



Warsaw, January 4, 2023

Dom Development S.A. Consolidated Group: Trading update 2022

1. Sales

In 2022, Dom Development S.A. Consolidated Group ("The Group") sold 3,093 units net in the retail market (down 24% YoY), including 1,738 units in Warsaw, 793 in the Tri-City area, 354 in Wrocław and 208 in Cracow, and contracted the building of 397 units for a PRS (Private Rental Sector) institutional investor.

Group sales in Q4 amounted to 831 units (up 18% Q4oQ3). The period also saw the signing of the above-mentioned agreement for the construction of 397 units for PRS in Warsaw, which Dom Development will commence building in the near future.

The highest sales volumes were seen in the following projects: Metro Zachód (494 units), Apartamenty Ludwiki (215), Osiedle Bokerska 71 (163), and Apartamenty Solipska (154) in Warsaw, Perspektywa (160 units) and Doki (122) in the Tri-City area, and Osiedle Zielna (119 units), Osiedle Komedy (102) in Wrocław.

2. Deliveries

In 2022 3,666 units were delivered (up 10% YoY), of which 1,068 units were in the fourth quarter (386 in Warsaw, 389 in the Tri-City area, 163 in Cracow, and 130 in Wrocław).

The financial results of Q4 2022 were mostly influenced by the sale of land with building permits for 397 units to the PRS fund for PLN 90 million and deliveries on the following projects: Metro Zachód (135 units), Wilno (126), Stanisława Augusta (111) in Warsaw, Perspektywa (126 units) in Tri-city and Przestrzenie Banacha (117 units) in Cracow.

3. Market

The housing market in 2022 was marked by numerous challenges that intensified from quarter to quarter. The Russian invasion of Ukraine in February precipitated an outflow of capital from the region, and the subsequent inflow of refugees significantly increased demand for rental properties. Furthermore, the energy crisis, triggered by the unpredictable geopolitical situation, pushed up prices and accelerated inflation.

The Financial Services Authority's April recommendation that banks should tighten the criteria for calculating mortgage affordability brought about a sudden reduction in the availability of mortgage credit. This impacted demand, particularly in the popular segment, and deprived a significant part of the population from the opportunity to buy their own home.

Against this volatile backdrop, the second half of the year was relatively quiet, although interest rate hikes continued through September, culminating in levels not seen in 20 years. The fourth quarter saw interest rates stabilize, while inflation reached a 25-year high.

Despite this unfavourable market environment, we continue to see significant customer interest in our projects. High inflation and the buoyant rental market bring more people to invest their savings in residential real estate, while buyers in this tough economic environment favour reputable developers with strong market and financial positions, such as Dom Development Group. Customers looking to protect the



value of their capital are eager to invest in higher-standard units - last year a record 70% of sales were recorded as cash transactions.

Those with reduced creditworthiness are essentially excluded from the market, and this has suppressed apartment sales, primarily in the popular segment and in smaller cities. Thanks to its strong brand, attractive developments and presence in the most prosperous cities, Dom Development Group is experiencing only a limited slowdown in sales. In addition, the fourth quarter saw Dom Development complete its first transaction with a PRS institutional landlord, which helped the business achieve similar sales results to 2018-2019. Although open to further cooperation with PRS funds, we continue to focus primarily on our offer to individual customers.

In addition to incentivising investment in real estate, inflation is also affecting construction costs. Although material prices stabilised at the end of the year and the scaling back of projects by smaller developers resulted in increased subcontractor availability and price flexibility, further negative effects of rising energy prices are anticipated. Dom Development Group, with its own general contractors, is able to manage construction costs effectively.

In 2022, the group consolidated its position on the Cracow market. Following the successful acquisition of two local developers, Sento and Buma, we established Dom Development Kraków to consolidate operations and optimize local human potential. The company has successfully started new development projects in Cracow.

2023 promises to be a period of hard work with many challenges ahead. At Dom Development Group, however, we remain quietly confident. We believe that with our strong balance sheet, market leading brands and carefully tailored offer, the current crisis represents a real opportunity for us to strengthen further our market leadership.

Leszek Stankiewicz – Vice President of the Management Board, CFO

Dariusz Gołębiewski – Commercial Proxy