

DOM DEVELOPMENT GROUP

DIRECTORS' REPORT ON OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2024

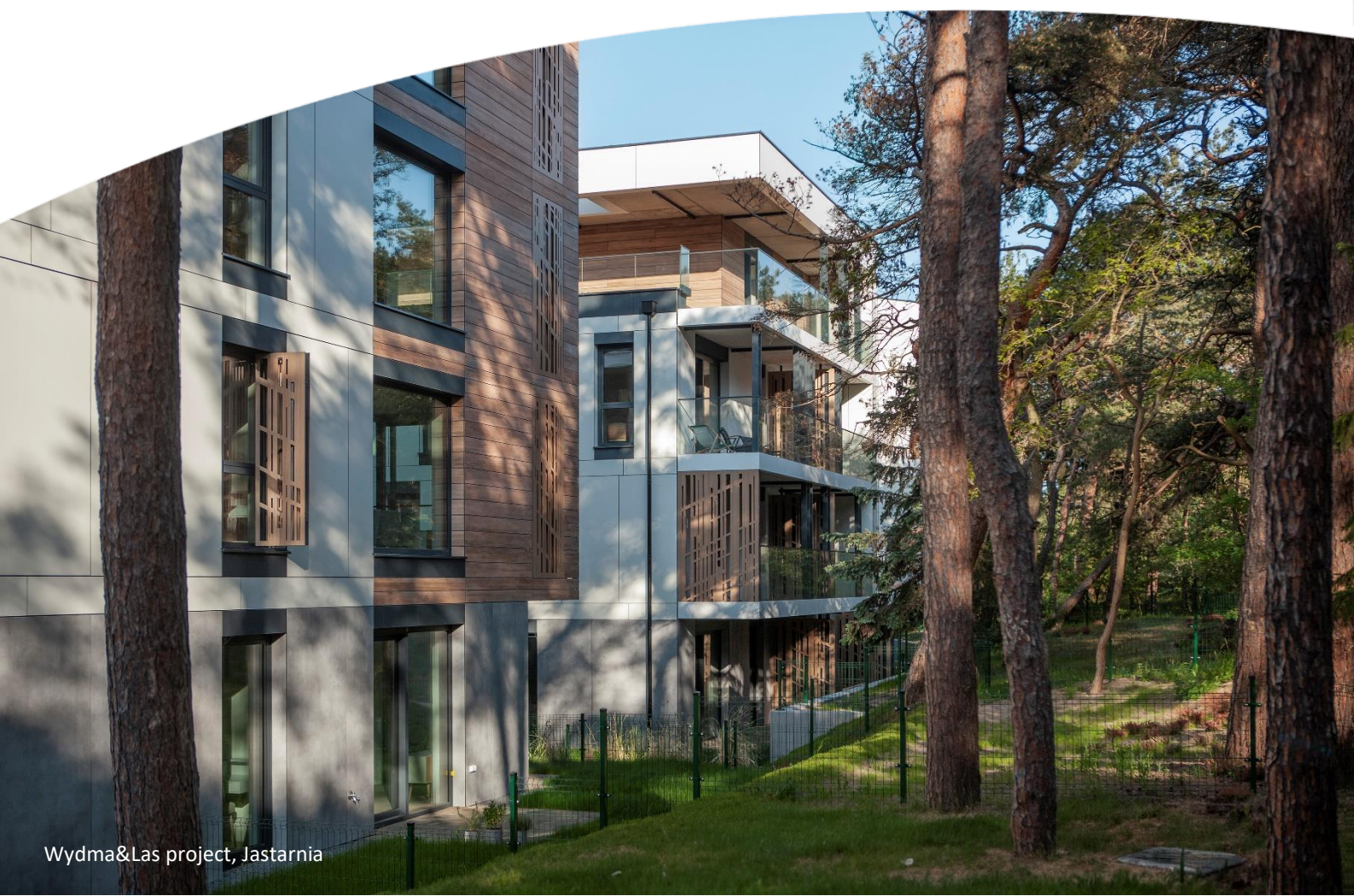




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1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A. AND THE DOM DEVELOPMENT GROUP





Dom Development S.A., established in 1996, is a leader in Poland's residential property market. The Group offers flats in multi-family residential buildings in major metropolitan areas, including Warsaw, the Tricity, Wrocław, and Kraków.

Listed on the Warsaw Stock Exchange (ticker: DOM) since 2006, the Company is a constituent of a number of WSE indices, including mWIG40. Since its stock market debut, Dom Development S.A. has combined strong profitability and low debt levels with consistent annual dividend payments.

Dom Development S.A. (the "Company") is the parent of the Dom Development Group (the "Group"). The Company is entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, under No. 0000031483. Its registered office is located at ul. Piłsudskiego 3, 00-078 Warsaw, Poland.

Dom Development S.A. operates in the residential property development market in Warsaw, focusing on the premium housing segment.

The Dom Development Group is the largest residential developer in Poland, with operations in Warsaw, the Tricity, Wrocław, and Kraków.

The Group's activities are concentrated in Poland's main urban areas. Its portfolio includes flats across all market segments, from affordable to premium and up-market apartments. The

focus on the premium segment allows the Company and the entire Group to achieve attractive margins while maintaining a significant scale of operations.

The founders have actively managed and overseen the Company for 28 years. Jarosław Szanajca, who owns 5.64% of Dom Development S.A. shares, has served as President of the Management Board since the Company's inception. Grzegorz Kiełpsz, a former CEO and significant shareholder, has been the Chair of the Supervisory Board since 2008.

As at the date of authorisation of this Report, the Company was controlled by Groupe Belleforêt S.à r.l. of Luxembourg, holding 54.81% of its shares. Representatives of the main shareholder have been involved in the Management Board and Supervisory Board of the Company since its founding, contributing their extensive international experience in property development.

STRUCTURE OF THE DOM DEVELOPMENT GROUP AS AT 30 JUNE 2024:

NAME	PARENT'S OWNERSHIP INTEREST	PARENT'S VOTING INTEREST
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%
Dom Development Kraków Sp. z o.o.	100%	100%
Dom Development Grunty Sp. z o.o.	46%	100%
Dom Land Sp. z o.o.	-	-
Fundacja Nasz Dom	100%	100%

*) Euro Styl S.A. is the parent of the Euro Styl group.

For a description of the organisation of the Dom Development Group, including information on the consolidated companies and on changes in the Group's organisation, see Note 7.1. to the condensed

consolidated interim financial statements of the Dom Development Group for the six months ended 30 June 2024.

1.1 GROWTH STRATEGY FOR THE COMPANY AND THE GROUP

The strategic objective of the Management Board of Dom Development S.A. is to maximise the value of the Company and the Group over the long term by maintaining its position as a leader in the residential property market in Poland's major metropolitan areas. This strategy is based on the following pillars:

SUSTAINABILITY

As a leading force in the residential property market in Poland, the Dom Development Group significantly influences spatial planning and quality of life in the areas where it operates. The Management Board supports sustainable urbanisation by implementing internal project planning standards. Every aspect of our development projects, from residential units and common areas to architectural solutions, including green zones, is meticulously planned to create liveable environments and high-quality urban fabric.

The sustainability efforts of the Dom Development Group companies are guided by the DOM 2030 ESG Strategy, adopted in 2022. For the full text of the Strategy, see <https://inwestor.domd.pl/pl/esg>.

GEOGRAPHIC DIVERSIFICATION

The Dom Development Group stands out as a high-quality organisation with significant growth potential. The Management Board is keenly aware of the opportunities for further expansion within major urban centres across Poland. Moving forward, we plan to further solidify our presence in the Kraków, Wrocław, and Tricity markets.

As a dominant player in the Warsaw market, Dom Development S.A. has maintained a market share exceeding 10% for several years. The Management Board anticipates continued growth of the Company, driven by its strong brand, substantial land bank, and extensive experience, which ensures efficient execution of new projects in a competitive landscape.

Recent years have seen two Group companies, Euro Styl S.A. and Dom Development Wrocław Sp. z o.o., significantly expand their capabilities, positioning themselves at the forefront of their local markets. We expect further growth in these regions in the coming years.

The Kraków market ranks among the top residential property markets in Poland, both in terms of transaction volumes and price levels. However, it is also more fragmented compared to other major cities. Considering that, the Management Board decided to establish a Kraków-based subsidiary, and in 2022 Dom Development Kraków Sp. z o.o. was formed based on the operations of two high-profile local developers, SENTO and BUMA, acquired in 2021 and 2022. The Management Board views Kraków as a promising location with considerable potential for consolidating the primary residential property market. Our activities will focus on gradual growth and strengthening our local position.

STRONG BALANCE SHEET

The Company's Management Board prioritises maintaining a robust balance sheet and strong liquidity. With substantial financial resources and low debt levels, we are well-positioned to navigate the cyclical fluctuations of the property and construction sectors with confidence. The significant cash reserves and secured credit facilities give the Group an edge in land purchase transactions, which often involve substantial outlays within short timeframes.

Given the high cost of debt financing, the Management Board considers the Company's solid balance sheet and ample liquidity to be key competitive advantages, bolstering the market position of the Company and the Group.

MAXIMISING RETURN ON EQUITY

The Management Board is dedicated to maximising shareholder returns over the long term. This involves focusing on the profitability of projects, ensuring the Group's operations are appropriately scaled, and consistently paying dividends from profit.

1.2 SHAREHOLDING STRUCTURE OF DOM DEVELOPMENT S.A.

As at the date of this Report, the Company was controlled by Groupe Belleforêt S.à r.l., holding 54.81% of its shares. The shareholding structure of Dom Development S.A. is relatively stable. Representatives of Groupe Belleforêt S.à r.l. serve on the Management Board and the Supervisory Board of the Company. They played a key role in founding Dom Development S.A. and remain an invaluable source of expertise and support for the management of the Company and its subsidiaries.

The long-term involvement of the shareholders contributes to Dom Development S.A.'s success, facilitating sustainable growth and business optimisation, and building the value of both the Company and the Group. The Management Board believes that this transparent and stable ownership structure benefits the Company's business, as the property development sector's extended production cycles, spanning years, require a long-term perspective.

Dom Development S.A. shares are held by numerous open-ended pension funds, including PTE Allianz Polska S.A.

On 5 January 2023, the Company was notified that on 30 December 2022, PTE Allianz Polska S.A., managing the Allianz Polska Otwarty Fundusz Emerytalny and Allianz Polska Dobrowolny Fundusz Emerytalny pension funds, merged with Aviva Powszechnie Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, managing the Drugi Allianz Polska Otwarty Fundusz Emerytalny pension fund. As a result, the aggregate interest of the PTE Allianz Polska S.A. funds in the Company's share capital increased to 9.70%.

Detailed information on shareholders holding directly or indirectly, through subsidiaries, 5% or more of total voting rights in the Company as at the date of this Report, and changes in their holdings in the period from the issue of the interim financial statements for the three months ended 31 March 2024, is provided in the table below.

	AS AT THE DATE OF THIS REPORT				CHANGE AFTER ISSUE OF
	Shares	Ownership interest (%)	Number of voting rights in the Company	Share of total voting rights in the Company (%)	Q1 2024 REPORT Shares
Groupe Belleforêt S.à r.l.	14,140,441	54.81	14,140,441	54.81	-
PTE Allianz Polska S.A.*	2,501,493	9.70	2,501,493	9.70	-
Jarosław Szanajca	1,454,050	5.64	1,454,050	5.64	-

*) The holding of PTE Allianz Polska S.A. has been reported based on a notification of 15 May 2023. It comprises shares held by Allianz OFE (open-ended pension fund).

1.3 MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.

On 20 September 2023, the Company's Supervisory Board, acting pursuant to Art. 6.2.2 of the Company's Articles of Association, appointed Monika Perekitko as Member of the Management Board for a joint three-year term of office with effect from 1 January 2024. Monika Perekitko has been active in the property market since 2004. From 2011, she contributed to the development and was responsible for the operations of one of Poland's leading developers, serving on its Management Board.

In the period from 1 January to 30 June 2024, the Management Board of Dom Development S.A. consisted of five members:

- Jarosław Szanajca, President of the Management Board
- Leszek Stankiewicz, Vice President of the Management Board, Chief Financial Officer
- Monika Perekitko, Member of the Management Board
- 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 to 30 June 2024, the Supervisory Board of Dom Development S.A. consisted of seven members:

- Grzegorz Kiełpsz, Chair of the Supervisory Board
- Janusz Zalewski, Deputy Chair of the Supervisory Board
- Dorota Podedworna-Tarnowska, Deputy Chair 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 HOLDINGS OF DOM DEVELOPMENT S.A. SHARES BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

TOTAL NUMBER AND PAR VALUE OF DOM DEVELOPMENT S.A. SHARES AND SHARES IN OTHER GROUP COMPANIES HELD BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Holdings of Company shares and share options by members of the Management Board and Supervisory Board as at the date of this Report are presented in the table below.

	AS AT THE DATE OF THIS REPORT				CHANGE AFTER ISSUE OF Q1 2024 REPORT	
	Shares	Par value of shares (PLN thousand)	Share options	Total shares and share options	Shares	Share options
Management Board						
Jarosław Szanajca	1,454,050	1,454	-	1,454,050	-	-
Leszek Stankiewicz	150,000	150	100,000	250,000	-	-
Monika Perekitko	-	-	-	-	-	-
Mikołaj Konopka	213,561	214	-	213,561	-	-
Terry Roydon	58,500	59	-	58,500	-	-
Supervisory Board						
Grzegorz Kiełpsz	1,280,750	1,281	-	1,280,750	-	-
Janusz Zalewski	300,000	300	-	300,000	-	-
Mark Spiteri	900	1	-	900	-	-

Members of the Company's Management Board and Supervisory Board did not hold any shares in other Group companies, except for Dom Land Sp. z o.o., in which Jarosław

Szanajca, Grzegorz Kiełpsz and Mark Spiteri each held a 20% equity interest as at the date of this Report.

2 DISCUSSION OF THE GROUP'S OPERATIONS IN THE SIX MONTHS ENDED 30 JUNE 2024



2.1 KEY DEVELOPMENTS IN THE SIX MONTHS ENDED 30 JUNE 2024

NEW FLATS DELIVERED ON A TURNKEY BASIS

As the first residential property developer in Poland to offer flats delivered turnkey, Dom Development has for years successfully provided a variety of interior finishing packages that reflect the latest design trends. The new offering has been well-received, with 33% of flats sold in Warsaw in the first half of 2024 including a finishing package.

This has long been a popular choice among our customers, saving them time and eliminating the challenges of overseeing the finishing work themselves. Buyers who opt for this service appreciate the time savings, the convenience of pre-selected packages, a wide range of materials and finishes to suit different budgets, the opportunity to collaborate with a designer for a personalised touch, and the freedom from dealing with contractors or purchasing materials. All turnkey finishes come with a two-year warranty, providing extra assurance to our

customers. Our dedicated Interior Design Department offers creative solutions and helps adapt flats to individual tastes and needs. All finishing work is managed by the Company and performed by our in-house subcontractors. Thanks to our established relationships with suppliers of construction materials, finishes, and decor, we can offer better prices than customers would typically find on their own. Those buying a property for investment purposes usually choose our competitively priced Profit packages, which save time and minimise costs. On the other hand, customers purchasing for personal use tend to prefer the Concept packages, including a wider selection and higher quality of materials. In these projects, the focus is on customising the interior to suit the future residents' preferences and requirements.

STRONG LIQUIDITY SITUATION

No credit facility agreements expired or were executed by the Company in the six months ended 30 June 2024, and there were no changes in the amount of total liabilities under bonds or their maturity dates. In March 2024, the Company signed an amendment to its agreement with VeloBank S.A., increasing the revolving working capital facility from PLN 50 million to PLN 60 million.

With access to PLN 570 million in undrawn credit lines and PLN 520 million under outstanding bonds, Dom Development S.A. maintains a strong liquidity position and operational flexibility, enabling it and other Group companies to operate smoothly and pursue further growth.

DOM 2030 ESG STRATEGY

In line with the DOM 2030 ESG Strategy, the Management Board of Dom Development S.A. has committed to implementing a comprehensive sustainability reporting framework. In March 2024, the Group released the non-financial report for 2023, the second such report in its history. In accordance with Art. 49b of the Accounting Act, a non-financial statement has been included in this Directors' Report.

These efforts aim to prepare the Group for the implementation of the Corporate Sustainability Reporting Directive (CSRD).

We achieved all the 2023 targets outlined in the DOM 2030 ESG Strategy: the Green Project Standard was rolled out across all cities (with 83% of projects meeting its requirements); the We Are Fair programme was launched; local CSR strategies were implemented; and women made up more than 40% of the Company's Supervisory Board. We carried out a range of environmental, social, and governance initiatives that support our strategic goals for the years ahead. In 2023, we: (i) planted over 95 thousand trees and shrubs, plus nearly 44.5 thousand perennials, vines, and ornamental grasses on our properties and

in urban areas; (ii) increased the share of renewable energy in our total energy consumption to 12%; (iii) installed solar PV systems with a combined capacity of 179.85 kWp; (iv) increased spending on charitable activities from PLN 2.3 million in 2022 to PLN 8.3 million, with almost PLN 5 million going to support those affected by the war in Ukraine; and (v) increased spending on health and safety measures by nearly 70%.

Efforts under the DOM 2030 ESG Strategy are being continued in 2024 with such initiatives as the Urban Greenery programme, which assumes creating public green spaces in all of our markets. Additionally, in each city we have introduced new standards for interior finishing, including solutions intended to enhance comfort and safety for seniors and people with limited mobility.

For the full details of the DOM 2030 ESG Strategy, see our website at: <https://inwestor.domd.pl/pl/esg>.

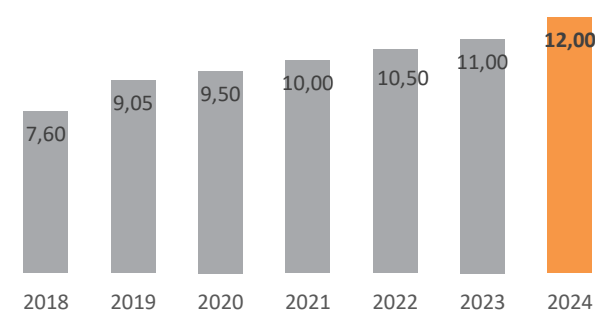
RECORD-HIGH DIVIDEND

On 19 June 2024, the General Meeting of Dom Development S.A., in line with the Management Board's recommendation, approved a record dividend of PLN 12 per share. The dividend record date was set for 26 June 2024, with the payment date scheduled for 4 July 2024.

In 2023, for the first time in its history, Dom Development paid an interim dividend for the current year, of PLN 5.50 per share, totalling PLN 141 million. In aggregate, PLN 441,114 thousand was distributed to shareholders for 2023, representing 68% of the Group's consolidated net profit and 70% of the Company's net profit for that year. Of the Company's net profit for 2023, PLN 309,581 thousand, or PLN 12 per share, was allocated for dividends to shareholders.

After the payment of interim dividend for 2023 of PLN 141,341 thousand, or PLN 5.50 per share, on 18 December 2023, the

DIVIDEND PER SHARE



dividend amount paid in 2024 for 2023 was PLN 168,240 thousand, with the proviso that: (i) with respect to 25,698,422 Company shares that were registered in securities accounts in the securities depository as at the record date for the interim dividend for 2023, i.e. 12 December 2023, the dividend amount remaining to be paid for 2023 was PLN 167,040 thousand, or PLN 6.50 per share, (ii) with respect to 100,000 Company shares that were not registered in securities accounts in the securities depository as at the record date for the interim dividend for 2023, i.e. 12 December 2023, the amount paid was PLN 1,200 thousand, or PLN 12.00 per share.

The balance of the Company's net profit of PLN 131,533 thousand was transferred to statutory reserve funds.

The dividend payout aligns with our dividend policy announced on 3 April 2013, which aims for consistent growth of dividend amounts over the coming years. The Management Board is committed to providing shareholders with the highest possible dividends while maintaining a strong balance sheet and solid liquidity.

The Management Board believes that with the high return on equity (ROE) of the Company and the Group, Dom Development will remain one of the top dividend-yielding companies on the Warsaw Stock Exchange, while still reinvesting a part of profits to strengthen its balance sheet and drive further growth.

2.2 OPERATING RESULTS IN THE SIX MONTHS ENDED 30 JUNE 2024

SALES

Following a highly successful sales performance in 2023 and continued strong sales in the first quarter of 2024, the Polish residential property market has somewhat stabilised over the last months of the first half of the year. The second quarter was marked by a slight cooling in demand, alongside a gradual recovery in the supply of new homes in major urban areas. Uncertainty regarding the introduction, timing, and terms of the new government mortgage support scheme #naStart caused some potential buyers to delay their purchasing decisions. In this market environment, we continued to deliver robust results.

In the six months ended 30 June 2024, the Group sold 1,954 units, up 6% year on year.

Once again, the Warsaw market contributed the largest share of the Group's sales. Dom Development S.A., the leading residential developer in Warsaw, sold 830 units in the six months ended 30 June 2024.

During the same period, Euro Styl S.A. sold 500 units, an 8% increase year on year. Dom Development Wrocław saw a 21% year-on-year increase in sales, and Dom Development Kraków expanded its transaction volume to 245 units. The Management Board considers these results satisfactory given the current macroeconomic conditions and market environment.

SALES	H1 2024	H1 2023	CHANGE
Warsaw			
Dom Development S.A.	830	833	0%
Tricity			
Euro Styl S.A.	500	462	8%
Wrocław			
Dom Development Wrocław Sp. z o.o.	379	313	21%
Kraków			
Dom Development Kraków Sp. z o.o.	245	237	3%
Dom Development Group	1,954	1,845	6%

Number of units includes residential and commercial units

In the first half of 2024, we strengthened our competitive position by expanding our market share. During the period, our strong brand and financial security became key advantages, setting Dom Development apart in the industry. These qualities have been particularly valued by customers looking to buy flats as a hedge against inflation. In the six months to 30 June 2024, 45% of the Group's sales were financed through mortgages, while cash transactions made up 55%, indicating a continued high level of investment-driven purchases.

AVAILABLE STOCK

As at 30 June 2024, the Dom Development Group had 2,915 units available for sale, up 13% relative to the end of the first half of 2023. The available stock in Warsaw reached 1,020 units, a 38% increase year on year. The Tricity market had 610 units available, while Wrocław's stock remained steady at 648 units. Kraków, in particular, saw a notable 90% growth, with 637 units on offer, which should help strengthen our position in that market. The size of the available stock indicates a return to market equilibrium after a long period of limited supply.

The Management Board views the size and composition of the Group's available stock at the end of the first half of 2024 as healthy, given the current market conditions. In the residential property market, the optimum size of available stock is usually considered to be equivalent to a year's worth of sales. Based on this measure, the Group's stock remains below the equilibrium level.

AVAILABLE STOCK	30 JUN 2024	30 JUN 2023	CHANGE
Warsaw Dom Development S.A.	1,020	739	38%
Tricity Euro Styl S.A.	610	868	(30)%
Wrocław Dom Development Wrocław Sp. z o.o.	648	637	2%
Kraków Dom Development Kraków Sp. z o.o.	637	335	90%
Dom Development Group	915	579	13%

Number of units includes residential and commercial units

UNITS UNDER CONSTRUCTION

We closed the first half of 2024 with a record number of ongoing projects, totalling 8,371 units under construction.

During the period, the Group launched 25 new projects, with 2,963 units. In Warsaw, where administrative hurdles and land market conditions are the most challenging among all Polish cities, Dom Development S.A. successfully expanded its operations. At the end of the first half of the year, the Company was building 3,585 units in Warsaw, a 16% increase over the previous period. In the Tricity, our construction activity reached 1,994 units, a 12% increase compared to the same period in 2023.

Kraków saw a surge in the number and size of ongoing projects. At the end of the first half of 2024, Dom Development Kraków had 1,176 units under construction, marking an 86% rise from the first half of 2023. This growth is set to reinforce our standing in the Kraków market.

In Wrocław, we strengthened our position, expanding the volume of projects by 27% year on year, to 1,616 units at the end of June 2024.

All projects progressed on schedule and maintained satisfactory profitability. A significant competitive edge comes from our in-house general contracting capabilities. The Group companies operating in this area executed projects to Dom Development's high standards and at competitive rates.

UNITS UNDER CONSTRUCTION	30 JUN 2024	30 JUN 2023	CHANGE
Warsaw Dom Development S.A.	3,585	3,079	16%
Tricity Euro Styl S.A.	1,994	1,778	12%
Wrocław Dom Development Wrocław Sp. z o.o.	1,616	1,274	27%
Kraków Dom Development Kraków Sp. z o.o.	1,176	632	86%
Dom Development Group	8,371	6,763	24%

Number of units includes residential and commercial units

UNITS DELIVERED TO BUYERS

In the six months ended 30 June 2024, we delivered 1,637 units to buyers, an 18% decrease compared to the same period last year. Most of these deliveries were in Warsaw, with 1,088 units handed over. The delivery volumes in the Tricity and Wrocław were 356 units and 48 units, respectively. The Kraków subsidiary experienced a 10% decrease in the number of units delivered compared to the same period last year.

Delivering completed units is crucial for the performance of the Company and the Group. The timely completion of projects in the first half of 2024 resulted in the expected number of units delivered, supporting the annual targets. Notably, a significant number of the units were originally scheduled for handover in the fourth quarter.

The delivery volumes are closely tied to project schedules. During the past six months, the Group completed 12 projects with a total of 1,297 units. As at 30 June 2024, we had 4,944 units sold but not delivered, valued in aggregate at PLN 3,539 million.

UNITS DELIVERED	H1 2024	H1 2023	CHANGE
Warsaw Dom Development S.A.	1,088	1,088	0%
Tricity Euro Styl S.A.	356	580	(39)%
Wrocław Dom Development Wrocław Sp. z o.o.	48	168	(71)%
Kraków Dom Development Kraków Sp. z o.o.	145	162	(10)%
Dom Development Group	637	998	8)%

Number of units includes residential and commercial units

LAND BANK

Our land bank includes plots earmarked for future projects that are currently in the pre-development phase. The projects planned on land already purchased and land under control as well as ongoing projects will be a key driver of the Company's and the Group's performance in the coming years.

The Management Board believes that the size and composition of the land bank held by the development companies is well-aligned with the Group's investment plans. The optimal size of the land bank, i.e. plots of land being prepared for development, should be such as to support development projects over the next three years.

With the growing scarcity of available land and the requirements of sustainable urban development, the Management Board anticipates that the Group's companies will increasingly focus on brownfield projects, involving the revitalisation of existing urban areas.

Land availability varies widely across different regions. The situation is particularly challenging in Warsaw, owing to historical reasons, legal issues with some properties, high competition, and difficulties in obtaining administrative approvals. Consequently, a significant portion of Dom Development S.A.'s land bank in that city consists of land under control, i.e. sites that the Company has secured, but the transfer of ownership and full payment are

deferred until necessary administrative permits and approvals are obtained. This approach allows us to quickly move forward with new projects once the land acquisition is finalised.

The Group's land bank is maintained at an optimal and secure level, in line with the Management Board's plans. We have high-quality land holdings across all the cities where we operate.

The Management Board believes this will enable the Group to maintain its leading position in local markets in the years ahead.

LAND BANK UNITS – LAND PURCHASED AND LAND UNDER CONTROL	30 JUN 2024	31 MAR 2024	CHANGE Q/Q
Warsaw Dom Development S.A.	10,637	11,061	(4)%
Tricity Euro Styl S.A.	4,733	4,991	(5)%
Wrocław Dom Development Wrocław Sp. z o.o.	2,006	1,634	23%
Kraków Dom Development Kraków Sp. z o.o.	1,382	1,927	(28)%
Dom Development Group	18,758	19,613	(4)%

Number of units includes residential and commercial units

2.3 RISKS AND THREATS TO THE OPERATIONS OF THE COMPANY AND THE GROUP IN THE SIX MONTHS TO 31 DECEMBER 2024

DESCRIPTION OF THE KEY RISKS FOR THE REMAINDER OF THE FINANCIAL YEAR

INTEREST RATES

Interest rates and the housing market are believed to be inversely correlated: lower rates tend to attract investment and enhance loan affordability, while higher rates usually have a cooling effect on the market.

From October 2023 to the end of June 2024, the reference rate set by the Polish Monetary Policy Council remained unchanged at 5.75%, while the 3-month WIBOR fell to 5.85% in June from 5.87% in January 2024.

At present, there are no signs that mortgage payments in Polish zloty, tied to the WIBOR rate, will see a significant drop anytime soon. With interest rates remaining stable, the WIBOR rate is unchanged, continuing to impact borrowing costs.

Throughout the first half of the year, the housing loan market remained robust and active, even in the absence of a new mortgage support programme.

Notably, a significant portion, 28.5% of the housing loans granted in the period were still under the Secure 2% Mortgage scheme. Although mortgage demand is slowing down and the

number of new borrowers is decreasing, the average mortgage amount remains at a record high.

Sales in both the bank and non-bank loan markets in the first six months of 2024 surpassed expectations, and the quality of debt repayments remained stable.

Growth in key loan types was positive in both volume and value terms.

New debt contracted in the first half of the year totalled PLN 117.9 billion, with housing loans (PLN 46.5 billion) and cash loans (PLN 44.2 billion) accounting for the largest shares of the total. The strong interest in premium apartments is driven by a desire to protect capital from inflation and a lower sensitivity to rising credit costs.

Looking ahead, Dom Development S.A. and its Group companies, with their solid position in the high-end home market and consistent achievement of business goals, are expected to remain resilient to shifts in market conditions in the industry.

INFLATION

In June 2024, core inflation, excluding food and energy prices, was at 3.6% year on year. This marked the 15th consecutive monthly decline and the lowest level in three years. The Consumer Price Index (CPI) for June 2024 was 2.6% year on year. Month on month, the CPI increased by just 0.1%, following similar rises of 0.1% in May and April and 0.2% in March, indicating a relatively low and stable pace of growth.

According to the latest projections from the National Bank of Poland's Economic Analysis and Research Department, inflation in Poland is expected to range between 3.1% and 4.3% in 2024, 3.9% and 6.6% in 2025, and 1.3% and 4.1% in 2026, with a 50% probability.

Investing in real estate remains one of the most effective ways to hedge against inflation. Within the Dom Development Group, cash transactions made up 55% of sales in the first half of 2024, compared with 56% during the same period last year. High inflation and a strong rental market continue to drive demand for real estate investments. Inflation also affects the supply side of the Group's operations.

In June 2024, construction material prices experienced further fluctuations, which are set to impact both investors and individual buyers.

The ten-month trend of average price declines on the construction materials market continued to slow down, with a year-on-year decrease of just 1.3% in June, the smallest since October of last year. On a month-on-month basis, prices remained flat, signalling that the downward trend may be reaching its end. Our subcontractors also continue to be affected by high fuel and energy costs, along with wage pressures.

With our in-house general contracting capabilities, we are able to optimise the construction process from the early planning stages, capitalising on economies of scale and maintaining stable partnerships with trusted subcontractors, while fostering long-term, trust-based relationships. This approach remains a key competitive advantage for us.

With this business model, the Company and the Group are well-positioned to mitigate the risk of rising project costs to a considerable extent, thereby ensuring the continued profitability of our operations.

AVAILABILITY OF CAPITAL

Property development is capital-intensive and requires long-term financial commitment, which is why the Management Board places a strong emphasis on maintaining liquidity for both the Company and the Group.

In the Management Board's view, the Dom Development Group's exposure to the risk of limited access to capital is insignificant.

The Group's net debt-free status, substantial cash reserves, and strong credibility with financial institutions provide a competitive advantage and ensure the seamless

execution of investment plans. As at 30 June 2024, the Group had cash holdings of PLN 622 million (including PLN 77 million held in open-end residential escrow accounts) and access to PLN 570 million in credit facilities, none of which had been drawn

down as at the end of June 2024. With total interest-bearing debt of PLN 520 million, only PLN 50 million of which is short-term, the Group held a net cash position of PLN 102 million.

LABOUR MARKET CONDITIONS

The situation on the housing market is closely linked to labour market conditions. In this respect, Poland is performing very well, ranking among the European countries with the lowest unemployment rates.

According to Statistics Poland, Poland's unemployment rate stood at 4.9% at the end of June, down from 5.0% in May. This marks the lowest level since August 1990, highlighting continued stability in the labour market. In the cities where we operate, unemployment remained below the natural rate. In June 2024, employers reported 95.1 thousand job vacancies and positions offered as part of active labour market programmes, a rise of 8.7 thousand compared with May but a decline of 7.4 thousand year on year. This suggests a gradual stabilisation in the labour market.

The average pay in June rose by PLN 809.63, or 11%, compared to a year earlier, with the year-on-year wage growth down from 11.4% in May. In the first half of the year, wages were 11.7% higher than in the same period last year. After a few quarters of significant volatility in year-on-year wage growth, mainly due to differences in the timing of bonus and incentive payments between the two years, this trend has lost momentum in recent months. Looking ahead, we expect a gradual decrease in year-on-year wage growth rates.

A key factor influencing home-buying decisions, especially for those dependent on mortgage financing, is confidence in job stability. The labour market remained steady in the first half of 2024.

ECONOMIC GROWTH RATE

The housing market is known to be cyclical and the property development sector's health is strongly correlated with GDP performance.

In May 2024, the European Commission raised its GDP growth forecasts for Poland, expecting growth rates of 2.8% for 2024 and 3.4% for 2025. The Commission anticipates a rebound in 2024 following a sharp slowdown in 2023, supported by robust private and public consumption. Private consumption is expected to be the main driver of growth, bolstered by rising

wages, increased government support translating into higher disposable incomes, improved consumer confidence, and easing inflation pressures.

The potential impact of an economic downturn in Poland on our operations will largely depend on how the cities where we operate are affected. However, the Management Board believes that Dom Development S.A. and its Group, with their substantial financial resources and efficient operations, are relatively well-positioned to weather possible adverse changes.

LEGAL REGULATIONS

New and expected legal changes announced in the first half of 2024 pose risks that might directly or indirectly affect the Group companies and their performance.

A regulation of the Minister of Development and Technology dated 27 March 2024 has postponed the implementation date of the Regulation of 27 October 2023 amending the Regulation on the technical conditions to be met by buildings and their locations (Dz.U. item 2442). As a result, the regulatory changes regarding the minimum proportion of land covered with vegetation, increased minimum distances between buildings and property boundaries, partitions between balconies, and new requirements for playgrounds and leisure areas, which were originally scheduled to take effect on 1 April 2024, are now in force as of 1 August 2024.

The Management Board believes these changes will limit the possibilities for the development of land, resulting in fewer flats per project and higher average prices for all residential units, ultimately reducing availability of housing.

In the first half of 2024, public consultations began on a new draft law from the Ministry of Internal Affairs and Administration regarding civil protection and civil defence, known as the Shelter Act. This legislation requires that underground levels in public buildings and multi-family residential buildings, as well as underground garages (unless already prepared to be used as shelters), be designed and constructed to provide emergency shelter spaces. These emergency shelters, which represent the most basic level of civil protection, are expected to become a standard feature in new developments. The proposed law and the secondary legislation will impose specific requirements on developers, including the creation of protective zones, installation of emergency lighting, additional garage exits, ventilation systems, and necessary equipment. This will lead to additional costs and an increase in the prices of both residential and commercial properties. Under the current draft, the costs of this additional protective infrastructure may be reimbursed by the state, but this is not guaranteed.

On 24 April 2024, the European Parliament and Council adopted Directive (EU) 2024/1275 on the energy performance of buildings (EPBD), also known as the Building Directive. Effective from 8 May 2024, this revised Directive must be implemented into Polish law within two years. It mandates that all new residential buildings must be zero-emission buildings by 2030.

New buildings will need to be designed in a way ensuring high energy efficiency, involving the use of modern building materials and technologies and renewable energy sources. This will inevitably drive up construction costs.

ADMINISTRATIVE DECISIONS

Development projects require the Group to secure numerous permits and approvals throughout the project execution process. Despite cautious scheduling, which typically involves allowing extra time to accommodate potential delays, there is always a risk of setbacks or even failure in obtaining these approvals, as well as the possibility that previously granted decisions may be challenged. All this may impact the execution or timely delivery of projects. Project timelines may also be affected by legislative changes.

We ensure consistent operating scale and smooth initiation of new projects by maintaining a high-quality and adequately sized land bank that supports a three-year sales pipeline.

To manage market risks effectively, we closely monitor regulatory changes and adjust project schedules accordingly. Additionally, we rigorously evaluate potential projects and oversee ongoing developments based on well-established in-house project execution models and decision-making procedures. Adherence to these procedures is a priority for the Management Board.

MARKETS

For years, Dom Development S.A. has been the leading player in Warsaw's primary residential property market. As the capital of Poland, Warsaw is a key economic and social hub, as well as a major academic centre, and its dynamic job market attracts new residents. All this makes the city the largest and most expensive housing market in Poland.

However, the Warsaw market also presents the biggest challenges for property development. There is significant pressure on the housing supply due to a shortage of land with clear legal titles, along with delays in planning and administrative processes. The risk resulting from the concentration of business

in the Warsaw market is managed by the Management Board through a geographic diversification of operations within the Dom Development Group.

Our operations span the Tricity, Wrocław, and Kraków, four of the most advanced residential markets in Poland.

According to the Management Board, the diversification of the Group's operations and growing contribution of the subsidiaries to total sales and financial results is an effective strategy for building the value of the Company and the Group. This approach will continue in the coming years.

ACQUISITION OF LAND FOR FUTURE PROJECTS

Our future success depends on the ability to continually secure prime sites for new development projects, within timelines that reflect current market conditions and on favourable pricing terms, ensuring satisfactory margins. Given the limited supply of land with a clear legal and planning status in attractive locations, our expertise in acquiring new sites is a key competitive advantage in the property development sector.

The number of units planned for the Group's land bank, which includes projects in the pre-development phase and secured plots in the four most attractive markets in Poland, reached over 18.8 thousand as at 30 June 2024. According to the Management Board, this is an appropriate level considering local market

conditions, including the lengthy permitting procedures, evolving legislative requirements for the preparation of projects, and the current credit market environment. With our extensive land holdings, we can continuously offer new properties for sale and adapt the portfolio to market demands, maintaining our leading position in Poland's residential property market.

The Management Board places a strong emphasis on acquiring attractive land across all our markets, ensuring that the Group has a diverse and robust land bank that supports stable operations for years to come. Our success in land acquisition is largely due to our experienced team and strong liquidity, which enable the swift completion of even substantial transactions.

AWARDS AND RECOGNITIONS

In the first half of 2024, the Group and its companies were recognised in a number of industry competitions. This year saw the second edition of the *Builder's* Ranking Stars awards. Thanks to outstanding financial performance, the Group received

accolades in four categories: Highest Revenue, Highest Profit, Consistent Leader, and Highest Revenue in the Province of Warsaw. *Builder* magazine also presented its annual distinctions to construction industry leaders and top managers of companies

engaged in different phases of the property development process. This year, Dom Construction was named Construction Company of the Year, and Rafał Kierski, President of its Management Board, was celebrated as Industry Personality. The Group also garnered accolades in this year's Wizjery competition, which highlights the most creative and innovative professionals in real estate. We received awards for Best Use of Eco-Trends or New Technologies in Property Development and a Quality Certificate for our exceptional contributions to advancing high standards in the Polish property market.

Our various projects were well-recognised by both industry experts and customers. The following developments: Urbino in Warsaw, 29. Aleja in Kraków, and DOKI Living in Gdańsk topped the 2023 Property Development Project Ranking prepared by the *Rynek Pierwotny* portal. Additionally, DOKI Living secured 5th place in the Tricity's Most Interesting Residential Project 2023 competition, as voted by readers of *Trójmiasto.pl*. This project was also recognised in the Baltic Real Estate Awards for Residential Development, with Euro Styl winning in the Residential Developer category. Additionally, Euro Styl was awarded in the Urban Storm category of a poll organised by

Tricity's *Gazeta Wyborcza* for its revitalisation of the Montownia building.

Our implementation of the ESG DOM 2030 Strategy is increasingly acknowledged by market experts. The Responsible Business Forum's report "Responsible Business in Poland 2023: Good Practices" for the first time featured Dom Development's best practices and initiatives: providing living accommodation for those affected by the war in Ukraine, the Legal Mondays & Security Fridays workshop series, the We Are Fair programme, and the Green Project Standard. Our sustainability initiatives were recognised with the White Leaf from *Polityka* magazine, a distinction granted to businesses committed to implementing key management practices recommended by the CSRD and European Sustainability Reporting Standards or the ISO 26000 standard, and seeking continuous improvement of their practices in this area to effectively manage environmental impacts. Additionally, at the CSR Poland Awards, Dom Development was honoured in the Community Engagement category for our project to build a home for Ukrainian children in Kraków.

3 DISCUSSION OF THE FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. AND THE DOM DEVELOPMENT GROUP



3.1 BASIS OF ACCOUNTING USED IN PREPARING CONDENSED SEPARATE AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Certain information and disclosures typically included with the consolidated full-year financial statements under International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU”) are presented in a condensed form or omitted in the condensed interim financial statements, in accordance with IAS 34 *Interim Financial Reporting* (IAS 34).

The condensed consolidated interim financial statements have been prepared on the assumption that the Group companies will continue as going concerns for the foreseeable future.

The Company and its subsidiaries operate exclusively within Poland. As at the date of the condensed consolidated interim financial statements, all of the Company’s projects were progressing according to plan or ahead of schedule. The Management Board is actively monitoring the situation and evaluating its potential impact on individual projects, the Company and the Group as a whole, and the Group’s long-term objectives. The Management Board believes that as at the date of authorisation of the condensed consolidated interim financial statements, there were no circumstances indicating a threat to the Group’s ability to continue as a going concern.

The functional currency of the parent and the other companies included in the condensed consolidated interim financial statements is Polish złoty (PLN). The condensed consolidated interim financial statements have been prepared in Polish złoty. Unless stated otherwise, financial data presented in the condensed consolidated interim financial statements is expressed in thousands of Polish złoty.

The condensed consolidated interim balance sheet, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows, and condensed consolidated interim statement of changes in equity included in the condensed consolidated interim financial statements have not been audited, but have been reviewed by an independent auditor. The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in full-year consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated full-year financial statements for the 12 months ended 31 December 2023.

The Company also prepared condensed separate interim financial statements of Dom Development S.A. for the six months ended 30 June 2024, which were authorised by the Company’s Management Board on 28 August 2024.

3.2 DISCUSSION OF THE FINANCIAL RESULTS OF THE DOM DEVELOPMENT GROUP

3.2.1 STATEMENT OF PROFIT OR LOSS OF THE GROUP

CONSOLIDATED FINANCIAL RESULTS OF THE DOM DEVELOPMENT GROUP	H1 2024	H1 2023	Change y/y
STATEMENT OF PROFIT OR LOSS			
Revenue	1,369,604	1,274,517	7%
Gross profit	438,812	397,574	10%
Operating profit (EBIT)	285,831	271,049	5%
Net profit	231,164	222,561	4%
Earnings per share, basic	8.96	8.69	3%

In the six months ended 30 June 2024, the Dom Development Group reported consolidated revenue of PLN 1,369,604 thousand, up 7% year on year.

The largest revenue component was sales of finished products. Other sales (sales of services and goods) accounted for 7% and 4% of the total in the six months ended 30 June 2024 and 30 June 2023, respectively.

In the six months ended 30 June 2024, the Group delivered 1,637 units, compared with 1,998 units delivered in the six months ended 30 June 2023.

A major share of the units delivered in the period came from affordable segment projects, such as Dzielnica Mieszkaniowa Metro Zachód, Osiedle Jagiellońska in Warsaw, Doki in the Tricity, and Osiedle Przy Malborskiej in Kraków, as well as premium segment projects like Apartamenty Koło Parków and Apartamenty Białej Koniczyny.

Dom Development's effective sales policy, timely project completions, and high-quality developments led to a 7% increase in consolidated revenue, to PLN 1,369,604 thousand, and a 10% rise in gross profit, which reached PLN 438,812 thousand.

These figures are reflected in a rise in gross profit margin, which improved to 32% from 31.2% in the six months ended 30 June 2024. The Management Board considers this a very strong result.

In the six months ended 30 June 2024, the Group reinforced its position in the Kraków and Wrocław markets.

The Group's operating profit for the period was PLN 285,831 thousand, up 5% year on year. Thanks to a strong focus on management efficiency, the Group delivered an operating profit margin of 21%. In the context of the current market environment, the Management Board views this performance level as highly satisfactory and indicative of the Group's effective business model.

The Group's operations are not subject to seasonal changes. Financial performance fluctuations between quarters are closely linked to the project construction cycle and the concentration of property deliveries in the initial weeks after a project is ready for occupancy. In accordance with IFRS 15, the delivery of a unit to the buyer is the basis for recognising revenue in the statement of profit or loss, which means that financial results do not fully reflect the Group's current situation. Therefore, in addition to reporting the number of units delivered in a given period, the Dom Development Group also provides information on current sales volumes, calculated based on preliminary sale contracts and paid reservation agreements, net of cancellations. For information on the Group's operating results, including current sales and the number of units delivered, see Section 2.2. of this Report.

3.2.2 CONSOLIDATED BALANCE SHEET OF THE GROUP

In the six months ended 30 June 2024, the Group maintained a strong financial position, consistently outperforming its sector peers.

ASSETS

As in previous years, current assets accounted for the largest portion of the Group's total assets. Inventory, amounting to PLN 4,096,468 thousand, represented 80% of the Group's record-high total assets, which reached PLN 5,119,396 thousand as at 30 June 2024. This figure is 12% higher than at the end of 2023, the key contributing factor being increases in inventory and cash, of PLN 259,350 thousand and PLN 258,647 thousand, respectively.

The Group maintained strong liquidity, with cash holdings of PLN 544,921 thousand. Additionally, it had PLN 76,716 thousand in open-end residential escrow accounts (reported under current financial assets).

EQUITY AND LIABILITIES

The Management Board places a strong emphasis on the Group's financial security, which is reflected in its financing structure. As at 30 June 2024, the Group's consolidated equity was PLN 1,520,490 thousand, making up 30% of total equity and liabilities. Another major component was deferred income of PLN 1,880,159 thousand, representing 37% of total equity and liabilities. Deferred income includes advance payments from customers, which are recognised until the purchased residential units and parking spaces are delivered to the buyers and the corresponding revenue is recognised in the statement of profit or loss. The amount of deferred income is closely correlated with the rate of sale of units, which increases the item's balance, and the rate of delivery of the units, which reduces it.

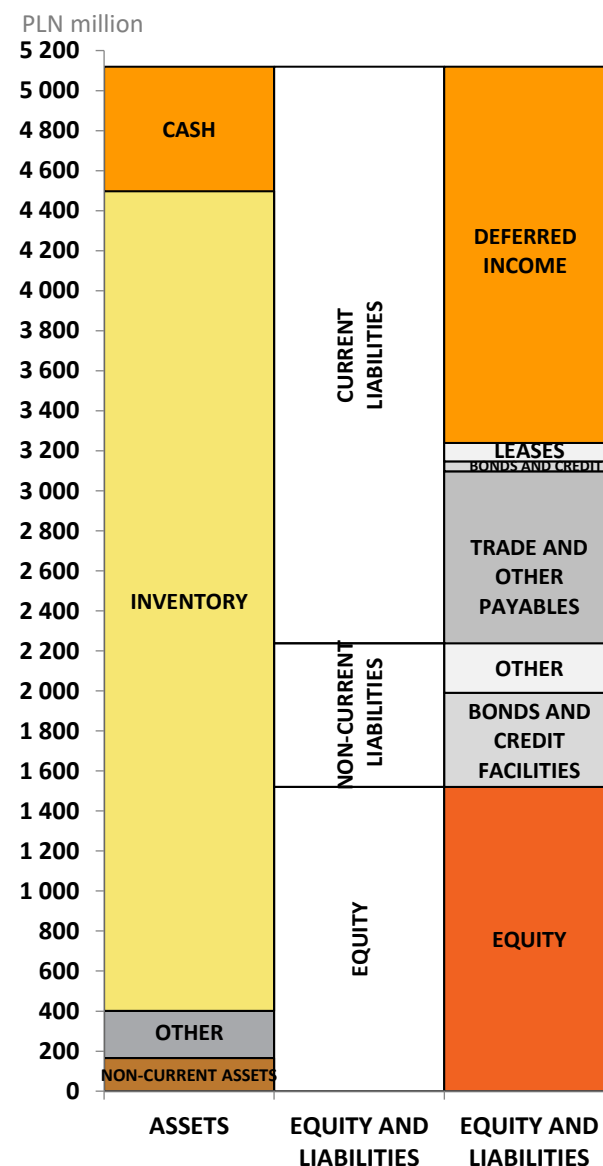
Interest-bearing debt was PLN 520,000 thousand, with only 10% being short-term debt.

In the six months ended 30 June 2024, a new item, liabilities under dividends was added to the Group's consolidated balance sheet as a result of the decision made at the Company's Annual General Meeting on 19 June 2024 to allocate part of Dom Development S.A.'s net profit for 2023 to shareholder dividends. Liabilities under dividends amounted to PLN 168,239 thousand.

The dividend from the 2023 profit was set at PLN 309,581 thousand, including interim dividend of PLN 141,341 thousand

distributed in 2023, and the balance of PLN 168,239 thousand, which was paid on 4 July 2024.

STRUCTURE OF THE GROUP'S BALANCE SHEET AS AT 30 JUNE 2024



3.2.3 CASH FLOWS OF THE GROUP

SELECTED ITEMS OF THE STATEMENT OF CASH FLOWS	H1 2024	H1 2023	Change
Cash and cash equivalents at beginning of reporting period	286,274	304,236	(6)%
Net cash from operating activities	265,917	304,813	(13)%
Net cash from investing activities	(10,380)	(7,106)	n/a
Net cash from financing activities	3,110	(10,533)	n/a
Cash and cash equivalents at end of reporting period	544,921	591,410	(8)%

In the six months ended 30 June 2024, net cash from operating activities reported by the Dom Development Group was positive, at PLN 265,917 thousand, down 13% year on year. The key contributor to the operating cash flow was the Group's profit before tax of PLN 288,401 thousand, adjusted mainly for an increase in inventory of PLN 247,630 thousand, an increase in accruals and deferred income of PLN 167,310 thousand, and an increase in current liabilities of PLN 144,926 thousand.

The negative balance of net cash from investing activities in the six months ended 30 June 2024, at PLN 10,380 thousand, included

cash spent on the acquisition of intangible assets and property, plant and equipment of PLN 11,512 thousand.

In the six months ended 30 June 2024, the Group's net cash from financing activities was positive, at PLN 3,110 thousand (including mainly proceeds from issue of shares of PLN 5,000 thousand), compared with a negative balance of PLN 10,533 thousand a year earlier.

In the six months ended 30 June 2024, the Dom Development Group reported a net increase in cash of PLN 258,647 thousand, to PLN 544,921 thousand as at 30 June 2024.

3.2.4 FINANCIAL RATIOS OF THE GROUP

PROFITABILITY RATIOS

PROFITABILITY RATIOS	FORMULA	H1 2024	H1 2023
Gross profit margin	gross profit/ net revenue	32.0%	31.2%
Operating profit margin	operating profit (EBIT)/ net revenue	20.9%	21.3%
Net profit margin	net profit/ net revenue	16.9%	17.5%
ROE (return on equity)	net profit for last 12 months/ equity at beginning of period	34.6%	32.0%
ROA (return on assets)	net profit for last 12 months/ total assets at beginning of period	10.7%	9.8%

The Management Board is of the opinion that the Group maintained a very satisfactory level of profitability in the six months ended 30 June 2024. With an increase in gross profit margin to 32%, the Dom Development Group stands out favourably compared to the rest of the sector. The 0.8pp improvement over the first half of 2023 highlights the Group's strong ability to read market trends, implement its sales policy effectively, manage costs, and optimise operational processes. Despite a lower number of units delivered during the period, the Group maintained an operating profit (EBIT) margin close to the level achieved in the first six months of 2023, at 20.9%.

The Management Board considers the Group's performance in terms of return on equity (ROE) and return on assets (ROA) to be highly satisfactory.

When looking at interim ROE and ROA, which are based on net profit for the past 12 months and the values of total equity and total assets as at 30 June 2024 and 30 June 2023, it is important to take into account possible distortions, like the timing of dividend payments and its impact on the balance sheet. For this reason, the changes and values of these ratios should be mainly analysed over full financial years, from 1 January to 31 December of a given year.

LIQUIDITY RATIOS

LIQUIDITY RATIOS	FORMULA	30 Jun 2024	31 Dec 2023
Current ratio	current assets/ current liabilities*	4.95	6.39
Quick ratio	(current assets - inventory)/ current liabilities*	0.86	0.83
Cash ratio	cash/ current liabilities*	0.54	0.41

* Current liabilities excluding deferred income.

Given the specific nature of the property development sector with its exceptionally long production cycles, and financing restrictions applicable to the sector companies, the Group's robust financial position is particularly impressive. This strength is underpinned by numerous strategic decisions and actions undertaken by the Company's Management Board in the past.

The Group consistently maintains high liquidity levels. The liquidity ratios remained very strong throughout the first half of 2024.

The current ratio fell from 6.39 to 4.95 in the six months to 30 June 2024, driven by an increase in current liabilities, particularly as a result of the recognition of liabilities under dividends of PLN 168,239 thousand as at 30 June 2024.

Despite this growth in current liabilities attributable to dividends, other liquidity ratios, i.e. the quick ratio and cash ratio, showed a slight improvement. This is due to a significant increase in cash and cash equivalents, which rose by PLN 258,647 thousand, to PLN 544,921 thousand, with an increase in current liabilities, in particular under dividends. The quick ratio went up from 0.83 to 0.86 over the first six months of the year, and the cash ratio improved to 0.54 as at the end of June 2024, from 0.41 as at the end of December 2023.

The Management Board views the Group's liquidity position as very strong. The solid balance sheet not only supports efficient execution of investment plans, but also enables the Group to quickly respond to market opportunities for strengthening its competitive position.

DEBT RATIOS

DEBT RATIOS	FORMULA	30 Jun 2024	31 Dec 2023
Equity to non-current assets ratio	total equity/ total assets	29.7%	31.8%
Debt to equity ratio	total liabilities/ equity	236.7%	214.8%
Total debt ratio	total liabilities/ total assets	70.3%	68.2%
Interest-bearing debt ratio	interest-bearing liabilities/ equity	34.2%	35.9%
Net interest-bearing debt ratio	(interest-bearing liabilities - cash*) /equity	(6.7)%	9.0%

* Cash including cash in escrow accounts.

Thanks to the Group's sound operational policies (careful management of project initiation and progress, as well as controlled property acquisitions) and financial policies (prudent financing structures), the debt ratios remain at a safe level and support Dom Development's creditworthiness in the financial

market. The debt ratio levels as at 30 June 2024, which are largely consistent with those as at the end of 2023, reflect the Management Board's conservative approach to financing and capital structure.

3.3 DISCUSSION OF THE FINANCIAL RESULTS OF DOM DEVELOPMENT S.A.

3.3.1 STATEMENT OF PROFIT OR LOSS OF THE COMPANY

FINANCIAL RESULTS OF DOM DEVELOPMENT S.A.	H1 2024	H1 2023	Change y/y
STATEMENT OF PROFIT OR LOSS			
Revenue	915,605	748,822	22%
Gross profit	261,806	232,132	13%
Operating profit (EBIT)	165,558	155,933	6%
Net profit	291,568	287,431	1%
Earnings per share, basic	11.31	11.22	1%

In the six months ended 30 June 2024, Dom Development S.A. reported revenue of PLN 915,605 thousand, up 22% year on year. In the period, the Company recognised revenue from sale of finished products of PLN 845,347 thousand, reflecting the delivery of 1,088 units, and revenue from rendering of services (mainly construction services) of PLN 70,258 thousand. In the same period last year, revenue from sale of finished products amounted to PLN 700,630 thousand, with the same number of units delivered, and revenue from rendering of services totalled PLN 48,192 thousand.

A major share of the units delivered in the period came from affordable segment projects, such as Dzielnica Mieszkaniowa Metro Zachód and Osiedle Jagiellońska, as well as premium segment projects like Apartamenty Koło Parków and Apartamenty Białej Koniczyny.

Although the number of delivered units remained unchanged from the same period last year, gross profit rose by 13%, to PLN 261,806 thousand. The gross profit margin improved to 28.6%, a result that the Management Board views as very strong.

Operating profit (EBIT) went up by 6% year on year.

In the six months ended 30 June 2024 and in the corresponding period of the previous year, the Company recognised significant finance income. Its largest component in both periods was

dividend income from subsidiaries: PLN 155,743 thousand in the first half of 2024 and PLN 141,680 thousand in the reference period. Net profit for the six months ended 30 June 2024 was PLN 291,568 thousand, relatively unchanged year on year.

The Company's operations are not subject to seasonal changes. Financial performance fluctuations between quarters are closely linked to:

- the project construction cycle and the concentration of property deliveries in the initial weeks after a project is ready for occupancy. In accordance with IFRS 15, the delivery of a unit to the buyer is the basis for recognising revenue in the statement of profit or loss; and

- the timing of the recognition of dividends paid by subsidiaries in the statement of profit or loss,

which means that financial results do not fully reflect the Company's current situation. Therefore, in addition to reporting the number of units delivered in a given period, Dom Development S.A. also provides information on current sales volumes, calculated based on preliminary sale contracts and paid reservation agreements, net of cancellations. For information on the Company's operating results, including current sales and the number of units delivered, see Section 2.2. of this Report.

3.3.2 BALANCE SHEET OF THE COMPANY

SELECTED ITEMS OF THE BALANCE SHEET OF DOM DEVELOPMENT S.A. (PLN thousand)	30 Jun 2024	31 Dec 2023	Change
Investments in subsidiaries, associates and joint ventures	449,328	472,613	(5)%
Long-term loans granted and receivables	473,018	467,346	1%
Other current assets	54,667	62,251	(12)%
Total non-current assets	977,013	1,002,210	(3)%
Current assets			
Inventory	2,035,635	2,050,861	(1)%
Trade and other receivables	81,903	52,790	55%
Income tax receivables	25,515	0	100%
Other current assets	59,643	74,836	(20)%
Cash and cash equivalents and current financial assets	420,162	116,462	261%
Total current assets	2,622,858	2,294,949	14%
TOTAL ASSETS	3,599,871	3,297,159	9%
Equity			
Share capital	25,798	25,698	0%
Share premium	276,458	271,558	2%
Capital reserves, statutory reserve funds and retained earnings	1,197,263	1,070,909	12%
TOTAL EQUITY	1,499,519	1,368,165	10%
Liabilities			
Total non-current liabilities	557,506	550,872	1%
Total current liabilities	1,542,846	1,378,122	12%
Total liabilities	2,100,352	1,928,994	9%
Total equity and liabilities	3,599,871	3,297,159	9%

In the six months ended 30 June 2024, the Company maintained a strong financial position, consistently outperforming its sector peers.

ASSETS

As in previous years, current assets accounted for the largest portion of the Company's total assets. Inventory of PLN 2,035,635 thousand made up 57% of total assets, which reached PLN 3,599,871 thousand as at 30 June 2024, an increase of 9% year on year, due mainly to a PLN 298,640 thousand increase in cash.

The Company maintained strong liquidity, with cash holdings of PLN 332,744 thousand at 30 June 2024. Additionally, it had PLN 55,846 thousand in open-end residential escrow accounts.

Another material category of assets was investments in subsidiaries, associates and joint ventures, totalling PLN 449,328 thousand (12.5% of total assets), and loans granted amounting residential units and parking spaces are delivered to the buyers and the corresponding revenue is recognised in the statement of profit or loss. The amount of deferred income is closely correlated with the rate of sale of units, which increases the item's balance, and the rate of delivery of the units, which reduces it.

to PLN 467,902 thousand (13% of total assets). The investments in subsidiaries with the highest carrying amounts were in the following property development companies: Euro Styl S.A. (PLN 265,472 thousand), Dom Development Kraków Sp. z o.o. (PLN 162,722 thousand), Dom Development Wrocław Sp. z o.o. (PLN 17,502 thousand).

EQUITY AND LIABILITIES

The Management Board places a strong emphasis on the Company's financial security, which is reflected in its conservative financing structure.

As at 30 June 2024, the Company's equity was PLN 1,499,519 thousand, making up 42% of total equity and liabilities.

Another major component was deferred income of PLN 835,304 thousand, representing 23% of total equity and liabilities. Deferred income includes advance payments from customers, which are recognised until the purchased

Interest-bearing debt was PLN 520,000 thousand, with only 10% being short-term debt.

In the six months ended 30 June 2024, a new item, liabilities under dividends, was added to the Company's balance sheet as a result of the dividend resolution adopted at the Company's

Annual General Meeting on 19 June 2024. Liabilities under dividends amounted to PLN 168,239 thousand.

The dividend from the 2023 profit was set at PLN 309,581 thousand, including interim dividend of PLN 141,341 thousand distributed in 2023, and the balance of PLN 168,239 thousand, which was paid on 4 July 2024.

3.3.3 CASH FLOWS OF THE COMPANY

SELECTED ITEMS OF THE STATEMENT OF CASH FLOWS	H1 2024	H1 2023	Change
Cash and cash equivalents at beginning of reporting period	34,104	184,078	(81)%
Net cash from operating activities	105,137	167,055	(37)%
Net cash from investing activities	188,503	95,491	97%
Net cash from financing activities	5,000	(45,000)	n/a
Cash and cash equivalents at end of reporting period	332,744	401,624	(17)%

In the six months ended 30 June 2024, net cash from operating activities reported by Dom Development S.A. was positive, at PLN 105,137 thousand, down from PLN 167,055 thousand the year before. The key contributor to the operating cash flow was the Company's profit before tax of PLN 325,461 thousand, adjusted for gain from investments, change in accruals and deferrals, and change in current liabilities.

The significant year-on-year difference in the balance of net cash from investing activities (positive balance of PLN 188,503 thousand in the six months to 30 June 2024 vs PLN 95,491 thousand a year earlier) was mainly attributable to proceeds from dividends of PLN 155,743 thousand and other proceeds

related to financial assets of PLN 22,953 thousand in the six months ended 30 June 2024.

Another item affecting net cash from investing activities was a PLN 15,976 thousand decrease in the balance of loans granted.

In the six months ended 30 June 2024, Dom Development S.A.'s net cash from financing activities was positive, at PLN 5,000 thousand, compared with a negative balance of PLN 45,000 thousand a year earlier. The item consisted of proceeds from the issue of shares of PLN 5,000 thousand.

In the six months ended 30 June 2024, Dom Development S.A. reported a net increase in cash of PLN 298,640 thousand, to PLN 332,744 thousand as at 30 June 2024.

3.3.4 FINANCIAL RATIOS OF THE COMPANY

PROFITABILITY RATIOS OF THE COMPANY

PROFITABILITY RATIOS	FORMULA	H1 2024	H1 2023
Gross profit margin	gross profit/ net revenue	28.6%	31.0%
Operating profit margin	operating profit (EBIT)/ net revenue	18.1%	20.8%
Net profit margin	net profit/ net revenue	31.8%	38.4%
ROE (return on equity)	net profit for last 12 months/ equity at beginning of period	32.8%	45.2%
ROA (return on assets)	net profit for last 12 months/ total assets at beginning of period	13.2%	17.0%

The Company's gross profit margin fell to 28.6%, which the Management Board considers satisfactory. Maintaining this ratio at a similar level to the comparative period attests to the Company's strong ability to read market trends, implement its sales policy effectively, manage costs, and optimise operational processes.

In the first six months of 2024, the operating profit margin decreased slightly, to a still relatively high 18.1%.

The Company consistently delivered a high return on equity (ROE): 32.8%. It is calculated as the ratio of net profit for the last

12 months to equity at the beginning of the period, i.e. as at 30 June 2023. Return on assets (ROA), calculated in a similar way, was 13.2%. Both ratios are at a healthy level.

When looking at interim ROE and ROA, which are based on net profit for the past 12 months, it is important to take into account possible distortions. For this reason, the changes and values of these ratios should be mainly analysed over full financial years, from 1 January to 31 December of a given year, as described in Section 3.3.1 above.

LIQUIDITY RATIOS OF THE COMPANY

LIQUIDITY RATIOS	FORMULA	30 Jun 2024	31 Dec 2023
Current ratio	current assets/ current liabilities*	3.71	5.71
Quick ratio	(current assets - inventory)/ current liabilities*	0.83	0.61
Cash ratio	cash/ current liabilities*	0.47	0.08

* Current liabilities excluding deferred income.

Given the specific nature of the property development sector with its exceptionally long production cycles, and financing restrictions applicable to the sector companies, the Company's robust liquidity position is particularly impressive. This strength is underpinned by numerous strategic decisions and actions undertaken by the Company's Management Board in the past.

The Company continued to maintain high liquidity. The liquidity ratios remained strong throughout the first half of 2024.

The current ratio fell from the very high level of 5.71 to 3.71 in the six months to 30 June 2024, driven by an increase in current liabilities, particularly as a result of the recognition of liabilities under dividends of PLN 168,239 thousand as at 30 June 2024.

Despite this growth in current liabilities attributable to dividends, other liquidity ratios, i.e. the quick ratio and cash ratio, showed a marked improvement, resulting from a significant increase in cash of PLN 298,640 thousand, to PLN 332,744 thousand. The Company's quick ratio went up from 0.61 to 0.83 over the first six months of the year, and the cash ratio improved to 0.47 as at the end of June 2024, from 0.08 as at the end of December 2023.

The Management Board views Dom Development S.A.'s liquidity position as very strong. The solid balance sheet not only supports efficient execution of investment plans, but also enables the Company to quickly respond to market opportunities for strengthening its competitive position.

DEBT RATIOS OF THE COMPANY

DEBT RATIOS	FORMULA	30 Jun 2024	31 Dec 2023
Equity to non-current assets ratio	total equity/ total assets	41.7%	41.5%
Debt to equity ratio	total liabilities/ equity	140.1%	141.0%
Total debt ratio	total liabilities/ total assets	58.3%	58.5%
Interest-bearing debt ratio	interest-bearing liabilities/ equity	34.7%	38.0%
Net interest-bearing debt ratio	(interest bearing debt - cash*)/ equity	8.8%	30.6%

* Cash including cash in escrow accounts.

Thanks to the Company's sound operational policies (careful management of project initiation and progress, as well as controlled property acquisitions) and financial policies (prudent financing structures), the debt ratios remain at a safe level and support the Dom Development's creditworthiness in the financial

market. The debt ratio levels as at 30 June 2024, which are largely consistent with (and in the case of net interest-bearing debt even markedly better than) those as at the end of 2023, reflect the Management Board's conservative approach to the financing of operations.

3.4 FINANCIAL FORECASTS

Dom Development S.A. and other Group companies did not publish any financial forecasts.

3.5 LOANS, SURETIES AND GUARANTEES

In the six months ended 30 June 2024, the Group companies did not grant any loans to entities outside the Dom Development Group.

In the six months ended 30 June 2024, the Group companies did not provide any credit sureties or guarantees to a single entity or its subsidiary, where the value of such sureties or guarantees for

the Group would be material or would represent 10% or more of the Company's equity.

For information on contingent liabilities of the Group companies, see Note 7.21 to the condensed consolidated interim financial statements for the six months ended 30 June 2024.

3.6 RELATED-PARTY TRANSACTIONS

All transactions made by the Group companies (or their subsidiaries) with related parties are entered into on an arm's length basis.

For a description of related-party transactions, see Note 7.19 to the condensed consolidated interim financial statements of the Dom Development Group for the six months ended 30 June 2024.

3.7 MATERIAL COURT PROCEEDINGS

As at 30 June 2024, none of the companies of the Dom Development Group were party to any material court proceedings.

4 AUTHORISATION OF THE DIRECTORS' REPORT ON THE OPERATIONS OF DOM DEVELOPMENT S.A. AND THE DOM DEVELOPMENT GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2024





This Directors' Report on the operations of Dom Development S.A. and the Dom Development Group for the six months ended 30 June 2024 was prepared and authorised by the Company's Management Board on 28 August 2024.

The Company's Management Board represents that this Directors' Report on the operations of Dom Development S.A. and the Dom Development Group for the six months ended 30 June 2024 gives a true and fair view of the Company's and the Group's development, achievements and position, including a description of key risks and threats.

Jarosław Szanajca

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

Leszek Stankiewicz

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

Monika Perekitko

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

Mikołaj Konopka

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

Terry R. Roydon

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