



Warsaw, July 4, 2022

Dom Development S.A. Consolidated Group: Trading update Q2 2022

1. Sales

In Q2 2022, Dom Development Group (“the Group”) sold 801 units net (+6% QoQ), including 448 units in Warsaw, 203 in the Tri-City area, 92 in Wrocław, and 58 in Cracow.

The highest sales volumes came from the following projects: Metro Zachód (130 units), Apartamenty Solipska (57) and Apartamenty Koło Parków (47) in Warsaw and Górka Narodowa (49) in Cracow.

Total H1 2022 Group sales amounted to 1 559 units vs 2 116 units in H1 2021.

2. Deliveries

In Q2 2022, the Group delivered 1 084 units, including 465 units in Warsaw, 369 in the Tri-City area, 235 in Wrocław, and 15 in Cracow.

The financial results for Q2 2022 were mostly influenced by deliveries on the following projects: Wilno (204 units) in Warsaw, Osiedle Beauforta (147) in Tri-City, as well as Osiedle Zielna (135) and Osiedle Komedy (100) in Wrocław.

Total H1 2022 Group deliveries amounted to 2 178 units vs 1 922 units in H1 2021.

3. Market

The second quarter of 2022 was a testing period for house builders. A series of interest rate increases and a tightening of the mortgage eligibility criteria effectively limited the availability of real estate financing, thus negatively affecting demand, especially in the popular segment. On the other hand, rising inflation, a strong rental market and limited new-build supply favoured the premium segment of the market, where Dom Development Group is the clear market leader. The housebuilding market is therefore polarized. This is evidenced by the 6% QoQ increase in sales of Dom Development Group as opposed to the forecasted plunge in total transactions.

In view of the increasing cost and reduced availability of financing, liquidity is gaining importance. The clients who are investing their savings in residential real estate tend to dislike risk and therefore prefer to buy from established developers with a strong balance sheet. The Dom Development Group is one of the main beneficiaries of this trend, which is reflected in our record-high share of cash transactions, which exceeded 70% of Q2 2022 Group sales.

The rising cost of finance is also taking its toll on some developers. Many are cutting their development plans. Conversely, well-capitalised, liquid companies such as Dom Development Group remain able to take advantage of market opportunities..

Despite high inflation, the Group manages its construction costs effectively. Following the Q1 surge in construction material prices, the situation has stabilised, and the suspension of some projects by smaller developers is increasing the availability of subcontractors. Thanks to our in-house general contractors, Dom Development Group can react swiftly and take full advantage of this favourable situation.

Developers are currently facing numerous challenges, on both demand and supply sides. The long-term impact of the continuing Ukraine war on European economies remains unknown. Dom Development Group, however, is in a relatively comfortable situation - thanks to our rising market share in the most prosperous agglomerations, our strong balance sheet, and attractive land bank, we feel secure about our results for the rest of this year, and optimistic for the long run.

Jarosław Szanajca – CEO

Leszek Stankiewicz – CFO