

DOM DEVELOPMENT S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

PREPARED IN ACCORDANCE
WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS





CONTENTS

1	APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY	4
2	BALANCE SHEET	5
3	INCOME STATEMENT	6
4	STATEMENT OF COMPREHENSIVE INCOME	7
5	CASH FLOW STATEMENT	8
6	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	9
7	ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS	10
7.1	GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.	11
7.2	BASIS FOR THE PREPARING OF THE FINANCIAL STATEMENTS	11
7.3	COMPLIANCE STATEMENT	11
7.4	MATERIAL ACCOUNTING POLICIES	13
7.5	KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES	17
7.6	INTANGIBLE ASSETS	18
7.7	TANGIBLE FIXED ASSETS	19
7.8	INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	19
7.9	LOANS GRANTED (SHORT-TERM AND LONG-TERM) AND OTHER LONG-TERM RECEIVABLES	22
7.10	INVENTORY	23
7.11	TRADE AND OTHER RECEIVABLES	24
7.12	OTHER CURRENT ASSETS	25
7.13	SHORT-TERM FINANCIAL ASSETS	25
7.14	CASH AND CASH EQUIVALENTS	25
7.15	SHARE CAPITAL	25
7.16	SHARE PREMIUM	28
7.17	ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY	28
7.18	DIVIDEND AND PROFIT DISTRIBUTION	29
7.19	LOANS	29
7.20	BONDS	30
7.21	ACCRUED INTEREST ON LOANS AND BONDS	31
7.22	DEFERRED TAX ASSETS AND PROVISIONS	31
7.23	LONG-TERM PROVISIONS	32
7.24	OTHER LONG-TERM LIABILITIES	32
7.25	LEASE LIABILITIES	32
7.26	TRADE PAYABLES, TAX AND OTHER LIABILITIES	33
7.27	SHORT-TERM PROVISIONS	33
7.28	DEFERRED INCOME	33
7.29	BENEFITS AFTER EMPLOYMENT	34

7.30	FINANCIAL ASSETS AND LIABILITIES.....	34
7.31	FINANCIAL RISK MANAGEMENT.....	34
7.32	EARNINGS PER SHARE.....	38
7.33	INCOME TAX.....	38
7.34	SEGMENT REPORTING.....	39
7.35	SALES REVENUE AND COST OF SALES.....	40
7.36	COSTS BY TYPE.....	40
7.37	PAYROLL COSTS AND EMPLOYMENT.....	40
7.38	OTHER OPERATING INCOME.....	41
7.39	OTHER OPERATING EXPENSES.....	41
7.40	FINANCIAL INCOME.....	41
7.41	FINANCIAL COSTS.....	41
7.42	INTEREST COST.....	42
7.43	TRANSACTIONS WITH RELATED ENTITIES.....	42
7.44	COMPANY'S SHARE OPTIONS.....	45
7.45	REMUNERATION OF MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES.....	47
7.46	CONTINGENT LIABILITIES.....	47
7.47	MATERIAL COURT CASES AS AT 31 DECEMBER 2022.....	48
7.48	APPROVAL OF THE FINANCIAL STATEMENTS FOR 2021.....	48
7.49	CHANGES TO THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE COMPANY.....	48
7.50	ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE COMPANY.....	49
7.51	MATERIAL POST-BALANCE SHEET EVENTS.....	50
7.52	FORECASTS.....	51
7.53	INFORMATION ON REMUNERATION OF THE STATUTORY AUDITOR OR THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS.....	51
7.54	SELECTED FINANCIAL DATA TRANSLATED INTO EURO.....	52

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

These financial statements for the year ended on 31 December 2022, comprising:

- balance sheet prepared as at 31 December 2022,
- income statement for the twelve-month period ended 31 December 2022,
- statement of comprehensive income for the twelve-month period ended 31 December 2022,
- cash flow statement for the twelve-month period ended 31 December 2022,
- statement of changes in shareholders' equity for the twelve-month period ended 31 December 2022,
- additional notes to the consolidated financial statements

were prepared and approved by the Management Board of Dom Development S.A. on 15 March 2023.

The Management Board of Dom Development S.A. declares that to the best of its knowledge, these annual financial statements for 2022 with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of the Company and its financial result.

Jarosław Szanajca
President of the Management Board

Leszek Stankiewicz
Vice President of the Management Board

Małgorzata Kolarska
Vice President of the Management Board

Mikołaj Konopka
Member of the Management Board

Terry R. Roydon
Member of the Management Board

2 BALANCE SHEET

ASSETS	Note	31.12.2022	31.12.2021
Fixed assets			
Intangible assets	7.6	19 659	18 659
Tangible fixed assets	7.7	19 566	23 371
Investments in subsidiaries, associates and jointly controlled entities	7.8	486 050	383 796
Deferred tax assets	7.22	35 832	11 365
Loans granted and other long-term receivables	7.9	309 557	28 274
Other long-term assets		22 563	11 550
TOTAL FIXED ASSETS		893 227	477 015
Current assets			
Inventory	7.10	1 930 509	1 921 213
Trade and other receivables	7.11	42 782	38 149
Income tax receivables		-	-
Other current assets	7.12	4 409	3 232
Loans granted, short-term portion	7.9	-	197 760
Short-term financial assets	7.13	57 025	32 604
Cash and cash equivalents	7.14	184 078	364 394
TOTAL CURRENT ASSETS		2 218 803	2 557 352
TOTAL ASSETS		3 112 030	3 034 367
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7.15	25 548	25 398
Share premium	7.16	264 208	258 358
Other capital (supplementary capital)		670 640	626 738
Reserve capital from valuation of cash flow hedges		16 444	7 647
Reserve capital from reduction of share capital		510	510
Unappropriated profit		373 684	306 767
TOTAL SHAREHOLDERS' EQUITY		1 351 034	1 225 418
Long-term liabilities			
Loans, long-term portion	7.19	-	-
Bonds, long-term portion	7.20	260 000	310 000
Deferred tax provision	7.22	-	-
Long-term provisions	7.23	10 649	12 645
Lease liabilities, long-term portion	7.25	14 126	16 717
Other long-term liabilities	7.24	57 478	69 390
TOTAL LONG-TERM LIABILITIES		342 253	408 752
Short-term liabilities			
Trade payables, tax and other liabilities	7.26	273 748	200 064
Loans, short-term portion	7.19	50 000	-
Bonds, short-term portion	7.20	50 000	50 000
Accrued interest on loans and bonds	7.21	2 550	1 584
Lease liabilities, short-term portion	7.25	50 172	52 796
Corporate income tax payables	7.33	63 990	28 057
Short-term provisions	7.27	17 637	20 768
Deferred income	7.28	910 646	1 046 928
TOTAL SHORT-TERM LIABILITIES		1 418 743	1 400 197
TOTAL LIABILITIES		1 760 996	1 808 949
TOTAL EQUITY AND LIABILITIES		3 112 030	3 034 367

All amounts in PLN '000.

3 INCOME STATEMENT

	Note	Year ended	
		31.12.2022	31.12.2021
Sales revenue	7.35	1 414 704	1 234 988
Cost of sales	7.35	(952 407)	(856 935)
Gross profit on sales	7.35	462 297	378 053
Selling costs	7.36	(45 437)	(42 811)
General administrative expenses	7.36	(96 378)	(80 490)
Other operating income	7.38	7 907	3 150
Other operating expenses	7.39	(19 041)	(15 200)
Operating profit		309 348	242 702
Financial income	7.40	144 971	122 607
Financial costs	7.41	(17 622)	(10 458)
Profit before tax		436 697	354 851
Income tax	7.33	(63 013)	(48 084)
Net profit		373 684	306 767
Earnings per share:			
Basic (in PLN)	7.32	14.64	12.09
Diluted (in PLN)	7.32	14.61	12.01

All amounts in PLN '000 unless stated otherwise.

4 STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	31.12.2022	31.12.2021
Net profit	373 684	306 767
Other comprehensive income:		
Net change to cash flow hedges	10 861	13 874
Items to be accounted for in the income statement	10 861	13 874
Items not to be accounted for in the income statement		
Other net comprehensive income / (loss), before tax	10 861	13 874
Income tax on other net comprehensive income to be accounted for in the income statement	(2 064)	(2 636)
Other net comprehensive income	8 797	11 238
Total net comprehensive income	382 481	318 005

All amounts in PLN '000.

5 CASH FLOW STATEMENT

	Note	Year ended	
		31.12.2022	31.12.2021
Cash flow from operating activities			
Profit before tax		436 697	354 851
Adjustments:			
Depreciation		11 063	10 344
(Profit)/loss on foreign exchange differences		1 205	(1)
(Profit)/loss on investments		(117 673)	(112 093)
Interest cost/(income)		(4 485)	8 082
Cost of the valuation of management option programmes		5 393	1 701
Changes in the operating capital:			
Changes in provisions		(5 127)	3 126
Changes in inventory		(13 403)	(282 745)
Changes in receivables		(5 549)	6 127
Changes in short-term liabilities, excluding loans and bonds		52 999	(98 536)
Changes in prepayments and deferred income		(161 683)	296 086
Other adjustments		(1 205)	1
Cash flow generated from operating activities		198 232	186 943
Interest received		7 793	-
Interest paid		(16 098)	(11 488)
Income tax paid		(53 611)	(31 797)
Net cash flow from operating activities		136 316	143 658
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		394	551
Dividends received		117 276	112 608
Proceeds from borrowings granted		270 833	62 663
Other proceeds from financial assets		28 000	18 025
Borrowings granted		(335 785)	(199 627)
Acquisition of intangible and tangible fixed assets		(7 338)	(11 218)
Acquisition of financial assets and additional contributions to the share capital of subsidiaries		(130 254)	(37 623)
Net cash flow from investing activities		(56 874)	(54 621)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.15	8 500	7 500
Proceeds from contracted loans	7.19	50 000	-
Proceeds from commercial papers issued	7.20	-	110 000
Repayment of loans and borrowings	7.19	-	(10 000)
Redemption of commercial papers	7.20	(50 000)	(110 000)
Dividends paid	7.18	(268 258)	(253 984)
Net cash flow from financing activities		(259 758)	(256 484)
Increase / (decrease) in net cash and cash equivalents		(180 316)	(167 447)
Cash and cash equivalents – opening balance	7.14	364 394	531 841
Cash and cash equivalents – closing balance	7.14	184 078	364 394

All amounts in PLN '000.



6 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Unappropriated profit / (loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges		
Balance as at 1 January 2022	25 398	258 358	626 738	510	7 647	306 767	1 225 418
Share capital increase by exercising share options (note 7.15 and 7.16)	150	5 850	-	-	-	-	6 000
Transfer of profit to supplementary capital (note 7.18)	-	-	38 509	-	-	(38 509)	-
Dividends to shareholders (note 7.18)	-	-	-	-	-	(268 258)	(268 258)
Creation of reserve capital from the valuation of the share options (note 7.44)	-	-	5 393	-	-	-	5 393
Net profit for the reporting period	-	-	-	-	-	373 684	373 684
Other net comprehensive income for the reporting period	-	-	-	-	8 797	-	8 797
Total net comprehensive income	-	-	-	-	8 797	373 684	382 481
Increase / (decrease) in equity capital	150	5 850	43 902	-	8 797	66 917	125 616
Balance as at 31 December 2022	25 548	264 208	670 640	510	16 444	373 684	1 351 034

All amounts in PLN '000.

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Unappropriated profit / (loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges		
Balance as at 1 January 2021	25 218	251 038	614 804	510	(3 591)	264 217	1 152 196
Share capital increase by exercising share options (note 7.15)	180	7 320	-	-	-	-	7 500
Transfer of profit to supplementary capital	-	-	10 233	-	-	(10 233)	-
Dividends to shareholders (note 7.18)	-	-	-	-	-	(253 984)	(253 984)
Creation of reserve capital from the valuation of the share options (note 7.44)	-	-	1 701	-	-	-	1 701
Net profit for the reporting period	-	-	-	-	-	306 767	306 767
Other net comprehensive income for the reporting period	-	-	-	-	11 238	-	11 238
Total net comprehensive income	-	-	-	-	11 238	306 767	318 005
Increase / (decrease) in equity capital	180	7 320	11 934	-	11 238	42 550	73 222
Balance as at 31 December 2021	25 398	258 358	626 738	510	7 647	306 767	1 225 418

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS





7.1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A.

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

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

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.15). As at 31 December 2022, Groupe Belleforêt S.à r.l. controlled 55.41% of the Company’s shares. The ultimate parent company of the Dom Development S.A. Group is the SCOP 2003 Trust, an entity established under the laws of England and Wales. SCOP 2003 Trust is the sole shareholder of SCOP Luxembourg 2007 S.a r.l., which in turn is the majority shareholder of Groupe Belleforêt S.a r.l.

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

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

In the twelve-month period ended 31 December 2022 the Company did not discontinue any of its activities.

7.2 BASIS FOR THE PREPARING OF THE FINANCIAL STATEMENTS

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

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

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

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

The Company has also prepared consolidated financial statements for the Dom Development S.A. Capital Group for the twelve-month period ended 31 December 2022. These statements were approved by the Management Board of the Company on 15 March 2023.

The top-level consolidated statements are prepared by Groupe Belleforêt S.a r.l.

7.3 COMPLIANCE STATEMENT

Polish law requires the Company to prepare its financial statements in accordance with the International Financial Accounting Standards (IFRS) adopted by the European Union (EU). Having considered the process of IFRS introduction that takes place in the EU and the activities of the Company, in the context of accounting policies applied by the Company there are no differences in IFRS that have been put into force and IFRS that have been endorsed by the EU for the financial year ended 31 December 2022.

These financial statements constitute the Company's separate financial statements within the meaning of IAS 27 and have been prepared in accordance with all applicable IFRS as adopted by the European Union.

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

These financial statements are prepared based on the same accounting principles (policies) as for the financial statements of the Company for the year ended 31 December 2021, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2022:

- Annual improvements to IFRS 2018 - 2020 introduce improvements to the following standards: IFRS 1 *first-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial instruments*, IAS 41 *Agriculture*, and examples illustrating IFRS 16 *Leases*. The amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement.
- Amendments to IFRS 3 “Business Combinations”. The amendments to this Standard published in May 2020 are intended to update the relevant references to the IFRS Conceptual Framework, without making any substantive changes to the accounting of mergers.
- Amendments to IAS 37 “Provisions, Contingent liabilities and Contingent assets”. The amendments to IAS 37 provide clarifications regarding the costs that an entity is to consider when assessing whether a contract is an onerous contract.

Published standards and interpretations not yet in force and have not been applied by the Company

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

- Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or jointly controlled entity. They remove the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-cash assets sold or contributed to an associate or a jointly controlled entity constitute a business. If the non-cash assets constitute a business the investor discloses a full gain or loss on the transaction. If the assets cannot be classified as a business the investor recognises the gain or loss only in the scope of the shares of other investors therein. The approval of this amendment has been postponed by the European Union as at the date of these financial statements,
- Amendments to IAS 1 *Presentation of Financial Statements*. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2024. These amendments have not been endorsed by the EU as at the date of these financial statements,
- Amendments to IAS 1 *Presentation of Financial Statements* and the IFRS Advisory Council’s guidance on disclosure of accounting policies in practice. The amendment to IAS 1 requires disclosure of material information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in the absence of such information, users of financial statements would not be able to understand other material information in the financial statements. Moreover, the Advisory Council's guidance on the application of the materiality concept have also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies. The amendment is effective from 1 January 2023.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In 2021, the Council published an amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors in the Definition of Estimates. This amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. The amendment is effective from 1 January 2023.
- Amendments to IAS 12 “Income Taxes”. The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendment, there were uncertainties as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g., the initial recognition of a lease) that has no impact on current tax settlements necessitates the recognition of deferred tax balances or whether the so-called initial recognition exemption applies, which states that deferred tax balances are not recognised if the recognition of an asset or liability has no impact on the accounting or tax outcome at the time of that recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences. The amendments are effective for financial statements for the periods beginning on or after 1 January 2023.

- Amendments to IFRS 16 “Leases”. In September 2022, the IASB amended IFRS 16 “Leases” by supplementing the requirements for the subsequent measurement of the lease obligation for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale. The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a way that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from “lease payments” under IFRS 16. The amendment is effective from 1 January 2024. The amendment has not been endorsed by the EU as at the date of these financial statements,

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

7.4 MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

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

TANGIBLE FIXED ASSETS

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

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

INVENTORY

Finished goods

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

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

Work in progress

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

Inventory impairment test

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

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

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

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

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

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

- a) all future phases of the project are treated as a single project for the purposes of impairment review,
- b) each phase of the project, in which sales and construction have already begun, is separated from the rest of the (construction) project and is considered separately for the purposes of impairment review.

COSTS OF EXTERNAL FINANCING

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

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

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

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

TRADE AND OTHER RECEIVABLES

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

BANK DEPOSITS WITH A MATURITY OVER THREE MONTHS

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

CASH AND CASH EQUIVALENTS

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

INTEREST-BEARING LOANS, BORROWINGS AND COMMERCIAL PAPERS

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

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

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

TRADE PAYABLES, TAX AND OTHER LIABILITIES

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

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

PROVISIONS

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

REVENUE RECOGNITION

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

Sale of products

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

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

Sale of services

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

FOREIGN CURRENCY TRANSLATION

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

TAXES

Current tax

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

Deferred tax

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

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

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

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

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

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

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

DIVIDENDS

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

EARNINGS PER SHARE

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

LEASE

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

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

Right-of-use of office space

Right-of-use of office space is depreciated and financial costs due to leasing are recognised. The related asset is recognised in the balance sheet under *Tangible fixed assets*. The liability is recognised under long- or short-term liabilities, respectively.

Rights of perpetual usufruct of land

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

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

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

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

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

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

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

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

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

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

7.5 KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES

In addition to the accounting estimations, when applying the accounting policies in relation to the issues described below, the most significant was the professional judgement and the assumptions made by the management.

BUDGETS OF THE DEVELOPMENT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

7.6 INTANGIBLE ASSETS

INTANGIBLE ASSETS	Other intangible assets	Computer software	Intangible assets under implementation process	Total
GROSS VALUE				
Balance as at 1 January 2021	7 147	21 733	-	28 880
Additions	624	14	7 220	7 858
Transfers	(1 339)	8 289	(6 950)	-
(Disposals)	-	-	-	-
Balance as at 31 December 2021	6 432	30 036	270	36 738
Additions	601	-	5 411	6 012
Transfers	-	5 499	(5 499)	-
(Disposals)	-	-	-	-
Balance as at 31 December 2022	7 033	35 535	182	42 750
ACCUMULATED DEPRECIATION				
Balance as at 1 January 2021	5 642	8 224	-	13 866
Additions	886	3 327	-	4 213
(Disposals)	(1 335)	1 335	-	-
Balance as at 31 December 2021	5 193	12 886	-	18 079
Additions	671	4 341	-	5 012
(Disposals)	-	-	-	-
Balance as at 31 December 2022	5 864	17 227	-	23 091
NET VALUE				
as at 31 December 2021	1 239	17 150	270	18 659
as at 31 December 2022	1 169	18 308	182	19 659

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

As at 31 December 2022 there were no circumstances that would require the Company to create revaluation write downs for its intangible assets.

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

No collaterals have been established on intangible assets.

7.7 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	Right-of-use of office space	Vehicles transportation	Equipment and other tangible fixed assets	Total
GROSS VALUE				
Balance as at 1 January 2021	29 935	7 081	10 147	47 163
Additions	419	1 637	1 086	3 142
(Disposals)	-	(1 049)	(129)	(1 178)
Balance as at 31 December 2021	30 354	7 669	11 104	49 127
Additions	624	1 035	722	2 381
(Disposals)	-	(900)	(220)	(1 120)
Balance as at 31 December 2022	30 978	7 804	11 606	50 388
ACCUMULATED DEPRECIATION				
Balance as at 1 January 2021	7 532	5 411	7 659	20 602
Additions	3 805	843	1 482	6 130
(Disposals)	-	(847)	(129)	(976)
Balance as at 31 December 2021	11 337	5 407	9 012	25 756
Additions	3 959	910	1 180	6 049
(Disposals)	-	(804)	(179)	(983)
Balance as at 31 December 2022	15 296	5 513	10 013	30 822
NET VALUE				
as at 31 December 2021	19 017	2 262	2 092	23 371
as at 31 December 2022	15 682	2 291	1 593	19 566

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

As at 31 December 2022 there were no circumstances that would require the Company to create revaluation write downs for its tangible fixed assets.

No collaterals have been established on fixed assets.

7.8 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	31.12.2022	31.12.2021
Interest in subsidiaries, associates and jointly controlled entity	486 050	383 796
Closing balance	486 050	383 796

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

As at 31 December 2022 and 2021, the Company had no investments in jointly controlled entity.

Investments in subsidiaries, associates and jointly controlled entity have been presented in the table below:

INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY	As at 31.12.2022			As at 31.12.2021		
	Company's interest (%)	Value of total investment	Net investment carrying value	Company's interest (%)	Value of total investment	Net investment carrying value
	Dom Development Grunty sp. z o.o.	46%	24	24	46%	24
Dom Development Wrocław sp. z o.o.	100%	51 002	51 002	100%	79 002	79 002
Dom Development Kredyty sp. z o.o.	100%	505	505	100%	505	505
Mirabelle Investments sp. z o.o.	100%	58	58	100%	58	58
Euro Styl S.A. *)	100%	265 473	265 473	100%	265 473	265 473
Euro Styl Development sp. z o.o. w likwidacji *)	100%	252	252	100%	252	252
Dom Construction sp. z o.o.	100%	3 103	3 103	100%	3 103	3 103
Sento S.A. **)	100%	42 865	42 865	77%	35 379	35 379
Dom Development Kraków sp. z o.o.	100%	113 970	113 970	-	-	-
Dom Development Kraków 12 sp. z o.o.	100%	8 784	8 784	-	-	-
Issogne sp. z o.o.	100%	14	14	-	-	-
Total		486 050	486 050		383 796	383 796

*) 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. 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.

***) Sento S.A. is the parent company of Sento S.A. Capital Group

- Euro Styl S.A. Capital Group

Euro Styl S.A. Capital Group operates as a developer in the housing segment in the Tricity market and in the surrounding areas. The composition of Euro Styl Group as of 31 December 2022 is presented in the table below:

Euro Styl S.A. Capital Group	Percentage share in the share capital	% share of the parent company in voting rights
Euro Styl Construction sp. z o.o.	100%	100%
Euro Styl Montownia sp. z o.o.	100%	100%
Apartamenty Las Jastarnia sp. z o.o.	100%	100%
GGI Dolne Miasto sp. z o.o.	100%	100%
Your Destination sp. z o.o.	100%	100%

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

- Dom Development Wrocław sp. z o.o.

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

- Sento S.A. Capital Group

Sento S.A. is the parent company of the Sento S.A. Capital Group. The scope of operations of this company involves real estate development projects in the Cracow area. In March 2022, Sento S.A. acquired a non-controlling stake of treasury shares from its minority shareholder for the purpose of their redemption, and at the same time Dom Development Kraków Sp. z o.o. acquired all the remaining shares in Sento S.A. and the issue of new shares subscribed for entirely by the Company took place. As a result of these transactions, the Company directly held 93.7% of the shares in Sento S.A., while it indirectly and directly held 100% of the shares in Sento S.A. In December 2022, the Company acquired from Dom Development Kraków sp. z o.o. 6.3% of the shares in Sento S.A., becoming its sole shareholder.

- Dom Development Kredyty sp. z o.o.

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

- Mirabelle Investments sp. z o.o.

On 7 September 2017 the Company acquired 100% of the shares in the share capital of Mirabelle Investments sp. z o.o. with its registered office in Warsaw. Mirabelle Investments Sp. z o.o. was the addressee of administrative decisions and the party to the agreements required for the development of the Żoliborz Artystyczny housing project on the perpetual usufruct right purchased by the Company. It is not the Company's intention to carry out operations through Mirabelle Investments Sp. z o.o., and the said housing project is being developed directly by Dom Development S.A.

- Dom Development Grunty spółka z o.o.

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

- Dom Construction sp. z o.o.

Dom Construction Sp. z o.o. operates as the general contractor in residential development projects. Dom Construction sp. z o.o. provides services only to the Group companies (apart from the Euro Styl S.A. Group companies).

DESCRIPTION OF MATERIAL CHANGES IN THE PERIOD FROM 1 JANUARY UNTIL 31 DECEMBER 2022

During the twelve months ended 31 December 2022, the Company expanded its operations in the Cracow market through the creation of Dom Development Kraków sp. z o.o., as described below, the acquisition of BUMA Group companies and the direct and indirect acquisition of non-controlling interests in Sento S.A.

- Establishment of Dom Development Kraków Sp. z o.o.

On 1 February 2022, the Company established Dom Development Kraków sp. z o.o., with a share capital of PLN 5 000 in which it acquired 100% of the shares covered by cash.

Dom Development Kraków Sp. z o.o. was created in order to concentrate our property development operations on the Cracow market within a single business entity. Already in the first half of 2022, the Company started the process of merging the acquired development companies from the BUMA Group and the Sento Group with Dom Development Kraków Sp. z o.o. The merger of Buma Development 8 Sp. z o.o., Buma Development 20 Sp. z o.o., Buma Development 21 Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development Sp. z o.o. and Buma Management Sp. z o.o. (as the acquired companies) with Dom Development Kraków Sp. z o.o. (as the acquiring company) has been completed by 31 December 2022. Dom Development Kraków Sp. z o.o. also acquired part of the shares in Sento S.A. (which is described below). As at the date of these financial statements, the process of merging the remaining companies of the Buma Group and the Sento Group, acquired by Dom Development S.A., with Dom Development Kraków Sp. z o.o. is active.

- Final settlement of the purchase price of 77% of the shares in Sento S.A., acquisition of the remaining 23% of the shares in Sento S.A. and recapitalisation of Sento S.A.

Settlement of the final purchase price of 77% of shares in Sento S.A.

On 1 July 2021 the Company acquired 77% of the shares in Sento S.A., a company with its registered office in Cracow, from Reno Sp. z o.o., another company with its registered office in Cracow. The Company paid PLN 35 379 thousand as the initial sale price for the shares, as calculated according to the formula defined in the share purchase agreement.

On 16 March 2022, the parties to the transaction signed an annex to the agreement of 1 July 2021, in which they confirmed that the sale price as in the agreement is final. At the same time, the management of the Company confirmed that the pre-estimated fair value of net assets acquired on 1 July 2021 and disclosed in the Company's financial statements for the twelve-month period ended 31 December 2021 has not changed and is final.

- Acquisition of the remaining 23% of shares (a non-controlling interest) in Sento S.A.

On 11 March 2022, Dom Development Kraków Sp. z o.o. acquired 2 014 949 shares of Sento S.A. (which represented 6.3% of shares in Sento S.A.) from minority shareholders of that company for a total price of PLN 2 418 thousand.

On 16 March 2022, Sento S.A. acquired 5 289 851 treasury shares (representing 16.7% of shares in Sento S.A.) from Reno Sp. z o.o. for the price of PLN 7 036 thousand for voluntary redemption.

As a result of the above transactions, the Company became the owner, directly and indirectly, of 100% of the share capital of Sento S.A.

- Acquisition of a new issue of shares in Sento S.A. and repurchase of shares in Sento S.A. from Dom Development Kraków sp. z o.o.

On 28 June 2022, Dom Development S.A. acquired 5 289 851 newly issued shares in Sento S.A. for a price of PLN 5 290 thousand (representing 16.7% of the shares in Sento S.A.)

In December 2022, the Company acquired from Dom Development Kraków sp. z o.o. 6.3% of the shares in Sento S.A., becoming its sole shareholder.

- Acquisition of BUMA Group companies

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

The Transaction's value, according to the initial purchase price, was PLN 209.5 million, which consisted of the total sale price of the shares in the above mentioned entities, amounting to PLN 151.4 million (of which the price for the shares acquired directly by the Company was PLN 122.3 million and the price paid by Dom Construction Sp. z o.o. amounted to PLN 29.1 million), and PLN 58.1 million for the subrogation of loans extended by the Seller to the companies acquired under the Transaction. The assets of the companies subject to the Transaction include inter alia investment land in Cracow with the potential to develop 1 370 units, projects under construction with 224 units, and PLN 51.4 million in cash, with the PLN 1.9 million debt under bank loans.

In accordance with the provisions of the sale agreement, the aforementioned prices for the shares were preliminary prices, based largely on the carrying value of the net assets in the acquired companies determined as at 30 November 2021. The determination of the final sale price was based on (among other things) the value of the net assets in the acquired companies determined as at 28 February 2022. The process of determining the final purchase price was completed on 15 July 2022 by having the parties to the agreement sign a statement confirming the final purchase price.

Based on it, the value of the Transaction described above was reduced by PLN 5.3 million, to PLN 204.2 million. The sale price of the shares in the acquired entities was reduced, ultimately amounting to PLN 146.1 million.

The costs of the aforementioned acquisition in the amount of PLN 3 264 thousand, the incurrance of which was not a condition of the Transaction (such as the costs of due diligence work carried out in many areas) were charged directly to the income statement under "other operating expenses".

In addition to this, the Company and the Seller entered into a conditional preliminary agreement for the purchase of 100% of the shares in RSKK sp. z o.o. for PLN 9.6 million, according to which the final agreement for the transfer of title to RSKK sp. z o.o. could be signed by 30 June 2022, subject to conditions precedent. As the conditions precedent were not fulfilled, the agreement for the purchase of this company was not concluded.

- Reimbursement of the additional contribution to the share capital in Dom Development Wrocław Sp. z o.o.

On 26 September 2022, the Company received from Dom Development Wrocław Sp. z o.o. a partial reimbursement of the additional contribution to the share capital in the amount of PLN 28 000 thousand.

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

LOANS GRANTED AND OTHER LONG-TERM RECEIVABLES	31.12.2022	31.12.2021
Loans granted, long-term portion	303 045	26 580
Other long-term receivables	6 512	1 694
Closing balance	309 557	28 274

LOANS GRANTED	31.12.2022	31.12.2021
Loans granted, long-term portion	303 045	26 580
Loans granted, short-term portion	-	197 760
Total	303 045	224 340

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

LOANS GRANTED

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

The table below shows the Company's loans and their balance as at 31 December 2022, including accrued interest:

Agreement date	Borrower	Loan amount (net of interest)	Due date	As at 31.12.2022
26.02.2019	Euro Styl S.A.	150 000	31.12.2025	90 000
27.09.2019	Dom Development Wrocław sp. z o.o.	150 000	31.12.2025	140 000
09.08.2022	Dom Development Kraków sp. z o.o.	75 000	31.12.2025	29 200
13.05.2021	Dom Development Kraków sp. z o.o.*)	500	31.12.2024	553
02.07.2021	Dom Development Kraków sp. z o.o.*)	500	31.12.2024	551
16.02.2022	Dom Development Kraków sp. z o.o.*)	1 900	31.12.2024	2 037
22.04.2021	Dom Development Kraków sp. z o.o.**)	17 350	31.12.2026	19 220
22.04.2021	Dom Development Kraków sp. z o.o.***)	6 200	31.12.2026	6 866
22.04.2021	Dom Development Kraków sp. z o.o.***)	13 200	31.12.2026	14 618
Total				303 045

*) Loan granted to Buma Development 8 sp. z o.o., which was merged with Dom Development Kraków sp. z o.o. on 2 June 2022.

**) Loan granted to Buma Development 20 sp. z o.o., which was merged with Dom Development Kraków sp. z o.o. on 2 June 2022.

***) Loan granted to Buma Development 21 sp. z o.o., which was merged with Dom Development Kraków sp. z o.o. on 8 September 2022.

****) Loan granted to Buma Development 22 sp. z o.o., which was merged with Dom Development Kraków sp. z o.o. on 8 September 2022.

7.10 INVENTORY

INVENTORY	31.12.2022	31.12.2021
Advances on deliveries	71 694	189 306
including: at purchase prices/production costs	71 694	189 306
write down to the net realisable value	-	-
Semi-finished goods and work in progress	1 824 319	1 558 097
including: at purchase prices/production costs	1 820 217	1 542 383
rights of perpetual usufruct of land (lease)	45 007	44 036
write down to the net realisable value	(40 905)	(28 322)
Finished goods	34 496	173 810
including: at purchase prices/production costs	40 725	180 239
write down to the net realisable value	(6 229)	(6 429)
Total	1 930 509	1 921 213

INVENTORY REVALUATION WRITE DOWNS	01.01.- 31.12. 2022	01.01.- 31.12. 2021
Opening balance	34 751	36 741
Increments	12 583	-
(Decrease)	(200)	(1 990)
Closing balance	47 134	34 751

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

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.12.2022	31.12.2021
MORTGAGES - value of mortgages to secure liabilities under:		
Real estate purchase agreements	-	-
Loan agreements of the Company and Group companies	585 000	577 500

PREPARATORY WORKS

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

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

	01.01.-31.12. 2022	01.01.-31.12. 2021
Preparatory works	1 288	1 072

7.11 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	31.12.2022	31.12.2021
Trade receivables	19 016	24 177
Receivables from related entities	4 624	2 446
Tax receivables	9 588	2 022
Other receivables	9 554	9 504
Total	42 782	38 149

The tax receivables incorporate VAT receivables in the amount of PLN 9 577 thousand and PLN 2 022 thousand as at 31 December 2022 and 31 December 2021 respectively.

The Company made receivables revaluation write downs, which have been disclosed under "Other operating costs".

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

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2022	31.12.2021
Up to 3 months	16 516	21 057
From 3 to 6 months	520	1 047
From 6 months to 1 year	1 451	1 143
Over 1 year	7 098	6 206
Gross trade receivables	25 585	29 453
Receivables revaluation write downs	(6 569)	(5 276)
Net trade receivables	19 016	24 177

The write downs fully relate to overdue trade receivables.

CHANGE IN THE WRITE DOWNS FOR TRADE AND OTHER RECEIVABLES	01.01.-31.12. 2022	01.01.-31.12. 2021
Opening balance	5 276	4 632
Additions	1 377	644
(Decrease)	(84)	-
Closing balance	6 569	5 276

The revaluation write-down balance as at 31 December 2022 included revaluation write-down of trade receivables in the amount of PLN 6 569 thousand. As at 31 December 2021, the corresponding amount was PLN 5 276 thousand.

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

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

7.12 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS	31.12.2022	31.12.2021
Accrued costs	4 303	3 232
Accrued financial income on deposits	106	-
Total	4 409	3 232

7.13 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.12.2022	31.12.2021
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	35 456	11 035
Other short-term financial assets	21 569	21 569
Total	57 025	32 604

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

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

7.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are represented by cash at bank and cash in hand, including short-term bank deposits with up to three months maturity on the date when they are made. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	31.12.2022	31.12.2021
Cash in hand and at bank	16 845	362 288
Short-term deposits	167 233	2 106
Other	-	-
Total	184 078	364 394

7.15 SHARE CAPITAL

DESCRIPTION OF CHANGES TO THE SHARE CAPITAL IN THE COMPANY IN THE PERIOD FROM 1 JANUARY UNTIL 31 DECEMBER 2022

CHANGE IN THE REPORTING PERIOD	Share Capital		Share premium
	Number of shares	Value at the nominal value	
Balance as at 1.1.2022	25 398 422	25 398	258 358
Change	150 000	150	5 850
Balance as at 31.12.2022	25 548 422	25 548	264 208

PROCEEDS FROM ISSUE OF SHARES	01.01.-31.12. 2022	01.01.-31.12. 2021
Proceeds from issue of shares, at nominal value	150	180
Share premium	5 850	7 320
Total	6 000	7 500

EXERCISE OF COMPANY'S SHARE OPTIONS

Exercise of share options, which was registered in 2022 by the competent court

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

- Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board - Chief Executive Director, concerning 500 000 shares in Dom Development S.A., and
- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.44).

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

On 1 February 2022:

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

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

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 2 March 2022.

These shares were registered by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) in the securities depository and admitted to stock exchange trading at the WSE Main Market on 10 June 2022.

Exercise of share options that has not been registered by the competent court by 31 December 2022

On 19 December 2022, the Management Board adopted a resolution to increase the Company's share capital through the issue of 50 000 series AG ordinary bearer shares. The issue price for the new AG series shares was PLN 50.00 per share.

Series AG shares were issued by way of a private placement to Mr. Leszek Stankiewicz, Vice President of the Management Board, a participant in Management Option Programme VII (as further described in note 7.44). On 29 December 2022, the Management Board adopted a resolution to allocate the above-mentioned shares to Mr. Leszek Stankiewicz.

By 31 December 2022 these shares were not registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register. These shares were registered by the aforementioned court on 26 January 2023.

SHARE CAPITAL STRUCTURE FOR THE COMPANY AS AT 31 December 2022

SHARE CAPITAL STRUCTURE FOR THE COMPANY AS AT 31.12.2022

Series/ issue	Type of share	Number of shares	Nominal value of series/issue (in PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	925	925	cash	31.10.2013	23.12.2013
R	Bearer	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	1 000	1 000	cash	14.01.2015	27.03.2015
U	Bearer	10 320	10 320	cash	17.05.2016	01.06.2016
V	Bearer	1 000	1 000	cash	17.05.2016	01.06.2016
W	Bearer	85 830	85 830	cash	10.01.2017	10.03.2017
Y	Bearer	100 000	100 000	cash	29.03.2018	21.05.2018
Z	Bearer	100 000	100 000	cash	28.02.2019	24.04.2019
AA	Bearer	100 000	100 000	cash	31.03.2020	28.05.2020
AB	Bearer	50 000	50 000	cash	31.03.2020	28.05.2020
AC	Bearer	100 000	100 000	cash	18.02.2021	23.04.2021
AD	Bearer	80 000	80 000	cash	18.02.2021	23.04.2021
AE	Bearer	100 000	100 000	cash	02.03.2022	10.06.2022
AF	Bearer	50 000	50 000	cash	02.03.2022	10.06.2022
Total number of shares		25 548 422				
Total share capital			25 548 422			

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

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

LIST OF SHAREHOLDERS WHO HOLD, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS MEETING ("GSM") AS AT 31 DECEMBER 2022

	Shares	% shares	Number of votes at the GSM	% votes at the GSM
Groupe Belleforêt S.à r.l.	14 155 941	55.41	14 155 941	55.41
PTE Allianz Polska S.A.*	2 504 229	9.80	2 504 229	9.80
Jarosław Szanajca	1 454 050	5.69	1 454 050	5.69
Grzegorz Kiełpsz	1 280 750	5.01	1 280 750	5.01

*) Shareholding by PTE Allianz Polska S.A. has been presented as per the notice dated 5 January 2023 and includes the shares held by Allianz OFE, Allianz DFE and Drugi Allianz OFE. (See also note 7.51 *Material post-balance sheet events*)

SHARES OF DOM DEVELOPMENT S.A. OR RIGHTS THERETO (OPTIONS) OWNED BY THE PERSONS PERFORMING MANAGEMENT AND SUPERVISORY FUNCTIONS AT DOM DEVELOPMENT S.A. AS AT 31 DECEMBER 2022

	Shares	Nominal value of shares (in PLN '000)	AS AT 31 DECEMBER 2022		CHANGE FROM 31 DECEMBER 2021	
			Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska ^{*)}	403 544	404	-	403 544	100 000	(100 000)
Leszek Stankiewicz ^{**) ***)}	-	-	250 000	250 000	-	250 000
Mikołaj Konopka ^{*)}	138 981	139	100 000	238 981	50 000	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-
SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Janusz Zalewski	300 000	300	-	300 000	-	-
Marek Moczulski	-	-	-	-	-	-
Mark Spiteri	900	1	-	900	-	-
Markham Dumas	-	-	-	-	-	-
Krzysztof Grzyliński	-	-	-	-	-	-
Dorota Podedworna-Tarnowska	-	-	-	-	-	-

^{*)} On 1 February 2022 Małgorzata Kolarska and Mikołaj Konopka subscribed respectively, for 100 000 and 50 000 shares in Dom Development S.A. in the exercise of the Company's share options.

^{**)} On 5 October Mr. Leszek Stankiewicz subscribed for 250 000 share options of Dom Development S.A., concerning 250 000 shares of Dom Development S.A., as described in detail in note 7.44.

^{***)} On 29 December 2022, the Management Board adopted a resolution to allocate new shares to Mr. Leszek Stankiewicz in the process of exercising 50 000 share options. These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 26 January 2023, i.e., after the balance sheet date.

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group, except for in Dom Land Sp. z o.o., in which Jarosław Szanajca, Grzegorz Kiełpsz and Mark Spiteri held 20% of the shares each at 31 December 2022.

7.16 SHARE PREMIUM

In the twelve-month period ended 31 December 2022, the value of the item *Share premium* changed by PLN 5 850 thousand as a result of the increase of the share capital, described in note 7.15.

The value of the share premium was PLN 264 208 thousand and PLN 258 358 thousand as at 31 December 2022 and 31 December 2021, respectively.

7.17 ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY

As at 31 December 2022 and 31 December 2021 the Company's shares were not owned by any of its subsidiaries.

In the twelve-month period ended 31 December 2022 and 2021 the Company did not hold any treasury shares.

7.18 DIVIDEND AND PROFIT DISTRIBUTION

The Annual General Meeting of the Company resolved on 30 June 2022 to allocate the 2022 net profit of the Company to:

- payment of a dividend to the Company's shareholders in the amount of PLN 268 258 431.00, which amounted to PLN 10.50 per share.

- increase of the Company's supplementary capital by PLN 38 509 028.51.

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

The dividend for 2020 in the amount of PLN 253 984 220 (i.e., PLN 10.00 per share) was paid by the Company on 28 June 2021.

7.19 LOANS

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022

On 16 December 2022, an annex to the multi-currency facility agreement was concluded between Bank Millennium S.A. and Dom Development S.A. As a result of the signed annex, the availability period of the credit limit was extended until 17 December 2023 and the amount of the credit limit was reduced, which now amounts to PLN 40 million.

On 20 December 2022, an annex to the "Umbrella Wieloproduktowa" [multiproduct credit facility] framework agreement was concluded between mBank S.A. and Dom Development S.A., Dom Development Wrocław Sp. z o.o. and Euro Styl S.A. As a result of the signed annex, the availability period of the credit limit was extended until 29 January 2027 and the amount of the credit limit was increased, which now amounts to PLN 200 million. Currently, under the agreement with the bank, Dom Development S.A. may use a credit limit of up to PLN 200 million, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 million of this credit limit, and Euro Styl S.A. may use up to PLN 100 million of this credit limit.

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

LOANS DUE WITHIN	31.12.2022	31.12.2021
Less than 1 year	50 000	-
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	-	-
Over 5 years	-	-
Total loans	50 000	-
including: long-term	-	-
short-term	50 000	-

As at 31 December 2022 and 31 December 2021 all the loans held by the Company were expressed in Polish zloty.

BANK LOANS AS AT 31.12.2022

Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	50 000	PLN	26.02.2023
mBank	Warsaw	200 000	PLN	-	PLN	29.01.2027
Millennium	Warsaw	40 000	PLN	-	PLN	17.12.2023
Total bank loans				-	PLN	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- Loan at PKO BP

Revolving loan in the credit facility account up to PLN 150 000. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 31 December 2022, Dom Development S.A. used a credit limit of PLN 50 000 thousand and Euro Styl S.A. used a credit limit of PLN 9 177 thousand.

- Loan at mBank

Revolving loan in the credit facility account up to PLN 200 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 31 December 2022, no funds were drawn from this credit line either by Dom Development S.A. or other Group companies.

- Loan at Millennium Bank

Revolving loan up to PLN 40 000 thousand. As at 31 December 2022, Dom Development S.A. did not use the above credit limit.

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

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

7.20 BONDS

BONDS	31.12.2022	31.12.2021
Nominal value of the bonds issued, long-term portion	260 000	310 000
Nominal value of the bonds issued, short-term portion	50 000	50 000
Nominal value of the bonds issued	310 000	360 000

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

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

CORE DETAILS CONCERNING THE BONDS ISSUED

- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.

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

DESCRIPTION OF MATERIAL CHANGES IN THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022

On 15 December 2022, the Company redeemed 5 000 bearer bonds of series DOMDET1151222 with a nominal value of PLN 10 000 each and a total nominal value of PLN 50 000 thousand falling on that date.

BONDS ISSUED AS AT 31.12.2022				
Series	Issue date	Amount	Currency	Maturity date
DOMDET2091023	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120526	12.05.2021	110 000	PLN	12.05.2026
Total		310 000	PLN	

7.21 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.12.2022	31.12.2021
Accrued interest on bonds	2 550	1 584
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	2 550	1 584

7.22 DEFERRED TAX ASSETS AND PROVISIONS

Deferred tax is the outcome of the following items:

DEFERRED TAX ASSETS AND PROVISIONS	Balance sheet		Income statement / Statement of comprehensive income	
	31.12.2022	31.12.2021	01.01-31.12.2022	01.01-31.12.2021
Deferred tax provision				
Foreign exchange differences	29	-	29	-
Accrued interest	587	372	215	355
Discounting of liabilities	1 635	1 354	281	594
Difference between the tax and accounting result on products sold, including provisions for costs	-	-	-	(41 232)
Capitalised financial costs	984	1 988	(1 004)	(625)
Valuation of financial assets	3 983	1 745	2 238	1 745
Other	-	-	-	-
Total deferred tax provision	7 218	5 459	1 759	(39 163)
Deferred tax assets				
Foreign exchange differences	258	-	258	-
Difference between the tax and accounting result on products sold, including provisions for costs	21 336	692	20 644	692
Inventory revaluation	8 956	6 603	2 353	(378)
Receivables revaluation write downs and other provisions	973	727	246	122
Provision for employee benefits	6 524	3 646	2 878	(1 888)
Provision for other costs	4 407	4 740	(333)	(210)
Receivables discounting	180	-	180	-
Valuation of financial assets	-	-	-	(875)
Tax loss on equity-related activity	416	416	-	416
Other	-	-	-	-
Total deferred tax assets	43 050	16 824	26 226	(2 121)
Deferred tax expense concerning income statement			(26 531)	(39 678)
Deferred tax expense concerning other net comprehensive income			2 064	2 636
Deferred tax net asset shown in the balance sheet	35 832	11 365		
Deferred tax provision shown in the balance sheet, net	-	-		

7.23 LONG-TERM PROVISIONS

LONG-TERM PROVISIONS	31.12.2022	31.12.2021
Provision for repair costs, long-term portion	10 414	12 394
Provision for retirement benefits	235	251
Total	10 649	12 645

LONG-TERM PROVISIONS – CHANGES	01.01.-31.12. 2022	01.01.-31.12. 2021
Opening balance	12 645	13 305
Provisions created in the financial year	0	125
Provisions used/reversed in the financial year	(1 996)	(785)
Closing balance	10 649	12 645

7.24 OTHER LONG-TERM LIABILITIES

OTHER LONG-TERM LIABILITIES	31.12.2022	31.12.2021
Guarantee retentions, long-term portion	29 447	43 782
Other	28 031	25 608
Closing balance	57 478	69 390

7.25 LEASE LIABILITIES

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

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

LEASE LIABILITIES	31.12.2022	31.12.2021
Lease liabilities, short-term portion, including:	50 172	52 796
Liabilities on account of perpetual usufruct right of land	45 204	48 278
Liabilities on account of the right of use of office space	4 968	4 518
Other	-	-
Lease liabilities, long-term portion, including:	14 126	16 717
Liabilities on account of the right of use of office space	14 126	16 717
Other	-	-
Total	64 298	69 513

As estimated by the Management Board based on property development projects planned on specific land to which the Company held the perpetual usufruct right as at 31 December 2022, out of PLN 45 204 thousand of the land-related lease liabilities recognised as short-term:

- PLN 3 410 thousand is payable by the Company within 12 months following the balance sheet date,
- PLN 6 549 thousand is payable by the Company later than 12 months following the balance sheet date,
- PLN 35 245 thousand is to be transferred to the respective buyers of units.

7.26 TRADE PAYABLES, TAX AND OTHER LIABILITIES

TRADE PAYABLES, TAX AND OTHER LIABILITIES	31.12.2022	31.12.2021
Trade payables, including guarantee retentions (short-term portion)	144 337	101 848
Tax liabilities	1 479	5 212
Accrued costs	127 641	92 688
Company Social Benefits Fund	291	316
Total liabilities	273 748	200 064
Accrued costs structure	127 641	92 688
- estate construction costs	94 048	76 872
- employee costs	24 578	10 038
- rent for office space	1 308	1 642
- other	7 707	4 136

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

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

GUARANTEE RETENTIONS	31.12.2022	31.12.2021
Guarantee retentions, short-term portion	22 862	14 890
Guarantee retentions, long-term portion	29 447	43 782
Total guarantee retentions	52 309	58 672

7.27 SHORT-TERM PROVISIONS

SHORT-TERM PROVISIONS	31.12.2022	31.12.2021
Provision for repair costs, short-term portion	3 471	4 131
Retirement provision	102	146
Provision for disputes	14 064	16 491
Total	17 637	20 768

SHORT-TERM PROVISIONS – CHANGES	01.01.-31.12.2022	01.01.-31.12.2021
Opening balance	20 768	16 982
Provisions created in the financial year	9 741	10 838
Provisions used/reversed in the financial year	(12 872)	(7 052)
Closing balance	17 637	20 768

7.28 DEFERRED INCOME

DEFERRED INCOME	31.12.2022	31.12.2021
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	910 646	1 046 928
Other	-	-
Total	910 646	1 046 928

7.29 BENEFITS AFTER EMPLOYMENT

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

7.30 FINANCIAL ASSETS AND LIABILITIES

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

FINANCIAL ASSETS AND LIABILITIES	31.12.2022	31.12.2021
FINANCIAL ASSETS		
Long-term receivables	6 512	1 694
Trade and other receivables	28 570	33 681
Receivables from related entities	4 624	2 446
Total receivables	39 706	37 821
Other		-
Financial assets valued at their fair value through the income statement (designated for trading)		
Cash in hand and at bank	16 845	362 288
Short-term deposits	167 233	2 106
Short-term financial assets	57 025	32 604
Maximum credit risk exposure	280 809	434 819
FINANCIAL LIABILITIES		
Loans	50 000	-
Own bonds issued	312 550	361 584
Trade payables, accrued and other liabilities	329 456	263 926
Lease liabilities	64 298	69 513
Financial liabilities valued at amortised cost	756 304	695 023

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

7.31 FINANCIAL RISK MANAGEMENT

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

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

MARKET RISK

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

The market risk generally incorporates risks such as:

- currency risk
- interest rate risk
-

Currency risk

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

As at 31 December 2022 and 31 December 2021, the Company did not have any significant assets, liabilities and future payments in foreign currencies, therefore there was no need to have hedging currency derivatives.

Interest rate risk

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

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

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

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

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

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

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

VARIABLE INTEREST RATE INSTRUMENTS	31.12.2022	31.12.2021
Financial assets	544 148	621 338
Financial liabilities	362 550	361 584
Net total	181 598	259 754

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

Analysis of financial result sensitivity to interest rate change

A 100-basis point (bp) change in the interest rate of instruments as at the balance sheet date would increase (decrease) the net assets and income statement (after tax) by the amounts listed in the table below. The analysis prepared for twelve-month periods ended 31 December 2022 and 31 December 2021 assumes that all other variables remain unchanged.

INTEREST RATE SENSITIVITY	Income statement		Net assets	
	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp
31 December 2022				
Variable interest rate assets	1 469	(1 469)	1 469	(1 469)
Variable interest rate liabilities *)	(979)	979	(979)	979
Net sensitivity	490	(490)	490	(490)
31 December 2021				
Variable interest rate assets	1 072	(1 072)	1 072	(1 072)
Variable interest rate liabilities *)	(976)	976	(976)	976
Net sensitivity	96	(96)	96	(96)

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

CREDIT RISK

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

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

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

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

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

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

The ageing structure of trade receivables has been presented in note 7.11 *Trade and other receivables*.

LIQUIDITY RISK

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

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

MATURITY STRUCTURE FOR LIABILITIES	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
31 December 2022					
Loans	50 011	50 011			
Own bonds issued	347 129	7 363	56 769	62 251	220 746
Trade and other payables	329 456	268 322	3 656	38 304	19 174
Lease liabilities *)	64 298	2 538	2 538	8 486	50 736
Total	790 894	328 234	62 963	109 041	290 656
31 December 2021					
Loans	-	-	-	-	-
Own bonds issued	411 281	8 100	58 006	63 388	281 787
Trade and other payables	263 926	188 776	5 760	37 173	32 217
Lease liabilities *)	69 513	2 308	2 308	7 462	57 435
Total	744 720	199 184	66 074	108 023	371 439

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

The Company manages its liquidity mostly by:

- short-, medium- and long-term planning of cash flow, based on regularly updated operational and financial forecasts; detailed short-term plans are updated at least once a month,

- selection of appropriate financing sources on the basis of analysis of the Company needs and the market,
- day-to-day monitoring of ratios resulting from agreements with banks,
- diversification of financing sources for the conducted development activity,
- co-operation with stable and reputable financial institutions.

CAPITAL MANAGEMENT

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

For the years ended 31 December 2022 and 2021 the return on equity (calculated as net profit to the annual average value of shareholders' equity) amounted to 29.0% and 25.8%, respectively. In that period, the average weighted cost of interest on the Company's debt amounted to 4.2% in 2022 and 2.6% in 2021.

As at 31 December 2022 and 2021 the net financial leverage ratio (calculated as the loans and bonds payable less cash and cash equivalents and short-term financial assets divided by equity) amounted to 9.0% and (2.9)% respectively.

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

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

7.32 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.12. 2022	01.01.-31.12. 2021
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	373 684	306 767
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 523 354	25 374 258
Basic earnings per share (in PLN)	14.64	12.09
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	373 684	306 767
Potential diluting shares related to the Management Share Option Programmes	54 796	160 519
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 578 150	25 534 776
Diluted earnings per share (in PLN)	14.61	12.01

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

7.33 INCOME TAX

INCOME TAX	01.01.-31.12. 2022	01.01.-31.12. 2021
Current income tax	(89 544)	(87 762)
Deferred tax	26 531	39 678
Total	(63 013)	(48 084)

The corporate income tax payables of the Company was PLN 63 90 thousand as at 31 December 2022. As at 31 December 2021, the Company's receivable in that regard amounted to PLN 28 057 thousand.

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

RECONCILIATION	01.01.-31.12. 2022	01.01.-31.12. 2021
Gross profit before tax	436 697	354 851
As per 19% tax rate	82 972	67 422
Permanent differences not subject to the current and deferred tax in the financial statements (except for cost of the management options)	1 298	1 735
Tax effect of management options permanently not being a tax deductible cost	1 025	323
Dividends received	(22 282)	(21 396)
Other	-	-
Actual income tax expense	63 013	48 084
Effective tax rate	14.43%	13.55%

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

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

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

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

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

7.34 SEGMENT REPORTING

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

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

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

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

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

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

7.35 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01.-31.12. 2022	01.01.-31.12. 2021
Sales of finished goods	1 301 776	1 215 823
Sales of services	26 311	18 165
Sales of goods (land)	86 617	1 000
Sales revenue, total	1 414 704	1 234 988
Cost of finished goods sold	(893 645)	(843 248)
Cost of services sold	(13 337)	(13 509)
Cost of goods sold	(33 041)	(2 168)
Inventory write down to the net realisable value	(12 384)	1 990
Cost of sales, total	(952 407)	(856 935)
Gross profit on sales	462 297	378 053

7.36 COSTS BY TYPE

OPERATING COSTS	01.01.-31.12. 2022	01.01.-31.12. 2021
Cost of sales	(952 407)	(856 935)
Selling costs	(45 437)	(42 811)
General administrative expenses	(96 378)	(80 490)
Total	(1 094 222)	(980 236)
Costs by type		
Depreciation	(11 063)	(10 344)
Cost of materials and energy	(384 892)	(478 051)
External services	(687 808)	(725 087)
Taxes and charges	(6 759)	(9 934)
Payroll costs	(73 752)	(65 407)
Other expenses	(3 619)	(2 362)
Goods and materials sold	(33 041)	(2 168)
Change in inventory of products and work in progress	101 921	306 175
Cost of services and products for own use	4 791	6 942
Total	(1 094 222)	(980 236)

7.37 PAYROLL COSTS AND EMPLOYMENT

PAYROLL COSTS AND AVERAGE EMPLOYMENT (including the executives)	01.01.-31.12. 2022	01.01.-31.12. 2021
Individual personnel categories (number of staff)	193	193
White-collar workers	193	193
Blue-collar workers	-	-
Payroll costs		
Payroll costs, including:	65 884	58 302
- cost of share-based payments (note 7.44)	5 393	1 701
Social security and other benefits	7 868	7 105
Payroll costs, total	73 752	65 407

7.38 OTHER OPERATING INCOME

OTHER OPERATING INCOME	01.01.-31.12. 2022	01.01.-31.12. 2021
Revenues from contractual penalties, arrangements and compensations	327	419
Reversal of provision for costs	7 212	2 348
Revenues from compensations	-	-
Other	368	383
Total	7 907	3 150

7.39 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	01.01.-31.12. 2022	01.01.-31.12. 2021
Provision for penalties and arrangements	162	-
Donations	1 734	509
Provision for other costs	4 786	7 631
Bad debt written down	1 327	645
Cost of repairs and defects (including change in provision)	3 342	3 073
Costs of discontinued projects	-	763
Costs associated with the acquisition of subsidiaries	3 264	2 291
Costs of waived claims under put options on shares *)	3 902	-
Other	524	288
Total	19 041	15 200

*) see note 7.44

7.40 FINANCIAL INCOME

FINANCIAL INCOME	01.01.-31.12. 2022	01.01.-31.12. 2021
Interest on bank deposits and borrowings (non-capitalised part of interest)	25 553	6 671
Discounting of liabilities	1 480	3 125
Dividends received	117 276	112 608
Other interest	510	203
Valuation of CAP hedging instruments	152	-
Foreign exchange differences	-	-
Total	144 971	122 607

7.41 FINANCIAL COSTS

FINANCIAL COSTS	01.01.-31.12. 2022	01.01.-31.12. 2021
Interest on loans and bonds (non-capitalised part of interest)	13 469	6 038
Other interest	207	240
Commissions and fees	1 007	967
Foreign exchange differences	1 012	55
Lease financial costs	839	900
Cost from discounting receivables and payables	946	-
Valuation of CAP hedging instruments	-	636
Loss on investments sold	-	1 438
Other	142	184
Total	17 622	10 458

7.42 INTEREST COST

INTEREST COST	01.01.-31.12. 2022	01.01.-31.12. 2021
Financial costs (interest) capitalised under work in progress *)	2 434	4 580
Financial costs (interest) disclosed in the income statement	13 676	6 278
Total interest costs	16 110	10 858

*) The financial costs incurred as a result of the financing of real estate development projects are generally capitalised as work in progress and relate to the costs of interest, commissions and fees on bonds and loans. The financial costs not incurred to finance development projects are charged directly to the income statement.

7.43 TRANSACTIONS WITH RELATED ENTITIES

In the twelve-month periods ended 31 December 2022 and 2021, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables.

DOM DEVELOPMENT S.A. AS BUYER OF GOODS OR SERVICES:

Counterparty	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	2 412	2 138
Hansom Property Company Limited	Consulting services as per the agreement dated 02.01.2001 as annexed	1 678	1 567
M & M Usługi Doradcze M. Kolarski	Consulting services	197	149
Dom Development Grunty sp. z o.o.	Purchase of real properties	9 987	-
Dom Development Wrocław sp. z o.o.	Cooperation Agreements	22	-
Dom Development Kraków sp. z o.o. *)	Cooperation Agreements	20	-
Mirabelle Investments sp. z o.o.	Other	-	5
Euro Styl S.A.	Cooperation Agreements	7	233
Euro Styl Construction sp. z o.o.	Cooperation Agreements	-	-
Dom Construction sp. z o.o.	Construction services	445 376	363 777
Dom Construction sp. z o.o.	Other	1 018	603
Dom Land sp. z o.o.	Purchase of real properties	-	8 117
Sento S.A.	Cooperation Agreements	-	668
Technical infrastructure consultancy Rafał Kierski	Cooperation Agreements	1 380	2 165

*) including Buma Development 8 sp. z o.o., Buma Development 20 sp. z o.o., Buma Development 21 sp. z o.o., Buma Development 22 sp. z o.o., Buma Development sp. z o.o. and Buma Management sp. z o.o.

DOM DEVELOPMENT S.A. AS SELLER OF GOODS OR SERVICES:

Counterparty	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Development Grunty sp. z o.o.	Cooperation Agreements	24	18
Euro Styl S.A.	Cooperation agreement	3 764	2 406
Euro Styl Construction sp. z o.o.	Cooperation agreement	27	73
Dom Land sp. z o.o.	Cooperation Agreements	16	11
Dom Development Wrocław sp. z o.o.	Cooperation Agreements	3 039	1 797
Dom Construction sp. z o.o.	Cooperation Agreements	11 333	8 074
Dom Development Kredyty sp. z o.o.	Cooperation Agreements	399	507
Dom Development Kraków sp. z o.o. *)	Cooperation Agreements	2 077	-
Dom Development Kraków 21 sp. z o.o. sp. k.	Cooperation Agreements	373	-
Dom Development Kraków 12 sp. z o.o.	Cooperation Agreements	9	-
Dom Development Kraków 2 sp. z o.o.	Cooperation Agreements	7	-
Buma Contractor 1 sp. z o.o.	Cooperation Agreements	19	-
M2 Biuro sp. z o.o.	Cooperation Agreements	-	3
Issogne sp. z o.o.	Cooperation Agreements	3	-
Mirabelle Investments sp. z o.o.	Cooperation Agreements	15	10
Sento S.A.	Cooperation Agreements	460	163
Nestobud sp. z o.o.	Other	4	40
Groupe Belleforêt S.à r.l	Other	-	11

*) including Buma Development 8 sp. z o.o., Buma Development 20 sp. z o.o., Buma Development 21 sp. z o.o., Buma Development 22 sp. z o.o., Buma Development sp. z o.o. and Buma Management sp. z o.o.

DOM DEVELOPMENT S.A. AS LENDER:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Development Wrocław sp. z o.o.	Borrowing provided		125 000	40 000
Dom Development Wrocław sp. z o.o.	Loan repaid		(10 000)	(15 000)
Dom Development Wrocław sp. z o.o.	Interest received on the net borrowing		6 227	346
Euro Styl S.A.	Borrowing provided		90 000	55 000
Euro Styl S.A.	Loan repaid		(108 000)	(680)
Euro Styl S.A.	Interest received on the net borrowing		2 896	2 399
Sento S.A. (including Sento 22 sp. z o.o.)	Borrowing provided		19 000	113 827
Sento S.A. (including Sento 22 sp. z o.o.)	Loan repaid		(108 380)	(24 447)
Sento S.A. (including Sento 22 sp. z o.o.)	Interest received on the net borrowing		4 932	1 648
Dom Development Kraków sp. z o.o.	Borrowing provided		90 200	-
Dom Development Kraków sp. z o.o.	Loan repaid		(21 350)	-
Dom Development Kraków sp. z o.o.	Interest received on the net borrowing		2 760	-
Dom Development Kraków 12 sp. z o.o.	Borrowing provided		-	-
Dom Development Kraków 12 sp. z o.o.	Loan repaid		(8 050)	-
Dom Development Kraków 12 sp. z o.o.	Interest received on the net borrowing		673	-

DOM DEVELOPMENT S.A. AS CONTRIBUTOR OF SHARE CAPITAL TO SUBSIDIARIES:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Development Wrocław sp. z o.o.	Refund of additional contribution to the share capital *)		(28 000)	-
M2 Biuro sp. z o.o.	Additional contribution to the share capital *)		-	(750)

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

DOM DEVELOPMENT S.A. AS BUYER OF SHARES FROM SUBSIDIARIES:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Development Kraków sp. z o.o.	Acquisition of shares in Sento S.A.		2 196	-

DOM DEVELOPMENT S.A. AS GRANTOR OF ADVANCES:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Development Grunty sp. z o.o.	(Net) prepayment transferred for the purchase of land		(9 871)	8 666
Dom Land sp. z o.o.	(Net) prepayment transferred for the purchase of land		10 938	(7 915)
Woodsford Consulting Limited	(Net) prepayments for consulting services		-	580
Hansom Property Company Limited	(Net) prepayments for consulting services		-	1 120

DOM DEVELOPMENT S.A. AS RETENTIONS CLEARING PARTY:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Dom Construction sp. z o.o.	Guarantee retentions		4 252	653

DOM DEVELOPMENT S.A. AS DIVIDEND PAYER:

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Groupe Belleforêt S.à r.l		Dividend paid	148 637	141 559

DOM DEVELOPMENT S.A. AS DIVIDEND RECIPIENT

Counterparty	Transaction description	Transaction description	01.01.-31.12. 2022	01.01.-31.12. 2021
Euro Styl S.A.		Dividend received	79 183	82 836
Dom Construction sp. z o.o.		Dividend received	33 859	17 537
Dom Development Wrocław sp. z o.o.		Dividend received	-	9 272
Dom Development Kredyty sp. z o.o.		Dividend received	4 234	2 963

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

	Receivables from related entities		Liabilities to related entities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total balance	368 713	314 259	70 490	18 756
Subsidiaries	354 667	311 967	70 069	16 873
Dom Development Grunty sp. z o.o.	-	12 142	-	-
Dom Development Wrocław sp. z o.o. additional contributions to the share capital*)	47 000	75 000	-	-
Dom Development Wrocław sp. z o.o. borrowings provided	140 000	25 000	-	-
Dom Development Wrocław sp. z o.o.	1 326	295	-	-
Euro Styl S.A. loans granted	90 000	108 000	-	-
Euro Styl S.A.	1 721	687	-	-
Euro Styl Construction sp. z o.o.	6	-	-	-
Dom Development Kredyty sp. z o.o.	175	-	-	-
Dom Construction sp. z o.o.	655	1 311	65 164	16 220
Dom Construction sp. z o.o. retentions	-	-	4 905	653
Issogne sp. z o.o.	3	-	-	-
Sento S.A. borrowings provided	-	89 380	-	-
Sento S.A.	53	103	-	-
Dom Development Wrocław sp. z o.o. borrowings provided	73 045	-	-	-
Dom Development Kraków sp. z o.o.	607	-	-	-
Dom Development Kraków 21 sp. z o.o. sp. k.	62	-	-	-
Dom Development Kraków 2 sp. z o.o. sp. k.	9	-	-	-
Nestobud sp. z o.o.	5	49	-	-
Other entities	14 046	2 292	421	1 883
Dom Land sp. z o.o.	13 554	100	-	-
Hansom Property Company Limited	-	1 120	135	143
Woodsford Consulting Limited	-	580	145	-
Technical infrastructure consultancy Rafał Kierski	492	492	141	1 740

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

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

7.44 COMPANY'S SHARE OPTIONS

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

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

Since the Company has a call option to Bad Leaver shares exercisable at any time if the Shareholder terminates their cooperation with Sento S.A., it means that it is possible for the Shareholder to receive the Company's shares as a result of exercised "ordinary" call/put option only if the Shareholder continues to cooperate with Sento S.A. until the "ordinary" put/call option becomes exercisable. This means that the "ordinary" put/call option included an employee benefit item for the minority shareholder, consisting of a payment based on equity accounted shares (i.e., shares of the Company) and that it falls within the scope of IFRS 2. As at 1 July 2021, the value of share-based payment transactions in accordance with IFRS 2 was determined as PLN 9 933 thousand.

Due to the settlement with Bad Lever, which held the largest shareholding (directly and indirectly), the equity-settled share-based-payment options expired, so under IFRS 2 the transaction remained neutral to the Company's equity and earnings.

As described in note 7.8, in March 2022 the disposal of shares in Sento S.A. by the existing minority shareholders (to whom the above-mentioned options applied) to Dom Development Kraków Sp. z o.o. and Sento S.A. itself took place, with a waiver of all their claims. The settlement of option acquisitions/expirations with shareholders other than Bad Leaver represents an immaterial transaction.

In connection with the acquisition of the remaining 23% of shares in Sento S.A. From the previous minority shareholders, agreements were concluded with them whereby the rights to exercise these options by minority shareholders expired together with the waiver of any claims by them.

Given the above events, including the fulfilment of the Bad Leaver condition, and the materiality principle, the aforementioned options have expired and the share-based payment settlement value described above has no impact on capital balances and the income statement.

Along with Sento S.A.'s purchase of treasury shares (for redemption) from Reno Sp. z o.o., the Company simultaneously entered into an agreement with this minority shareholder whereby, in exchange for the waiver of the claim arising from the put option offer recorded in the agreement of 1 July 2021, the Company agreed to pay Reno Sp. z o.o. a consideration of PLN 3 902 thousand. This consideration has been charged to the income statement.

INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

As at 31 December 2022, following the exercise of all Programme IV options and the establishment of Programme VII, there were two active Management Option Programmes adopted as part of the Incentive Scheme for the executives in the Company.

MANAGEMENT OPTION PROGRAMMES						
Name of the Programme Options in the programme (number of shares)	31.12.2022			31.12.2021		
	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
Programme IV	500 000	500 000	500 000	500 000	500 000	400 000
Programme V	250 000	250 000	150 000	250 000	250 000	100 000
Programme VII *)	250 000	250 000	50 000	-	-	-

*) Share options under Programme VII show the exercise of options as at 31 December 2022, although no shares issued upon exercise of these options have yet been registered with the Court as at that date. Further information on the exercise of share options under Programme VII can be found later in this note.

Active management option programmes at 31 December 2022

- Management Option Programme V

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

- Management Option Programme VII

On 4 October 2022, the Supervisory Board of the Company acting pursuant to the authorisation granted to it by the Annual General Shareholders' Meeting of the Company, passed a resolution concerning the acceptance of the Rules for Management Option Programme VII regarding allocation of 250 000 shares in Dom Development S.A. to Mr. Leszek Stankiewicz, Vice President of the Management Board - Chief Financial Officer ("Programme VII"). Under Programme VII, Mr. Leszek Stankiewicz received a one-off award of options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 50 000 shares starting from 2022, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2032.

Grant of new share options under the management option programme

In the twelve-month period ended 31 December 2022 the Company granted the above-described new share options under Management Option Programme VII.

Exercise of share options under the management option programme

On 27 January 2022, the Management Board increased Company's share capital by issuing 100 000 series AE ordinary bearer shares and 50 000 series AF ordinary bearer shares. The issue price of AE and AF series shares was set at PLN 35.00 and PLN 50.00 per share, respectively.

Details of the AE and AF series share issues are further described in note 7.15.

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 2 March 2022. They were admitted and listed on the WSE Main Market on 10 June 2022.

On 19 December 2022, the Management Board adopted a resolution to increase the Company's share capital through the issue of 50 000 series AG ordinary bearer shares. The issue price for the new AG series shares was PLN 50.00 per share.

Series AG shares were issued by way of a private placement to Mr. Leszek Stankiewicz, Vice President of the Management Board, a participant in Management Option Programme VII (as further described in note 7.15). On 29 December, the Management Board adopted a resolution to allocate the aforementioned shares to Mr. Leszek Stankiewicz.

By 31 December 2022 these shares were not registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register. These shares were registered by the aforementioned court on 26 January 2023.

Expiry of share options under the management option programme

In the twelve-month period ended 31 December 2022 no share options expired.

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

SHARE OPTIONS		01.01.-31.12. 2022	01.01.-31.12. 2021
Unexercised options at the beginning of the period	Number of options	250 000	550 000
	Total exercise price	11 000	24 500
Options granted in the period	Number of options	250 000	-
	Total option exercise value	12 500	-
Options expired in the period	Number of options	-	120 000
	Total option exercise value	-	6 000
Options exercised in the period	Number of options	200 000	180 000
	Total option exercise value	8 500	7 500
	Weighted average exercise price per share (PLN per share)	42.50	41.67
Unexercised options at the end of the period	Number of options	300 000	250 000
	Total exercise price	15 000	11 000
Exercisable options at the beginning of the period	Number of options	150 000	180 000
	Total exercise price	6 000	7 500
Exercisable options at the beginning of the period	Number of options	-	-
	Total exercise price	-	-

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

***) Options exercisable during the period also include options on AG series shares, which until 31 December 2022 had not been registered by the District Court for the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register. The AG series shares were registered by the aforementioned court on 26 January 2023.

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

In the three-month periods ended 31 December 2022 and 2021 the amounts of PLN 5 393 thousand and PLN 1 701 thousand, respectively, for the management options granted were accounted for in the income statement and in the supplementary capital.

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

Remuneration for key executives	01.01.-31.12. 2022	01.01.-31.12. 2021
MANAGEMENT BOARD		
Remuneration	16 613	12 675
Non-pay benefits	230	360
Total remuneration	16 843	13 035
SUPERVISORY BOARD		
Remuneration	1 322	1 266
Non-pay benefits	67	43
Total remuneration	1 389	1 309

The cost of management option programme that accounted for PLN 5 393 thousand and PLN 1 701 thousand in the years ended 31 December 2022 and 2021, respectively, have not been disclosed in the table above.

The composition of the Management Board and the Supervisory Board as at 31 December 2022 has been presented in note 7.49.

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

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

No member of the Company's Management Board is entitled to compensation if he or she resigns from his or her position. In accordance with the resolutions of the Supervisory Board, the following Management Board members: Jarosław Szanajca, Małgorzata Kolarska, Leszek Stankiewicz and Mikołaj Konopka, in the case of dismissal for reasons other than violation of their fundamental obligations or non re-appointment for another term of office, are entitled to the payment of 6 months' remuneration.

7.46 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.12.2022	31.12.2021
Guarantees	21 359	17 324
Sureties	6 571	14 655
Total	27 930	31 979

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

COLLATERALS FOR LIABILITIES	31.12.2022	31.12.2021
Promissory notes, including:		
UNIQA TU SA	3 900	1 400
Total	3 900	1 400

7.47 MATERIAL COURT CASES AS AT 31 DECEMBER 2022

As at 31 December 2022 the Company was not a party to any material court cases.

7.48 APPROVAL OF THE FINANCIAL STATEMENTS FOR 2021

On 30 June 2022, the Annual General Shareholders' Meeting of Dom Development S.A. approved the financial statements of Dom Development S.A. for the year ended on 31 December 2021, the Management Board's report of activities of Dom Development S.A. and its Capital Group in 2021, and the consolidated financial statements of the Dom Development S.A. Capital Group for the year ended on 31 December 2021, as presented by the Management Board. The Annual General Shareholders' Meeting gave a vote of approval for the Management Board of the Company for the year 2021.

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

MANAGEMENT BOARD

There were no changes in the composition of the Company's Management Board in 2022.

As at 31 December 2022, the Management Board of Dom Development S.A. was composed of 5 members:

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

In view of the expiry of the mandates of the members of the Management Board of Dom Development S.A. on 30 June 2022, Groupe Belleforêt S.à r.l., a limited liability company with its registered office in Luxembourg, acting pursuant to clause 6.2.2 of the Articles of Association of Dom Development S.A., appointed as of 30 June 2022: Mr. Jarosław Szanajca as Member and President of the Management Board of the Company, Mr. Leszek Stankiewicz as Member and Vice-President of the Management Board of the Company and Mr. Terry Roydon as Member of the Management Board of the Company. In addition, on 30 June 2022 the Company's Supervisory Board appointed Ms. Małgorzata Kolarska as Member and Vice-President of the Company's Management Board and Mr. Mikołaj Konopka as Member of the Company's Management Board. All Management Board members were appointed for a joint three-year term.

SUPERVISORY BOARD

There were no changes to the composition of the Company's Supervisory Board in 2022.

As at 31 December 2022, the Supervisory Board of Dom Development S.A. was composed of 7 members:

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

In view of the expiry of the mandates of the members of the Supervisory Board of Dom Development S.A. on 30 June 2022, Groupe Belleforêt S.à r.l. spółka z ograniczoną odpowiedzialnością with its registered office in Luxembourg, acting pursuant to clause 7.4 of the Articles of Association of Dom Development S.A., appointed as of 30 June 2022 Mr. Janusz Zalewski as Member and Vice President of the Supervisory Board of the Company and Mr. Grzegorz Kiełpsz, Mr. Markham Dumas and Mr. Mark Spiteri as Members of the Supervisory Board. In addition, on 30 June 2022 the General Meeting of Shareholders of Dom Development S.A. appointed Ms. Dorota Podedworna-Tarnowska, Mr. Marek Moczulski and Mr. Krzysztof Grzyliński to the Company's Supervisory Board. All Supervisory Board members were appointed for a joint three-year term. On 30 June 2022

the Supervisory Board of the Company, acting on the basis of clause 7.1. of the Company's Articles of Association, appointed Mr. Grzegorz Kiełpsz as Chairman of the Supervisory Board and Mr. Marek Moczulski as Vice Chairman of the Supervisory Board.

7.50 ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE COMPANY

In the twelve-month period ended 31 December 2022 the following material changes in the portfolio of the Company's ongoing development investments in the Warsaw market took place:

DEVELOPMENT PROJECTS COMMENCED FROM 1 JANUARY 2022 UNTIL 31 DECEMBER 2022:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Ludwika, stage 1	Warsaw	96
Apartamenty Ludwika, stage 2	Warsaw	91
Dom na Służewcu	Warsaw	108
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 2	Warsaw	172
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 1	Warsaw	148
Q1 2022		615
Apartamenty Białej Koniczyny stage 1	Warsaw	129
Apartamenty Koło Parków	Warsaw	133
Osiedle Jagiellońska	Warsaw	134
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 3	Warsaw	71
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 4	Warsaw	85*)
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 5	Warsaw	44*)
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 6	Warsaw	125*)
Q2 2022		721
Osiedle Przystanek Międzyzlesie, stage 1	Warsaw	110
Q3 2022		110
Dzielnica Mieszkaniowa Metro Zachód, stage 5 phase 1-4	Warsaw	397
Q4 2022		397
TOTAL		1 843

*) An increase in the number of units due to an adjustment of the housing mix to market conditions, compared to the figures presented in the Company's interim financial statements for the six months ended 30 June 2022.

DEVELOPMENT PROJECTS COMPLETED FROM 1 JANUARY 2022 UNTIL 31 DECEMBER 2022:

PROJECT	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Wilno V, stage 2	Warsaw	213
Stacja Grochów, stage 2	Warsaw	106
Apartamenty Służewiec	Warsaw	37
Q2 2022		356
Stacja Grochów, stage 4	Warsaw	159
Osiedle Wilno IV, stage 3	Warsaw	154
Rezydencja Stanisława Augusta	Warsaw	125
Q3 2022		438
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Warsaw	145
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 2	Warsaw	153
Osiedle Wilno IV, stage 5	Warsaw	158
Osiedle Komedy, stage 1	Warsaw	124
Q4 2022		580
TOTAL		1 374

Moreover, in the twelve-month period ended 31 December 2022, Dom Development S.A. Capital Group, through its subsidiaries, carried out development projects in the Wrocław, Tricity and Cracow markets.

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS

Number of residential and retail units delivered to customers in the twelve-month period ended 31 December 2022 has been presented in the following table:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED	2022	2021
Q1 (01.01.-31.03)	829	906
Q2 (01.04-30.06)	465	295
Q3 (01.07-30.09)	241	141
Q4 (01.10-31.12)	386	456
Total	1 921	1 798

7.51 MATERIAL POST-BALANCE SHEET EVENTS

SIGNING OF THE BOND ISSUE PROGRAMME AGREEMENT

On 7 February 2023, the Management Board of Dom Development S.A. adopted resolution no. 04/02/23 in which it gave its consent to the establishment by the Company of a programme for the issue of bonds of Dom Development S.A. with an aggregate value not exceeding PLN 400 million, understood as the nominal value of all issued and unredeemed bonds. In addition, the Management Board of the Company approved the conclusion of an issue agreement by the Company with mBank S.A. with its registered office in Warsaw, in connection with this programme (the "Issue Agreement").

On 7 February 2023, the Company entered into an Issue Agreement with mBank S.A., pursuant to which bonds may be issued by the Company as various series for an indefinite period of time from the signing of the Issue Agreement. The bonds issued under the Programme will be:

- issued

(a) pursuant to Article 33(1) of the Bonds Act of 15 January 2015 (the "Bonds Act"), i.e., pursuant to the public offering of securities referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with a public offer of securities or their admission to trading on a regulated market and repealing Directive 2003/71/EC (the "Prospectus Regulation"), excluding the obligation to publish a prospectus pursuant to Article 1(4)(a) of the Prospectus Regulation or Article 1(4)(b) of the Prospectus Regulation; or

(b) Article 33(2) of the Bonds Act, i.e., by means of an offer other than a public offering of securities referred to in the Prospectus Regulation, addressed solely to a single investor;

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

The Issue Agreement also provides for the possibility of concluding a guarantee agreement for each series of bonds issued under the Programme in question, on the basis of which mBank S.A. will undertake to subscribe for bonds of a given series under the Programme on the terms and conditions specified in the guarantee agreement.

Also on 7 February 2023, Dom Development S.A. and mBank S.A. entered into an Agreement for the performance of the function of Issue Agent in connection with the issue of bonds issued under the issue programme of up to PLN 400 million.

CONCLUSION OF AN ANNEX TO THE LOAN AGREEMENT

On 8 February 2023, Annex No. 4 to the revolving overdraft agreement dated 27 July 2015 was concluded between PKO Bank Polski S.A. and Dom Development S.A. and Euro Styl S.A.

On the basis of this annex, the amount of the loan was increased from PLN 150 000 thousand to PLN 200 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit.

The term of the agreement has been extended to 26 February 2027.

INCREASE IN THE TOTAL NUMBER OF VOTES IN THE COMPANY BY PTE ALLIANZ POLSKA S.A. AS A RESULT OF THE MERGER

On 10 January 2023, the Company received from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (hereinafter "PTE Allianz Polska S.A.") a notice dated 5 January 2023, stating that PTE Allianz Polska S.A, managing Allianz Polska Otwarty Fundusz Emerytalny and Allianz Polska Dobrowolny Fundusz Emerytalny, as a result of the merger on 30 December 2022 with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, managing Drugi Allianz Polska Otwarty Fundusz Emerytalny, increased the total shareholding of the funds in question in the share capital of the Company to 9.80%.

REGISTRATION OF AG SERIES SHARES

On 26 January 2023, the District Court for the City of Warsaw, 12th Commercial Division of the National Court Register registered the AG series shares.

EXERCISE OF COMPANY'S SHARE OPTIONS

On 6 February 2023, the Management Board resolved to increase Company's share capital by issuing 50 000 series AH ordinary bearer shares with PLN 1.00 nominal each and 50 000 series AI ordinary bearer shares with PLN 1.00 nominal each. The issue price for the new series AH and series AI shares was PLN 50.00 per share. The issue of series AE and series AF shares will take place through a private placement. The purpose of issuing series AH and series AI shares as part of the authorised capital is to enable the Company to fulfil its obligations resulting from:

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

7.52 FORECASTS

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

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

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

The financial statements for 2022 and 2021 were audited by PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. and other PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. related companies.

The fee paid or payable for the year ended 31 December 2022 and 31 December 2021 broken up by services, has been presented below:

SERVICES	01.01.-31.12. 2022	01.01.-31.12. 2021
Financial statements audit	260	235
Review of semi-annual financial statements	130	90
Assessment of the report on remuneration for management board and supervisory board	30	30
Total	420	355

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

7.54 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE BALANCE SHEET	31.12.2022	31.12.2021
	in EUR '000	in EUR '000
Total current assets	473 102	556 019
Total assets	663 560	659 731
Total shareholders' equity	288 073	266 430
Long-term liabilities	72 977	88 871
Short-term liabilities	302 510	304 430
Total Liabilities	375 487	393 301
<i>PLN/EUR exchange rate as at the balance sheet date</i>	4.6899	4.5994

SELECTED DATA FROM THE INCOME STATEMENT	01.01.-31.12.2022	01.01.-31.12.2021
	in EUR '000	in EUR '000
Sales revenue	301 753	269 795
Gross profit on sales	98 607	82 589
Operating profit	65 983	53 021
Profit before tax	93 146	77 521
Net profit	79 706	67 016
<i>Average PLN/EUR exchange rate for the reporting period</i>	4.6883	4.5775