose of these activities is to make the Capital Group ready for the implementation of the Corporate Sustainability Reporting Directive (CSRD).

In H1 2023, in compliance with the objectives set out in the DOM 2030 ESG Strategy, the Capital Group implemented the Green Project Card – an internal standard of the Dom Development Group which combines environmentally and socially friendly solutions while remaining appealing to customers.

The “We are Fair” programme has been implemented across all Group companies. This programme is about values, and it depicts

the project standards that have been worked out by the Group and sets new directions of development, based on responsibility for the products, relations and the local community.

Pursuant to Resolutions no. 22 and 23 of the Annual General Shareholders' Meeting of 15 June 2023, the representation of women on the Supervisory Board of Dom Development S.A. was increased to over 40%.

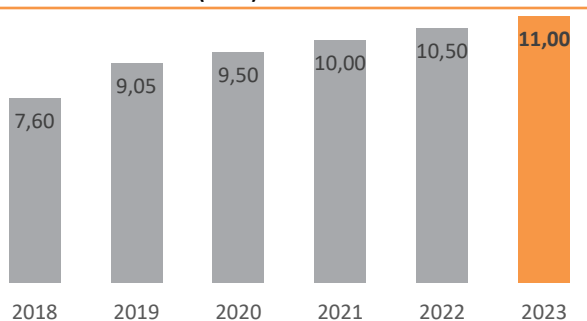
The next step in the implementation of the DOM 2030 ESG Strategy will be the actions planned for 2024, namely the “Urban Greenery” Program, under which public green areas are to be created in each of Group's four markets. The CSR Strategy will also be implemented, so will the new apartment -fit-out standard with solutions that enhance comfort and safety for seniors and people with reduced mobility.

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

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 Management Board of the Company. The date of record was set to be 26 June 2023 and the dividend distribution date was set to be 4 July 2023.

DIVIDEND PER SHARE (PAID)



The Company paid a total of PLN 282 682k 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 7.6%.

The remainder of the Company's net profit in the amount of PLN 91 001k was allocated to the Company's supplementary capital.

The dividend paid is in line with the dividend policy of Dom Development S.A. published on 3 April 2013, which assumes increases 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.

In the opinion of the Management Board, the high return on equity (ROE) of the Company and its Group will allow them 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.

2.2 OPERATIONAL RESULTS OF THE GROUP IN H1 2023

SALES

In H1 2023, the Capital Group sold 1 845 units, which means an 18% increase year over year.

The improvement in the housing market situation, which began at the end of 2022, has continued in H1 2023.

Several factors, predominantly stable interest rates since September 2022, contributed to the revival in the property development market. In addition, the demand was positively influenced by the PFSA easing its requirements as regards the credit scoring, which, combined with major increase in average salaries, resulted in higher availability flats for clients in the popular segment.

The Warsaw market remained dominant in the Group's sales. Dom Development S.A. - the leader in the Warsaw housing market sold 833 units in the first six months of 2023, increasing its market share to approx. 17% (estimated based on the JLL market sales data).

In the same period, Euro Styl S.A. sold 462 units, i.e. 5% more YoY. Dom Development Wrocław increased the volume of transactions and units, while Dom Development Kraków recorded greater volume of units. The Management Board of the Company holds the view that these results are satisfactory considering the current macroeconomic situation and market environment. The Group strengthened its competitive position in H1 2023 by increasing its market share. In the recent period, the strong brand and financial security have gained in importance and made the Group stand out

| SALES OF UNITS | H1 2023 | H1 2022 | CHANGE |
|---|--------------|--------------|-------------|
| Warsaw Dom Development S.A. | 833 | 833 | 0% |
| Tricity Euro Styl S.A. | 462 | 439 | +5% |
| Wrocław Dom Development Wrocław Sp. z o.o. | 313 | 176 | +78% |
| Cracow Dom Development Kraków Sp. z o.o. | 237 | 111 | +114% |
| Dom Development S.A. Capital Group | 1 845 | 1 559 | +18% |

Number of apartments and retail units

in the sector. These are the advantages of particular value to customers, who have decided to buy an apartment to protect their capital against inflation. In the Dom Development Group, 46% of Q2 2023 transactions (against 40% in Q1 and approx. 30% in Q3 2022) were financed through mortgage. Cash transactions accounted for 54% of sales, which confirms the continually high level of investment transactions.

GROUP OFFER

As at 30 June 2023, Dom Development S.A. Capital Group had 2 579 units available for sale. This is slightly less than at the end of the first half of 2022, and demonstrates a reinstatement of the market equilibrium after a long-lasting supply shortage. This shortage was the result of a lacking demand due to a series of interest rate increases and tighter credit scoring criteria.

The Management Board assesses the size and structure of the Group's offer at the end of H1 2023 as healthy, given the current market situation. A supply at the level of annual sales is usually considered as optimal in the housing market. By that measure, the offer of the Dom Development S.A. Capital Group, is still below equilibrium.

| UNITS OFFERED | 30.06. 2023 | 30.06. 2022 | CHANGE |
|---|------------------------|------------------------|---------------|
| Warsaw Dom Development S.A. | 739 | 1 160 | (36)% |
| Tricity Euro Styl S.A. | 868 | 855 | +2% |
| Wroclaw Dom Development Wrocław Sp. z o.o. | 637 | 376 | +69% |
| Cracow Dom Development Kraków Sp. z o.o.* | 335 | 266 | +26% |
| Dom Development S.A. Capital Group | 2 579 | 2 657 | (3)% |

Number of apartments and retail units

UNITS UNDER CONSTRUCTION

The Group finished H1 2023 with 6 763 units under construction.

In H1 2023, the Group started 20 projects with 2 523 units. In Warsaw, where administrative difficulties and the situation on the land market were the greatest of all Polish agglomerations, Dom Development S.A. maintained its scale of operations. In the first half of the year, the Company started new projects with 802 units in Warsaw.

The scale of construction projects in Tricity was 1 778 units, i.e. 23% less when compared to the same period in 2022.

In Wrocław, the Group reinforced its position and increased the scale of projects under development by 51% YoY, to reach 1 274 units at the end of June 2023.

The number of projects in progress also has also went up in Cracow. At the end of H1 2023, the Group completed the construction of 632 units, i.e. 15% more than in H1 2022.

All construction works followed schedule and had satisfactory sales margins. The major competitive advantage in the construction operations is mainly owing to the Group's general contractors. The in-house general contractorship companies carried out construction work according to the high quality standards of the Group at a competitive price.

| UNITS UNDER CONSTRUCTION | 30.06. 2023 | 30.06. 2022 | CHANGE |
|---|------------------------|------------------------|---------------|
| Warsaw Dom Development S.A. | 3079 | 3 532 | (13)% |
| Tricity Euro Styl S.A. | 1 778 | 2 317 | (23)% |
| Wroclaw Dom Development Wrocław Sp. z o.o. | 1 274 | 846 | +51% |
| Cracow Dom Development Kraków Sp. z o.o. | 632 | 550 | +15% |
| Dom Development S.A. Capital Group | 6 763 | 7 245 | (7)% |

Number of apartments and retail units

DELIVERIES

In the first half of 2023 Dom Development S.A. Capital Group delivered 1 998 units to buyers which means a decrease by 8% year over year. Warsaw projects have dominated the deliveries structure with 1 088 units handed over. In Tricity, 580 units were delivered. The volume of deliveries in Wrocław decreased by 29%, while the Group company based in Cracow handed over 162 units, which means an increase of 62% year over year.

The deliveries of completed units is a key factor affecting the results of the Company and of the Group. The timely completion of construction projects in H1 2023 has translated into the number of unit deliveries as expected by the Management Board.

The volume of deliveries is closely linked to the project timelines. In the first half of the year, the Group completed the construction of 11 projects totalling 1 546 units.

As at 30 June 2023, the Group recorded 4 399 units sold and not delivered with a value of PLN 2 995m.

| DELIVERY OF UNITS | H1 2023 | H1 2022 | CHANGE |
|---|--------------|--------------|-------------|
| Warsaw Dom Development S.A. | 1 088 | 1 294 | (16)% |
| Tricity Euro Styl S.A. | 580 | 548 | +6% |
| Wrocław Dom Development Wrocław Sp. z o.o. | 168 | 236 | (29)% |
| Cracow Dom Development Kraków Sp. z o.o. | 162 | 100 | +62% |
| Dom Development S.A. Capital Group | 1 998 | 2 178 | (8)% |

Number of apartments and retail units

LAND BANK

The Group's land bank means land 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 bank 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 optimum level of the land bank, i.e. land in preparation for 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 spaces.

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 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 new property development projects shortly following the completion of the purchase of the land.

According to the assumptions of the Management Board, the land bank of the Group companies grew by 9% on average compared to H1 2023, this maintaining its optimal level. Currently, the Group has a high-quality land bank in all the agglomerations, where it operates. In the opinion of the Management Board of the Company, this will enable maintaining the leading position in local markets in the coming years.

| UNITS IN THE LAND BANK – PLOTS PURCHASED AND CONTROLLED | 30.06. 2023 | 31.03. 2023 | CHANGE |
|--|----------------|----------------|-----------|
| Warsaw Dom Development S.A. | 9 937 | 9 091 | +9% |
| Tricity Euro Styl S.A. | 4 651 | 4 446 | +5% |
| Wrocław Dom Development Wrocław Sp. z o.o. | 1 592 | 1 742 | (9)% |
| Cracow Dom Development Kraków Sp. z o.o. | 1 416 | 799 | 77% |
| Dom Development S.A. Capital Group | 17 596 | 16 078 | 9% |

Number of apartments and retail units

2.3 RISK FACTORS AND THREATS TO THE BUSINESS ACTIVITY OF THE COMPANY IN THE SECOND HALF OF 2023

DESCRIPTION OF THE MAJOR THREATS AND RISKS RELATED TO THE REMAINING MONTHS IN THE FINANCIAL YEAR.

INTEREST RATES

It is traditionally assumed that the residential market is inversely correlated to interest rates: low interest rates attract capital to the real estate market and increase the availability of credit, while high interest rates cool it down.

From September 2022 until the end of June 2023, the reference rate remained unchanged at 6.75%, while WIBOR 3M fell to 6.90% in June.

Stable, yet high interest rates, have kept reducing the activity of mortgage-backed customers, especially those at the credit worthiness limit, who are buying flats in popular segment.

Biuro Informacji Kredytowej (Credit Information Bureau) reported that two distinct periods can be distinguished in the housing loan market in the first six months in 2023 - weak first quarter and the second quarter, which brought a recovery. As a result, there were 39.4% less mortgage loans granted, with a value of 40.3% lower compared to H1 2022. Among the current economic phenomena there are ones that are a good sign as regards obtaining credit scoring and increasing creditworthiness. These are stabilisation of

interest rates and waiting for them falling, possibly in autumn of this year, and an increase in wages. In the area of mortgages, a further increase in lending is expected. Moreover, another stimulant, which revived housing lending was the "Safe 2% Mortgage" government scheme, which helped in the recovery of demand in the housing market, and thus increased interest in residential offers of property developers.

At the same time, an increased demand for upper-standard apartments have been observed. The customers' interest in this segment results from their desire to protect the accumulated capital from inflation and from lower sensitivity to the increase in the cost of mortgage.

It could be expected that Dom Development S.A. and its Group companies will be relatively resistant to the expected cooling of this sector of the economy thanks to their established position in the segment of upper-standard apartments and their consistent pursuance of business objectives.

INFLATION

CPI growth peaked in February 2023, when it reached 18.4% YoY. Since then, price growth has been slower. In June 2023, inflation was 11.5% YoY against 13% YoY in May.

The downturn in the Polish economy, combined with the gradual decline in prices of raw materials, will have a limiting effect on global inflation, which in turn will lead to lower price growth in Poland. Economists estimate that the inflation rate should reach a single-digit level by the end of this year. The NBP expects the price index to be 7.6% in Q4 2023. The projected slowdown of inflation at the end of the year should also result in interest rate cuts.

It is worth noting that real estate is considered one of the most effective forms of protecting capital against inflation. At the Dom Development Group, the proportion of cash transactions in sales in H1 2023 accounted for 56%, while in the corresponding period last year it was 66%. High inflation and a strong rental market

continue to encourage savings to be placed in real estate. Inflation also affected the supply side of the Group's activities. Prices of materials have stabilised, however quite high fuel and energy prices and pay pressure from employees still has a significant impact on our subcontractors.

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. This is one of our key competitive advantages.

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 satisfactory profitability of operations.

AVAILABILITY OF CAPITAL

The property development business requires large and long-term capital involvement, hence the particular focus of the Management Board of the Company on the liquidity level of the Company and the Group.

In the opinion of the Management Board of the Company, Dom Development S.A. Capital Group has little exposure to the risk of insufficient availability of capital.

The lack of net debt, the large cash balance and the 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 30 June 2023, Dom Development S.A. Capital Group had PLN 666.3m cash (of which PLN 74.9m in open-end escrow accounts) and PLN 440m in available credit lines (of which only PLN 44.9m was drawn as at the end of June 2023). With interest bearing debt of PLN 354.9m, of which just PLN 65.4m is short-term debt, the Group held net cash of PLN 311.4m.

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. Despite reduced economic activity, labour market remained stable in the first half of 2023.

According to the Statistics Poland (GUS), the unemployment rate in Poland was 5% at the end of June against 5.1% a month earlier. In the cities, where the Group operates, the unemployment rate remained below so-called natural unemployment. Low unemployment is accompanied by reduced labour demand, which is observed in almost all sectors. At the end of Q1, there were nearly 115 thousand vacancies across the economy, which is 27.6% less than the year before.

In June 2023, the average monthly pay in the enterprise sector increased to reach PLN 7 335. The average monthly pay increased by 2.1% compared to May 2023. Wages are expected to continue to rise driven by an increase in the minimum wage and low unemployment rate.

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. Despite 2022 turbulence, the labour market remained in good condition in the first half of 2023.

ECONOMIC GROWTH

The housing market is considered to be a cyclical sector of the economy and it is traditionally believed that the situation in the property development sector is highly correlated with the dynamics of GDP.

The European Commission forecasts a 0.7% increase in real GDP in Poland at the end of 2023. Economic growth is expected to slow down after the 2022 recovery, as economic activity is affected by tighter financing conditions, low external demand and weakened confidence. The weakened domestic demand and falling prices of raw materials will put downward pressure on prices, but rising labour costs have will kept the inflation. In

particular, a significant impact on the increased level over the entire forecast horizon.

The possible future negative impact of an economic downturn in Poland on the activities of the Group depends primarily on the extent to which the crisis will affect the agglomerations in which the Group operates. However, in the opinion of the Management Board of the Company, Dom Development S.A. and its Group are, owing to their significant financial resources and efficient organisation, relatively resistant to a possible economic fluctuations compared to the sector average.

LEGISLATION

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

On 24 July 2023, the President of Poland signed the Act Amending the Spatial Planning and Development Act and Certain Other Acts. The adopted solutions – in particular the severe restriction of possibility to issue outline planning permission decisions as well as the introduction of validity period for such decision connected with the expiry of the spatial plans and the need for boroughs to adopt master plans – will contribute to limited supply of investment land, especially those intended for residential development.

Another legislation-related risk resulting will involve amendments proposed by the Ministry of Development and Technology in relation to the Regulation on the technical conditions to be met by buildings and their location. The Regulation is expected to take effect from 1 January 2024. The Ministry postulates the addition of regulations that require, inter alia, increased minimum distance between multi-family residential buildings and the plot boundary, a minimum distance

between balconies to be introduced, and a specific playground area depending on the number of apartments in the building. The Management Board believes that the proposed changes will adversely affect development and landscaping options, reduce the number of apartments and balconies in a development project, thus resulting in a significant increase of the average price for all units. Consequently, these would cause decreased availability of apartments. In addition, the Company's Management Board holds the view that these changes would decrease profitability of development projects, because land purchase decisions as regards the land already owned by developers in their land banks were made on the basis of previous capacity analyses and then existing legal regulations. 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 investment models and decision-making procedures worked out in the Group.

ADMINISTRATIVE DECISIONS

The nature of real estate development projects requires a number of permits and approvals 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 or even failure to attain them. All of these factors affect the ability to conduct and complete the executed and planned projects on time. Potential changes in schedules are also affected by legislative changes.

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

The fundamental measure adopted by the Group so as to reduce the exposure to market risks is monitoring of legislative changes and taking them into account in planning, as well as proper assessment of potential and control of current development projects based on investment models and decision-making procedures worked out in the Company. The adherence to such procedures is closely monitored by the Management Board of the Company.

BUSINESS MARKETS

Dom Development S.A. has been the undisputed leader of the primary residential market in Warsaw 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 Warsaw housing market is the largest and has the highest prices of all cities in Poland.

However, the Warsaw market is also characterised by the largest challenges to property development projects, as the supply of flats in Warsaw is under much pressure due to a shortage of investment land with good title as well as delays in planning works and administrative decisions. The Management Board of the Company

has mitigated the risk associated with the concentration of its activities on the Warsaw market through geographical diversification within Dom Development S.A. Capital Group.

The Company also operates in Tricity, Wroclaw and Cracow, i.e. in four most developed residential markets in Poland.

The Management Board of the Company holds the view that the diversification of the Group's activities and the increase of the participation of subsidiaries in the structure of its sales and financial results is an effective strategy for the building of the Company's and the Group's value and will continue in the coming years.

ACQUISITION OF LAND FOR PROJECTS

The future success of the Group is founded on having the ability to continually and consistently acquire attractive land for new development projects at the right times and at competitive prices. This will enable satisfactory project margins to be generated. As there is a limited supply of land with clear legal and planning status in attractive locations, the Group's ability to acquire new land is a major competitive advantage in the real estate development market.

The Group's land bank, which includes projects under preparation and land secured in the four most attractive markets in Poland, accounted for over 17 thousand units as of 30 June 2023. In the opinion of the Management Board of the Company, this level is commensurate with the local market conditions, in particular the lengthy procedure of obtaining permits necessary

to develop a project, legislative changes concerning the pre-development stage, and the situation in the mortgage loan market. Thanks to its land reserves, the Group is able to seamlessly replenish its offer, align it to the market needs, and keep leading position in the Polish housing market.

The Management Board places great emphasis on acquiring attractive land for new projects in each market where the Group is present, so that the Group has broad and varied land bank that secures stable operations for at least the next three years. Success in securing a land bank for the purpose of new projects is predominantly due to the experience of the Group's personnel and liquidity resources that allow for the quick closing of even the largest transactions.

3 OVERVIEW OF FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. CAPITAL GROUP



3.1 BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been prepared on a historical cost basis.

Certain information and disclosures, which in accordance with the International Financial Reporting Standards (“IFRS”) adopted by the European Union (EU) are normally included in annual consolidated financial statements, have been condensed or omitted in the interim condensed financial statements pursuant to International Accounting Standard No. 34, “Interim Financial Reporting” (IAS 34).

The interim condensed consolidated financial statements have been prepared on the assumption that the companies operating within the Group will continue as a going concern in the foreseeable future.

The Russian invasion of Ukraine launched on 24 February 2022 continues to be a factor significantly destabilising the economic environment throughout the region. The Company and its subsidiaries operate exclusively in Poland. The Company's Management Board believes that the war in Ukraine may affect the demand for dwellings, construction costs, and the availability of subcontractors. As at the date of the preparation of the interim condensed consolidated financial statements all of the Company's development projects were progressing as planned or more quickly than planned. The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Company as a whole and the Group, and its long-term objectives. In the opinion of the Management Board of the Company no circumstances that would indicate that there is a threat to the continued activity of the Group are known as at the

date of the approval of these interim condensed consolidated financial statements.

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

Individual statements that form the interim condensed consolidated financial statements, namely the interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed statement of changes in consolidated shareholders' equity, are unaudited, however they have been the subject of review by an independent certified auditor. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are required from annual consolidated financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Group and the notes thereto for the year ended 31 December 2022.

The Company also prepares interim condensed financial statements for Dom Development S.A. for the six-month period ended 30 June 2023. These statements were approved by the Management Board of the Company on 28 August 2023.

3.2 OVERVIEW OF THE INCOME STATEMENT OF DOM DEVELOPMENT S.A. CAPITAL GROUP

| CONSOLIDATED FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. CAPITAL GROUP | H1 2023 | H1 2022 | Change YoY |
|---|-------------|-------------|-------------|
| INCOME STATEMENT | | | |
| Sales revenue | 1 274 517 | 1 328 825 | (4)% |
| Gross profit on sales | 397 574 | 405 470 | (2)% |
| Operating profit - EBIT | 271 049 | 282 535 | (4)% |
| Net profit | 222 561 | 235 823 | (6)% |
| Earnings per share, basic | 8.69 | 9.25 | (6)% |

In the first half of 2023, the Dom Development S.A. Capital Group recognised consolidated sales revenue of PLN 1 274 517k, which means a 4% decrease year over year.

Mostly revenue from sales of finished goods were recognised by the Group in the income statement. The remaining sales (services and goods) accounted for 4% and 7% of total sales in the first half of 2023 and 2022 respectively.

In H1 2023, the Group delivered 1 998 units, versus 2 178 units delivered in H1 2022.

Projects in the popular segment, such as Osiedle Ceramiczna, Dzielnica Mieszkaniowa Metro Zachód or Bokserska 71 in Warsaw, Osiedle Komedy in Wrocław, Osiedle Perspektywa in the Tricity and Górka Narodowa in Cracow, had a significant share in the structure of apartment deliveries.

Gross profit decreased only by 2% YoY in H1 2023. The decline dynamics at this level of the income statement was slower than for revenue due to the gross margin of 31.2% achieved in the current period as compared to 30.5% in the corresponding period of the previous year. In the opinion of the Management Board it is a very good result.

In the first half of 2023, after the acquisitions that took place in 2021 and 2022, the Group strengthened its position in the

Cracow market which has been described in more detail in note 2.1. of this Report.

The lower volume of deliveries described above and lower sales revenue, with a slight increase in costs of sales and general and administrative expenses, resulted in a proportional decrease in operating income by 4% and net profit by 6% during the comparable periods.

In H1 2023, as in the first half of 2022, once again the Group recorded significant financial income, mainly from investing surplus funds in bank deposits.

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 deliveries in the first weeks after a specific project has been granted an occupancy permit. As in accordance with IFRS 15, unit delivery is considered the basis for the recognition of sales revenue in the income statement, the financial results do not fully reflect the current situation of the Group. Therefore, in addition to the number of units delivered in a given period, the Dom Development S.A. Capital Group 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. The operating results of the Group including current sales and unit deliveries are discussed in note 2.2 of this Report.

3.3 CONSOLIDATED BALANCE SHEET

In H1 2023, the Group's position in terms of assets was strong, and made the Group stand out in the sector.

ASSETS

The assets structure of the Group was, as in previous years, dominated by current assets. Inventories worth PLN 3 391 947k constituted 78% of the Group's balance sheet total which as at 30 June 2023 amounted to PLN 4 376 077k, and was 6% higher than at the end of 2022. This increase is mainly due to PLN 287 174k increase in cash and cash equivalents.

The Group invariably maintains high liquidity as reflected in a cash balance of PLN 591 410k. In addition, the Group held PLN 74 897k in open-end escrow accounts (recognised as short-term financial assets).

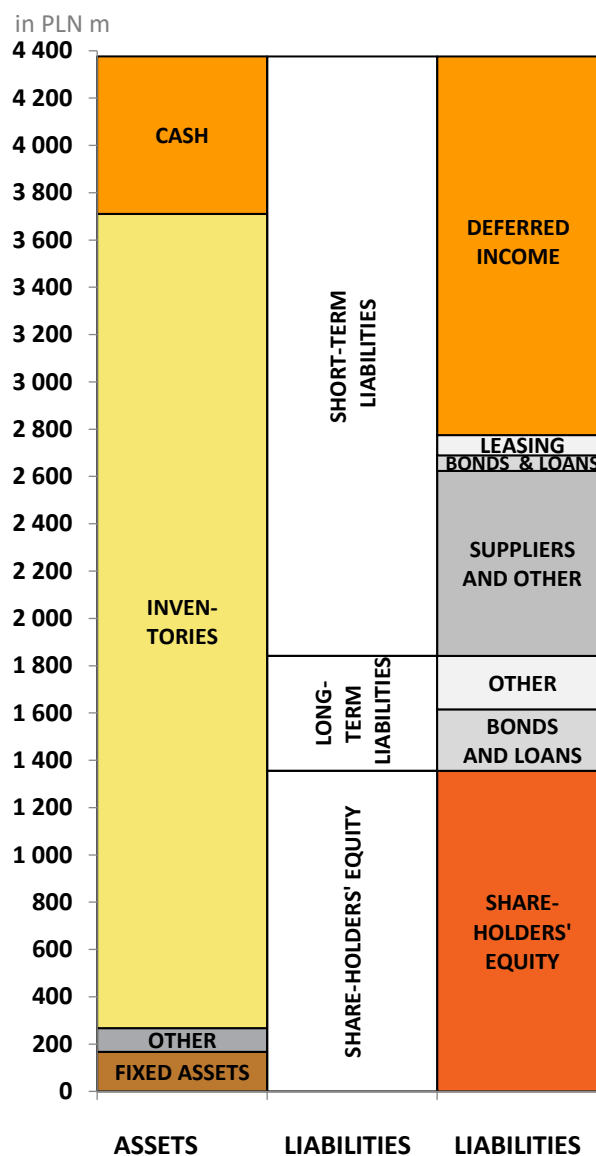
LIABILITIES

The Company's Management Board places a strong emphasis on financial security of the Company which is reflected in its financing structure. As at 30 June 2023, the Group had consolidated equity of PLN 1 355 419k, which accounts for 31% of the balance sheet total. Another major item of the Group's consolidated liabilities were deferred income liabilities, which amounted to PLN 1 601 084k, which is 37% of the balance sheet total. Payments from customers on account of the purchase of apartments and parking spaces are recorded in this item until the time that they are delivered to the buyer and are recognised in the income statement as "sales revenue". The value of this balance sheet item is closely related to the relationship between the rate of sales which causes it to increase and the delivery rate which causes it to decrease.

Interest bearing debt was PLN 354 904k, of which only 14% was short-term debt.

During H1 2023, the "Dividends payable" item with PLN 282 682k recognised were added in the Group's consolidated balance sheet. This sum resulted from the resolution of the Annual General Shareholder's Meeting of the Company held on 15 June 2023 approving the dividend of PLN 11 per share to be distributed from the Company's 2022 profit. The dividend was paid on 4 July 2023.

BALANCE SHEET STRUCTURE AS AT 30 JUNE 2023



3.4 CASH FLOWS

| SELECTED DATA FROM THE CASH FLOW STATEMENT | H1 2023 | H1 2022 | Change |
|--|----------------|----------------|--------------|
| Cash and cash equivalents – opening balance | 304 236 | 607 041 | (50)% |
| Net cash flow from operating activities | 304 813 | 121 574 | 151% |
| Net cash flow from investing activities | (7 106) | (202 005) | (96)% |
| Net cash flows from financing activities | (10 533) | (28 659) | (63)% |
| Cash and cash equivalents – closing balance | 591 410 | 497 951 | 19% |

In the first half of 2023 Dom Development S.A. Capital Group recorded net cash inflow from operating activities in the amount of PLN 304 813k, i.e. 151% more than in the previous year. This increase mostly resulted from surplus sales revenue over operating expenses. In the reporting period there was a slight increase in accrued expenses and deferred income, i.e. by PLN 15 894k as compared to a decrease by as much as PLN 194 643k, which took place in H1 2022. The PLN 63 546k change in inventories also had a favourable impact on operating cash flow. In the reporting period the Group recorded a significant cash outflow on account of corporate income tax in the amount of PLN 118 885k (versus PLN 75 656k in H1 2022), which mostly resulted from the obligation to pay the corporate income tax (CIT) for 2022.

The significant difference in net cash flows from investing activities (outflow of PLN 7 106k in H1 2023 against the outflow of PLN 202 005k a year earlier) primarily results from the acquisition

of the BUMA Group and the minority stake in the Sento Group in 2022, which was an incidental event and caused a net cash outflow to acquire financial assets in the amount of PLN 194 660k.

In H1 2023 Dom Development S.A. Capital Group recognised net cash outflow from financial activities in the amount of PLN 10 533k against PLN 28 659k outflow in the previous year. This difference mostly results from net cash outflow for loans and borrowings, which in H1 2023 amounted to PLN 14 273k as compared to PLN 32 272k a year earlier.

During the first half of 2023, the cash balance of Dom Development S.A. increased by PLN 287 174k net and amounted to PLN 591 410k as at 30 June 2023.

3.5 RATIO ANALYSIS

3.5.1 PROFITABILITY RATIOS

| PROFITABILITY RATIOS | FORMULA | H1 2023 | H1 2022 |
|--------------------------------|---|---------|---------|
| Gross margin on sales | gross profit on sales / net sales revenue | 31.2% | 30.5% |
| Operating profit margin | EBIT / net sales revenue | 21.3% | 21.3% |
| Net margin | Net profit / net sales revenue | 17.5% | 17.7% |
| ROE | net profit for the last 12 months / shareholders' equity at the beginning of the period | 32.0% | 28.6% |
| ROA | net profit for the last 12 months / total assets at the beginning of the period | 9.8% | 10.1% |

In the opinion of the Management Board, the Group maintained very satisfactory profitability in H1 2023 on its activities. The gross sales margin of 31.2% is an exceptional result for Dom Development S.A. Capital Group compared to the sector average. Further increase of the sales margin by 0.7% as compared to H1 2022 indicates the high level of competence of the Group companies in reading market trends, implementing sales policies, controlling costs and optimising operating processes.

In the first half of the year, despite a smaller volume of deliveries, the Group maintained EBIT at the level as that in H1 2022, i.e. 21.3%.

In the opinion of the Company's Management Board, the rates of return on equity (ROE) and return on assets (ROA) were at very satisfactory levels.

When analysing the interim return on equity and return on assets based on net profit for the past 12 months and the value of equity and balance sheet total as at 30 June 2023 and 2022 respectively, the possibility of various distortions should be taken into account, such as moment of dividend distribution and its impact on the balance sheet. This is why it is recommended to consider the changes and values of these indicators primarily in the perspective of full financial years, i.e. for the period from 1 January to 31 December of a specific year.

3.5.2 LIQUIDITY RATIOS

| LIQUIDITY RATIOS | FORMULA | 30.06.2023 | 31.12.2022 |
|----------------------|---|------------|------------|
| Current ratio | current assets / short-term liabilities* | 4.58 | 5.57 |
| Quick ratio | current assets less inventory / short-term liabilities* | 0.89 | 0.70 |
| Cash ratio | cash and cash equivalents / short-term liabilities* | 0.64 | 0.43 |

* Short-term liabilities less deferred income

Considering the specifics of the real estate development industry with its long production cycle and tighter funding requirements, the Group is in a comfortable financial position. This is due to a number of long-term decisions and actions taken by the Company's Management Board.

The Group has maintained consistently high liquidity. The liquidity ratios remained at a very good level throughout the first half of 2023.

The current liquidity ratio decreased from 5.57 to 4.58 in H1 2023 due to an increase in short-term liabilities, in particular as a result of dividends payable in the amount of PLN 282 682k being recognised in this item as at 30 June 2023.

Regardless of the increase in short-term liabilities by the aforementioned dividends payable, there was a noticeable increase

in other liquidity ratios - quick and cash. It was a result of a significant increase in cash, by PLN 287 174k up to PLN 591 410k, accompanied by an increase in short-term liabilities mainly due to the aforementioned dividends payable. The Group's quick ratio increased in H1 2023 from 0.70 to 0.89, while its cash ratio at the end of June 2023 was 0.64 against 0.43 as at the end of December 2022.

The Company's Management Board considers the liquidity of Dom Development S.A. Capital Group to be consistently very good. The Group's strong balance sheet guarantees the smooth implementation of its investment projects and ensures the ability to respond quickly to emerging opportunities of reinforcing its market position.

3.5.3 LEVERAGE RATIOS

| LEVERAGE RATIOS | FORMULA | 30.06.2023 | 31.12.2022 |
|--|---|------------|------------|
| Equity ratio | shareholders' equity / total assets | 31.0% | 34.4% |
| Liabilities to equity ratio | total liabilities / shareholders' equity | 222.9% | 191.0% |
| Debt ratio | total liabilities / total assets | 69.0% | 65.6% |
| Interest bearing debt to equity ratio | interest bearing debt / shareholders' equity | 26.2% | 26.1% |
| Gearing ratio | interest bearing liabilities less cash and cash equivalents* / shareholders' equity | (23.0)% | (0.3)% |

* Cash and cash equivalents, including funds in escrow accounts

Appropriate operating policy (i.e. proper commencement and pace of projects as well as controlled purchases of land) and financing policy (the financing structure) ensured that leverage ratios were maintained at safe levels to support the business activity of the Group and maintain the Group's creditworthiness.

Leverage ratios with values similar at the end of June 2023 to those at the end of 2022 reflect the conservative approach of the Company's Management Board to the structure of finance sources for operations.

3.6 FORECASTS

Neither Dom Development S.A. nor other companies operating within its Capital Group published forecasts of financial results.

3.7 LOANS, SURETYSHIPS AND GUARANTEES GRANTED

In H1 2023, the Group companies did provide any loans to companies outside of the Dom Development S.A. Capital Group.

In the six-month period ended 30 June 2023 the companies operating within the Group did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for

the Group or would amount to at least 10% of the Company's shareholders' equity.

Information of conditional liabilities of the companies within the Group are presented in note 7.21 to the interim condensed consolidated financial statements for the six-month period ended 30 June 2023.

3.8 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 7.19 to the interim condensed consolidated financial statements of the Dom Development S.A. Capital Group for the six-month period ended 30 June 2023.

3.9 MATERIAL LEGAL PROCEEDINGS

As at 30 June 2023, the companies operating within the Dom Development S.A. Capital Group were not a party to any material court cases.

4 APPROVAL OF THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF DOM DEVELOPMENT S.A. CAPITAL GROUP IN THE FIRST HALF OF 2023





This Management Board's report of activities of Dom Development S.A. Capital Group in the first half of 2023 was prepared and approved by the Management Board of the Company on 28 August 2023.

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

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

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

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

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

Terry R. Roydon
Member of the Management Board,
Dom Development S.A.