

DOM DEVELOPMENT S.A.

**REPORT  
OF THE SUPERVISORY BOARD  
OF DOM DEVELOPMENT S.A.  
ON THE ACTIVITIES CONDUCTED  
FROM 1 JANUARY 2023  
TO 31 DECEMBER 2023**





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## 1 PERSONNEL, COMPOSITION AND ORGANISATION OF THE SUPERVISORY BOARD OF DOM DEVELOPMENT S.A.

Pursuant to the provisions of the Commercial Companies Code, Statute of Dom Development S.A. with its registered office in Warsaw ("the Company") and Supervisory Board Bylaws dated 5 September 2006 and amended on 3 April 2008, on 21 May 2009, on 20 May 2010, on 29 March 2012 and on 11 December 2015, the Supervisory Board is a permanent supervisory body of the Company in all areas of the Company's operations.

The Supervisory Board is composed of 5 to 9 members, including the Chairperson and two Deputy Chairpeople. The Chairperson of the Supervisory Board and one Deputy Chairperson of the Supervisory Board are appointed and dismissed by the Supervisory Board. Three of the Supervisory Board Members are Independent Members (in the meaning of point 7.7 of the Company's Statute). Pursuant to point 7.9 of the Company's Statute, the Supervisory Board's term is joint and lasts 3 years.

The following changes in the composition of the Supervisory Board of the Company took place in the twelve-month period ended 31 December 2023.

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

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

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

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

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

As at 31 December 2023, the Supervisory Board of Dom Development S.A. was composed of 7 members:

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

In the opinion of the Supervisory Board, the former Independent Members, Marek Moczulski and Krzysztof Grzyliński, fulfilled the independence criteria set out in the Act of 11 May 2017 on auditors, audit companies and public supervision, point 7.7 of the Company's Statute, and Annex II to the European Commission Recommendation of 15 February 2005. Current Independent Members, Dorota Podedworna-Tarnowska, Edyta Wojtkiewicz and Anna Maria Panasiuk, also fulfil the independence criteria set out in the above-mentioned regulations as well as in the Statute. Moreover, all of the above-mentioned Independent Members (both former and present) have no actual or material relations with any shareholder holding at least 5% of the total vote in the Company.

The rules of organisation and the methods of operation of the Supervisory Board are specified by the provisions of the Company's Statute and the Supervisory Board Bylaws dated 5 September 2006 and amended on 3 April 2008, on 21 May 2009, on 20 May 2010, on 29 March 2012 and on 11 December 2015.

## 2 ACTIVITY OF THE SUPERVISORY BOARD

During the period under review, the Supervisory Board conducted its activity by way of sessions convened by the Chairman of the Supervisory Board, such sessions taking place in accordance with the 2023 Company Activity Schedule and depending on need. The Supervisory Board held 14 sessions. Minutes were taken during all sessions and the decisions made by the Supervisory Board took the form of resolutions. The Supervisory Board carried out its tasks collectively, and also with the help of two committees, the Audit Committee and the Remuneration Committee.

- **Audit Committee**

The Audit Committee operates in accordance with the Act of 11 May 2017 on auditors, audit companies and public supervision and on the basis of the Company's Statute and Audit Committee Bylaws dated 5 September 2006, amended on 29 December 2006, on 29 June 2007, on 3 April 2008, on 5 October 2010 and on 31 August 2023, and is responsible for supervision of the financial matters of the Company.

The Audit Committee shall be composed of at least three members appointed by the Supervisory Board from among its members, according to point 7.10 of the Company Statute and at least two of whom, including its chairman, shall be Independent Members (in the meaning of Art. 129 section 3 of the Act of 11 May 2017 on auditors, audit companies and public supervision and point 7.7 of the Company's Statute). Of these Independent Members at least one shall have knowledge of and skills in accounting or auditing, while at least one Audit Committee member shall have knowledge of and skills in the industry in which the Company operates.

In the opinion of the Supervisory Board the members of the Audit Committee fulfil the requirements for the competence set in the Act of 11 May 2017 on auditors, audit companies and public supervision, while the Independent Members: Dorota Podedworna-Tarnowska and Edyta Wojtkiewicz, fulfil the independence criteria set in the above-mentioned Act. Marek Moczulski, former Audit Committee Member, also fulfilled the competence and the independence criteria requirements.

During the period from 1 January 2023 to 14 June 2023, the Audit Committee acted under the following composition:

- Dorota Podedworna-Tarnowska – Chairperson of the Audit Committee (Independent Member),
- Marek Moczulski – Member of the Audit Committee (Independent Member),
- Mark Spiteri – Member of the Audit Committee.

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

The Supervisory Board appointed Mrs. Edyta Wojtkiewicz to the Audit Committee effective from 15 June 2023.

During the period from 15 June 2023 to 31 December 2023, the Audit Committee acted under the following composition:

- Dorota Podedworna-Tarnowska – Chairperson of the Audit Committee (Independent Member),
- Mark Spiteri – Member of the Audit Committee,
- Edyta Wojtkiewicz – Member of the Audit Committee (Independent Member).

During the period covered by this report, 7 sessions of the Audit Committee of Dom Development S.A. took place, on the following dates:

1. 15 March 2023
2. 17 April 2023

3. 24 May 2023
4. 21 August 2023
5. 20 October 2023
6. 6 November 2023
7. 29 November 2023

The Report of the Audit Committee of Dom Development S.A. on the activities conducted from 1 January 2023 to 30 June 2023 is attachment No. 1 to this Report. The Report of the Audit Committee of Dom Development S.A. on the activities conducted from 1 July 2023 to 31 December 2023 is attachment No. 2 to this Report.

- **Remuneration Committee**

The Remuneration Committee operates on the basis of the Company's Statute and the Remuneration Committee's Bylaws dated 5 September 2006 and amended on 29 December 2006, on 5 October 2010 and on 4 October 2023 and is authorised in particular to prepare proposals for the remuneration of members of the Management Board and to present proposals of granting additional benefits, including executive share option schemes.

The Remuneration Committee is composed of three members appointed by the Supervisory Board from among its own members, two of whom are Independent Members.

During the period from 1 January 2023 to 14 June 2023, the Remuneration Committee acted under the following composition:

- Marek Moczulski – Chairman of the Remuneration Committee (Independent Member),
- Krzysztof Grzyliński – Member of the Remuneration Committee (Independent Member),
- Mark Spiteri – Member of the Remuneration Committee.

Following the resignations of Mr. Marek Moczulski and Krzysztof Grzyliński from their positions of Company Supervisory Board members, Mrs. Dorota Podedworna-Tarnowska and Mrs. Anna Maria Panasiuk were appointed to the Remuneration Committee on 15 June 2023. Mrs. Dorota Podedworna-Tarnowska was also appointed Chairperson of the Remuneration Committee.

During the period from 15 June 2023 to 31 December 2023, the Remuneration Committee acted under the following composition:

- Dorota Podedworna-Tarnowska – Chairperson of the Remuneration Committee (Independent Member),
- Mark Spiteri – Member of the Remuneration Committee,
- Anna Maria Panasiuk – Member of the Remuneration Committee (Independent Member).

During the period covered by this report, 7 sessions of the Dom Development S.A. Remuneration Committee took place, on the following dates:

1. 15 March 2023
2. 24 March 2023
3. 17 April 2023
4. 15 May 2023
5. 24 May 2023
6. 4 October 2023
7. 30 November 2023

The Report of the Remuneration Committee of Dom Development S.A. on the activities conducted from 1 January 2023 to 31 December 2023 is attachment No. 34 to this Report.

During the period covered by this report, the Supervisory Board acted pursuant to the provisions of the Commercial Companies Code, the Company's Statute and the Supervisory Board Bylaws, and according to the Best Practices of WSE Listed Companies. The Supervisory Board oversees the operations of the Company on an on-going basis in all its fields of activity as well as examines issues and motions submitted to the sessions of the Supervisory Board by the Company's Management Board. Additionally, the Supervisory Board's responsibilities include granting consent for: the conclusion by the Company (or any entities affiliated with the Company) of contracts with a member of the Supervisory Board or Management Board (or with their affiliated entities); and appointment of an auditor to audit the Company's financial statements.

During the period under review, i.e. from 1 January 2023 to 31 December 2023, 14 sessions of the Supervisory Board of Dom Development S.A. took place, on the following dates:

1. 27 January 2023
2. 6 February 2023
3. 15 March 2023
4. 24 March 2023
5. 17 April 2023
6. 15 May 2023
7. 15 June 2023
8. 31 August 2023
9. 20 September 2023
10. 4 October 2023
11. 20 October 2023
12. 6 November 2023
13. 30 November 2023
14. 15 December 2023

All sessions of the Supervisory Board were convened correctly. All members of the Supervisory Board were present at 5 sessions and 9 sessions took place with the required quorum. Some sessions of the Supervisory Board were also attended by the President of the Management Board Mr Jarosław Szanajca and Vice President of the Management Board Mr Leszek Stankiewicz, two of whom provided information concerning the current activities of the Company and the Dom Development S.A. Capital Group ("Group" and/or "Capital Group").

During the meeting of 27 January 2023, the Supervisory Board granted its consent to the Management Board to (i) undertake acts concerning the dematerialization of shares of series AG, (ii) conclude an agreement with KDPW (the National Depository for Securities) in respect of the registration of the shares of series AG, and (iii) undertake acts concerning the admission of the shares of series AG to the regular market.

During the meeting of 6 February 2023, the Supervisory Board adopted resolutions on increasing the share capital of Dom Development S.A. through the issuance of shares within authorized capital. The Supervisory Board also agreed for a share price for AH and AI shares at PLN 50 per share and agreed to issue documents relating to share options scheme.

At the following meeting on 15 March 2023 the Supervisory Board adopted the following resolutions: one on the Supervisory Board statement regarding the selection of an audit firm, one on the Supervisory Board statement regarding the Audit Committee and one on the Supervisory Board assessment of: the financial statements of Dom Development S.A. for the year ending 31 December 2022, the report of the Management Board on the activities of Dom Development S.A. and its Capital Group in 2022, the consolidated financial statements of Dom Development S.A. Capital Group for the year ending 31 December 2022. Moreover, the Supervisory Board granted its consent to the Management Board to (i) undertake acts concerning the dematerialization of shares of series AH and of series AI, (ii) conclude an agreement with KDPW (the National Depository for Securities) in respect of the registration of the shares of series AH and of series AI, and (iii) undertake acts concerning the admission of the shares of series AH and of series AI to the regular market.

During the meeting of 24 March 2023, the Supervisory Board adopted resolution on setting goals and limits for the annual reward within the SECP program in 2023. Moreover, the Supervisory Board awarded Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. (re. Pool 2020, 2021 and 2022), determined a Pool and a Pool for Distribution, a Pool 2 and a Pool 2 for Distribution and a Pool 3 and a Pool 3 for Distribution to be allocated for payment of Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. (re. 2023). The Supervisory Board also consented for the Company to conclude agreement with Management Board Member.

At its meeting on April 17, 2023, the Supervisory Board made an assessment of the Management Board's proposal for the distribution of the 2022 net profit of Dom Development S.A., appointed an auditor to audit Dom Development S.A.'s financial statements and Dom Development S.A. Capital Group's consolidated financial statements for 2023 and approved the implementation of the SECP (Senior Executive Compensation Plan) in 2022.

During the meeting of 15 May 2023, the Supervisory Board adopted the "Supervisory Board's Remuneration Report concerning remunerations of the Members of the Management Board and the Supervisory Board of Dom Development S.A. for 2022" and the assessment of material transactions within the meaning of the Act on public offering, conditions governing the introduction of financial instruments into organised trading. Moreover, the Supervisory Board adopted the resolutions on the following matters: acceptance of the Supervisory Board's report on activities in the period from 1 January 2022 to 31 December 2022 and review and issuing opinion on the proposal of the Management Board regarding resolutions of the General Meeting of Shareholders.

At the meeting on 15 June 2023, in connection with the expiry of the mandates of the existing members of the Supervisory Board of Dom Development S.A., the Supervisory Board elected the Deputy Chairperson of the Supervisory Board, Audit Committee Member, Members and Chairperson of the Remuneration Committee. The Supervisory Board also granted its consent for the Company to conclude agreements with Members of the Management Board.

During the meeting of 31 August 2023, the Supervisory Board granted its consent for the Company to conclude an agreement with an affiliated entity of the Member of the Management Board, amended the Audit Committee Bylaws and appointed an auditor to audit Dom Development S.A.'s financial statements and Dom Development S.A. Capital Group's consolidated financial statements for 2024. The Supervisory Board also granted its consent for the Company to conclude agreement with Member of the Management Board and for a subsidiary to conclude agreement with Member of the Supervisory Board and her affiliated entity. The Supervisory Board also amended the terms of engagement of one Member of the Management Board.

At the 20 September 2023 meeting pertaining to the resignation of Małgorzata Kolarska from the position of Vice-President of the Management Board, the Supervisory Board appointed Monika Perekitko as Member of the Management Board, effective from 1 January 2024.

At the 4 October 2023 meeting, the Supervisory Board amended the Remuneration Committee Bylaws and also granted its consent for the Company to conclude agreements with Members of the Management Board, and for a subsidiary to conclude agreements with one Member of the Management Board and one Member of the Supervisory Board and her affiliated entity.

During the meeting of 20 October 2023, the Supervisory Board appointed an auditor to audit Dom Development S.A.'s condensed financial statements for the period 1 January 2023 to 30 June 2023.

At its meeting on November 6, 2023, the Supervisory Board granted consent to make an advance dividend payment for 2023.

During the meeting of 30 November 2023, the Supervisory Board awarded Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. to a Member of the Management Board, and granted its consent for the subsidiary to conclude agreements with the Supervisory Board Members and a Member of the Management Board. It also accepted the 2024 Company Activity Schedule.

In the final meeting of 2023, on 15 December, the Supervisory Board granted its consent for the Company to conclude agreements with both a Supervisory Board Member and a Member of the Management Board.

### **3 ASSESSMENT OF THE FINANCIAL STATEMENTS OF DOM DEVELOPMENT S.A. FOR THE YEAR ENDED 31 DECEMBER 2023, THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP IN 2023, THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP FOR THE YEAR ENDED 31 DECEMBER 2023, AND THE MANAGEMENT BOARD'S PROPOSAL CONCERNING THE DISTRIBUTION OF 2023 PROFIT**

Report by the Supervisory Board of Dom Development S.A. from the assessment of:

1. financial statements of Dom Development S.A. for the year ended 31 December 2023,
2. Management Board's report of activities of Dom Development S.A. and its Capital Group in 2023,
3. consolidated financial statements of Dom Development S.A. Capital Group for the year ended 31 December 2023,

was accepted by the Supervisory Board on the basis of Resolution No. 03/03/24 of 18 March 2024, which together with the said report constitutes attachment No. 4 hereto.

The Supervisory Board, in Resolution No. 01/05/24 of 14 May 2024, expressed a positive opinion on and approved the Management Board's proposal to allot Dom Development S.A.'s net profit for 2023 in the amount of PLN 441,113,631.24 (in words: four hundred and forty-one million, one hundred and thirteen thousand, six hundred and thirty-one zlotys and twenty four groszes) in the following way:

1. a portion of Dom Development S.A.'s net profit for 2023 in the amount of PLN 309,581,064.00 (in words: three hundred and nine million, five hundred and eighty-one thousand, and sixty four zlotys), i.e. PLN 12.00 (in words: twelve zlotys) per share, to pay Dom Development S.A. shareholders a cash dividend, as a result of which - taking into account the advance dividend payment for 2023 in the amount of PLN 141,341,321 (in words: one hundred and forty-one million, three hundred and forty-one thousand, three hundred and twenty-one zlotys), equating to PLN 5.50 (in words: five zlotys and fifty groszes) per share, paid by the Company on 18 December 2023 based on Company Management Board Resolution no. 01/11/23 dated 6 November 2023 – the remaining dividend for 2023 to be paid to the shareholders shall



- equal PLN 168,239,743.00 (in words: one hundred and sixty-eight million, two hundred and thirty-nine thousand, seven hundred and forty-three zlotys), with the proviso that:
- a) with regard to the 25,698,422 Company shares registered in the securities deposit in the securities accounts on the day for determining entitlement to the advance dividend payment for 2023 i.e. 12 December 2023 - the remaining dividend for 2023 to be paid shall equal PLN 167,039,743.00 (in words: one hundred and sixty-seven million, thirty-nine thousand, seven hundred and forty-three zlotys), i.e. PLN 6.50 (in words: six zlotys and fifty groszes) per share,
  - b) with regard to the 100,000 Company shares not registered in the securities deposit in the securities accounts on the day for determining entitlement to the advance dividend payment for 2023 i.e. 12 December 2023 - the remaining dividend for 2023 to be paid shall equal PLN 1,200,000.00 (in words: one million two hundred thousand zlotys), i.e. PLN 12.00 (in words: twelve zlotys) per share,
2. the remaining portion of Dom Development S.A.'s net profit for 2023 in the amount of PLN 131,532,567.24 (in words: one hundred and thirty-one million, five hundred and thirty-two thousand, five hundred and sixty-seven zlotys and twenty four groszes) will be allotted to increase the reserve capital of Dom Development S.A.,

and to set the date of record as 26 June 2024 and the dividend payment date as 4 July 2024.

The said Resolution No. 01/05/24 of 14 May 2024 on the assessment of the Management Board's proposal for the distribution of the 2023 net profit of Dom Development S.A. constitutes attachment No. 5 to this Report.

## **4 ASSESSMENT OF THE COMPANY'S POSITION, TAKING INTO ACCOUNT THE ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS AS IN PLACE AT THE COMPANY, AND THE INTERNAL AUDIT SYSTEM**

### **1. GENERAL INFORMATION ON THE POSITION OF THE COMPANY**

The Supervisory Board having examined the financial statements of Dom Development S.A. for the accounting year 2023 and the Management Board's report of aggregate activities of the Company and the Dom Development S.A. Capital Group for the accounting year 2023, approved these reports on 18 March 2024.

The Supervisory Board considers the year 2023 another very good year for Dom Development S.A. Capital Group (the "Group") in particular, in the context of uncertainties caused by the Russian invasion of Ukraine. The year 2023 marked a distinct recovery in demand for flats, with a growing proportion of purchases financed by mortgage loans, which was significantly contributed to by: the relaxation of creditworthiness assessment criteria by the Financial Supervision Authority, the announcement and subsequent implementation of the Safe 2% Mortgage programme, and the first interest rates cuts in a long time, following a series of hikes in 2021-2022. In 2023, approximately 41% of all Dom Development S.A. Capital Group's transactions were purchases financed with a mortgage loan, compared to about 30% in 2022. Despite a significant increase in the proportion of flat purchases financed by loans, cash transactions continued to account for over half of the Group's sales. This demonstrates the continually high level of investment transactions.

In the assessment of the Company's position and results, the Supervisory Board took into account the overall situation in the Polish economy, the condition of the real estate market and macroeconomic factors having an impact on the economic environment in the whole region.

The year of 2023 brought great success for both the Company and the entire Capital Group that made the record-high consolidated net profit in the amount of PLN 460.3m.

In the Supervisory Board's opinion, the Management Board of the Company very skilfully adapted its operations to the market situation in 2023, taking advantage of the situation in the real estate market and focusing not only on increasing the volume of sales, but above all on maximising the profitability of the development projects underway. At the same time, the Supervisory Board recognises the risks in the entire real estate development market, both on the supply and demand side. In particular the limited availability of land for new development projects and high prices of land alongside the difficulties in obtaining administrative permits have limited our market offer. The consistently relatively high level of interest rates posed challenges on the demand side, especially for customers reliant on a mortgage loan.

The Supervisory Board is pleased to note that the Company has successfully navigated through these challenges and that the above-mentioned macroeconomic aspects had a positive, albeit limited, impact on sales. They also did not have any significant impact on the Company's construction projects underway, which have been carried out on time and in line with the adopted assumptions.

Moreover, the Supervisory Board is pleased to note the continued progress in the implementation of the strategic goal of the Dom Development S.A. Management Board, namely the maximisation of the value of the Company and its Group in the long term by maintaining the leading position in the residential market in the main agglomerations of the country. In 2023, the Group consolidated its operations in the Cracow market, and as anticipated by the Supervisory Board, it notably increased the scale of its operations in the second largest, after Warsaw, residential market in the country. The Supervisory Board also noted the growing scale of Group's operations in markets other than Warsaw. In the context of general macroeconomic factors, in particular the situation in the residential property market, where the Company operates, the Supervisory Board confirms that the financial position of the Company remained strong. The assessment carried out by the Supervisory Board has mainly been based on the figures and quantitative results achieved by the Company from its operating activities.

The results of the Company for 2023 have been impacted by, both the number of residential projects completed (and in turn by the volume of deliveries) and slightly higher gross margin on the delivered units as in the previous year. The results achieved from the completion of specific housing developments have been the outcome of land purchase decisions of the Management Board made in previous years, and in particular the decision to commence these residential projects as they have driven the sales volume achieved.

In 2023, the Company:

- commenced construction of 1 742 apartments on 14 projects (in 2022: 1 843 apartments on 14 projects),
- sold 1 690 apartments (in 2022: 1 738 apartments for individual buyers and 397 units for institutional (PRS) buyers),
- completed construction of 1 935 apartments on 12 projects (in 2022: 1 374 apartments on 10 projects),
- handed over 1 928 apartments to customers (in 2022: 1 921 apartments).

The Supervisory Board expresses its appreciation to the Management Board for the financial results achieved in 2023 with operating profit of PLN 333.9m (an increase of 7.9% compared to the Company's operating profit in 2022, which amounted to PLN 309.3m). This result, specifically when compared against a strong 2021 and 2020, should be assessed positively as it was achieved with an almost unchanged volume of deliveries compared YoY. The Supervisory Board have also noted that this result was influenced by the sale of construction services to an institutional customer.

The Company generated a net profit of PLN 441.1m, which was 18.0% higher than the previous record-high profit generated in 2022.

However, the most important factor that determined the success of the Company and its Management Board is considered by the Supervisory Board to be the way that the entire Group is managed, its growth and the consolidated financial results, which were at record highs for another year in a row - at the Group for both operating profit (at PLN 558.2m in 2023) and net profit (at PLN 460.3m in 2023).

In managing its financial resources in 2023, the Company consistently focused on the undergoing residential development projects, replenishing its land bank, further expansion of its in-house general contracting, and the continued increase of its share in the Tricity, Wrocław, and Cracow markets. Consequently, the Company also focused on obtaining sources of long-term finance for these operations and maintaining liquidity ratios at the level adequate for its operations. The Management Board regularly analyses both the current financing structure and determines the future optimum financing structure in order to achieve satisfactory financial ratios and financial results over the medium term, and at the same time, to ensure adequate liquidity, thus ensuring the comfort of maintaining financial security of the Company for it to withstand macroeconomic turmoil.

Following the Company's and Group's very strong performance in 2023, the year 2024 is shaping up as a period full of challenges not only for companies in the real estate development sector, but for the entire Polish economy. The following factors continue to have the greatest impact on the industry:

- interest rate increases affecting the affordability of mortgage loans,
- high inflation,
- the Russian invasion of Ukraine launched on 24 February 2022, which is a factor significantly destabilising the economic environment in the whole region,
- difficulty in obtaining administrative decisions needed to develop projects,
- constantly changing laws, such as additional tax burdens placed on institutional investors who purchase residential units or new regulations concerning the technical conditions to be met by buildings and their location.

The Supervisory Board is of the opinion that the actions undertaken in 2023 proved once again the competence of the Management Board in preparing the Company for the rapidly changing situation in the real estate market. The major responsibility of the Management Board is not only to ensure that the Company is prepared to react quickly to new challenges but most of all to maintain the leading position in the evolving residential market. The major steps undertaken in this respect included:

- ensuring that adequate sources of finance are available to the Company, both for current and future development projects, ongoing operations and of the Company's general security;
- co-operation with banks, and assisting customers in obtaining mortgages for the purchase of apartments;
- adjusting the Company's sales offer to the market demand;
- aligning land purchases to the Company's existing and future needs;
- utilising the existing land bank in the most appropriate manner;
- generating sales by improving the sales and marketing processes;
- maintaining customer confidence in the 'Dom Development' brand by maintaining high quality of units sold,
- restructuring the organization and employment levels to the anticipated level of operational activities;
- thorough control of ongoing project budgets at all stages of project development;
- optimising overhead efficiency;
- responding quickly to legislative changes, and
- responding smoothly to crisis situations caused by various external factors, both local and global.

Currently the operational activities of the Dom Development S.A. Capital Group are carried out in four geographically separate markets: the Company has projects in Warsaw, while its subsidiaries - Euro Styl S.A. Capital Group, Dom Development Wrocław Sp. z o.o. and Dom Development Kraków Sp. z o.o. - operate in the Tricity, Wrocław and Cracow markets respectively. The majority of the operational activities and financial results generated by the Group is still attributable to the Company. However, it should be noted that the Euro Styl S.A. Capital Group has become a leading developer in Tricity and the Cracow's and Wrocław's companies have been gradually increasing their share in their respective

markets. The contribution of subsidiaries to the Group's results can be expected to increase further in the upcoming years.

The Supervisory Board is confident that the key business processes in the Company are well established and professional.

The Land Department specialists employed by the Company identify land that is attractive and available for purchase to enable future development, they assess the potential profitability of such land (in cooperation with specialists from other departments) and finalise their purchase or conditional purchase, having obtained approval from the Management Board.

Other operating activities of the Company are assigned (during design and construction stages) to project development specialists from various departments, namely, sales, customer service, fit-out, and property management. An undoubted competitive advantage on the market, conducive to ensuring secure operations to the Group's development companies, is that property development projects are carried out in accordance with budgets and schedules devised and delivered by the Company's owned general contracting companies. They also ensure the high quality of the final product delivered to the customers.

The market position of the Company at the end of 2023 was very satisfactory with the Company maintaining its position as the largest developer in the Warsaw market. This results from the well-established position of the Company in the housing market and its appropriate operational experience, both in terms of execution of residential development projects, and the marketing, sales and financing of these projects.

The strong financial position of the Company and the Group in which it operates is reflected in the balance of its net assets and cash holdings. As at 31 December 2023, the aggregate amount of "cash and cash equivalents" and "short-term financial assets" disclosed in the separate balance sheet of Dom Development S.A. was PLN 116m (at the end of 2022: PLN 241m) following the distribution of 2023 interim dividend (PLN 141m). There was interest bearing debt in the Company in the amount of PLN 520m at the end of 2023 (at the end of 2022: PLN 360m). It should be emphasised that the Company's short-term interest-bearing debt as at 31 December 2023 was PLN 50m, which represented 10% of the interest bearing debt balance. The total net interest bearing debt of the Company (interest bearing debt less cash and cash equivalents and short-term financial assets) amounted to PLN 404m. Observing the relatively large change (increase) in the net debt, the Supervisory Board notes that this is related to the strategy of the Company, which finances the operations of its subsidiaries mainly by extending loans, which at the end of 2023 amounted to PLN 462m and increased during the year by PLN 159m. According to the Supervisory Board, the Company's liquidity position was good; the Company had a large amount of available cash, including PLN 560m of available credit lines (of which PLN 500m are long-term credit lines). The debt to equity ratio was consistently maintained at a comfortable level by the Company's Management Board (it was 31% as at 31 December 2023 against 10% as at 31 December 2022). The Supervisory Board holds the view that the Company's financial leverage – taking into account the interim dividend paid in December 2023 – remains satisfactory, and having considered the current background associated with the potential macroeconomic challenges described above, it will ensure the continued operations in the foreseeable timeframe. This relatively low level of financial leverage enables further expansion in the scale of the Company's operating activities as and when justified by growth in market demand as well as allow the Company to withstand any market shocks.

The Company is the leader in the Warsaw residential development market and as such is well placed to grow in the Polish residential property market as opportunities arise. The Supervisory Board welcomes the strong sales results generated by the Company in 2023, which demonstrate that the Company effectively seized the opportunities in the market.

The Supervisory Board is also pleased to see that the Company observes the principles of strong business ethics and corporate governance principles. The reputation which the Company has built is a valuable asset which should contribute to the further development of the Company for the benefit of all its stakeholders.

## 2. EVALUATION OF THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS, AND THE INTERNAL AUDIT FUNCTION

In view of the significant changes in the structure of the Group and its geographical diversification observed in recent years, in 2022 the Supervisory Board welcomed the decision of the Management Board to deploy consistent risk management, compliance and internal audit systems across Group companies by the end of 2024 as part of the implementation of the DOM 2030 Strategy, which complements the Company's ESG (Environmental, Social, and Governance) efforts. To achieve this objective, in 2023 the Management Board created the function of Management Board's representative for risk management (Chief Risk Officer), tasked with building - by the end of 2024 - a consistent risk management, compliance and internal audit standard for the entire Capital Group. Consequently, in 2023, as part of the risk management process, the first risk review and evaluation was carried out in line with the consistent terms in the entire Group. For the identified risk areas, the planned actions, control measures, and procedures necessary to mitigate the identified risks have been updated within the Company and across the entire Capital Group.

The Supervisory Board positively assesses the consistent risk management system across of the Capital Group companies for which the Company is the parent entity – and acknowledges the system as effective and adequate. The Supervisory Board also has a positive opinion on the identification of the most significant and major risks, the methods used to address the risks and associated mitigation methods, both from the Company and the Capital Group points of view.

In 2023, as in the previous year, the Company's internal control system comprised:

- Institutional control, which is operated by means of internal audits supervised in 2023 by the Risk Management, Assurance and Compliance team in the process of formation; the scope and quality of the audits carried out in 2023 was monitored by the Audit Committee, which plays the supervisory role in internal audit, irrespective of its external audit duties. The Supervisory Board believes that the cooperation between the internal audit area and the Audit Committee remained unswervingly good during 2023.
- Functional control, which is operated by means of procedures, instructions, segregation of duties and competencies, allocation of responsibilities; all these were updated and improved along with the gradually growing scale of operations. This control is supported by IT systems.

In the opinion of the Supervisory Board the key processes, procedures and controls applied by the Company to reduce its exposure to business risks are operated efficiently and benefit from being supervised by the Company's Management Board and the Audit Committee.

The Supervisory Board was pleased to note that in 2023, the Management Board continued to work on extending the D365 integrated IT system, also featuring a financial and accounting module, which had been deployed at the Company and major development subsidiaries operating within the Group in 2021. The said system, further deployed in 2022 in all major Group companies operating in the Cracow market, was also monitored in respect of its effectiveness in supporting business tasks. By implementing, and further development of this solution and integrating it into other existing business systems, we have enhanced our control through applying mechanisms such as appropriate system configuration, embedded algorithms, access and authorisation controls, and clearly defined roles and responsibilities. This also enabled us to improve structure and maintain adequate quality of data, budget control and forecasting, as well as financial and operational reporting in our crucial business areas.

The financial reporting system in place at the Company, where such system is subject to both internal controls and periodic external audits by an independent certified auditor, is assessed well by the Supervisory Board. Both the Management Board and the Supervisory Board, being aware of the importance of internal audit for the entire control environment at the Company, exercise great care when recommending and selecting an external auditor, to ensure high quality of the external audits. Therefore,

external audits at the Company and the Capital Group companies are carried out only by highly reputable and experienced audit firms. The Supervisory Board is pleased to note that, as concluded at regular meetings with the Company's independent external auditor and based on the results of audits, the process of preparing financial statements and the financial statements themselves are of good quality, and the control procedures reviewed by the certified auditor are efficient.

The quality and effectiveness of the institutional control has not materially changed in 2023 compared to 2022, and remains at a good standard.

The Supervisory Board has also a positive opinion on the functional controls currently in place at the Company, and is pleased to note the improvements made which are the result of the deployment of new IT solutions, new and updated policies and procedures, and the implementation of recommendations from the previous internal audits.

Having reviewed the compliance system functioning report prepared by the Compliance Officer and the Management Board's assessment regarding the effectiveness of the compliance management system in the past year, the Supervisory Board positively assesses the actions taken in this area. These actions primarily involve ensuring - for the Company and for the Group - regular analysis of changes in applicable regulations to mitigate risks to operational activities, systematic updates of internal procedures, instructions, and standards to align them with best market practices and changing legislation. The main focus is on minimising legal risks, enhancing the efficiency of business activities, and supporting responsible business conduct. Other particularly noteworthy compliance tasks include the continuation of activities promoting legal awareness among the staff of the Company and across Group companies, aimed at increasing the sense of comfort of specialist employees in their day-to-day business areas and reduce legal risks in the tasks undertaken by them.

In the opinion of the Supervisory Board, the Company should consistently pursue its development path for the compliance system, which should continue to feature the highest standard of compliance supervision for the Company's operations against best market practices and adopting, monitoring and updating of the relevant procedural solutions in accordance with relevant legislative standards and recommendations of supervisory authorities.

The Supervisory Board emphasises that the effectiveness of compliance system management remains consistently high in 2023, while the commitment of the Management Board and further actions undertaken as part of the development of the compliance culture demonstrate the validity and comprehensive nature of the objectives for this area. The risk of non-compliance of operations of the Company and the Capital Group, in particular with the applicable laws, has been effectively mitigated.

## **5 INFORMATION ON THE DISCHARGE OF DUTY TO NOTIFY THE SUPERVISORY BOARD, AND REMUNERATION DUE TO THE SUPERVISORY BOARD'S CONSULTANT IN 2022**

In assessment of the Supervisory Board the Management Board properly performed its duties related to disclosing to the Supervisory Board information resulting from the provisions of art. 380<sup>1</sup> of the Commercial Companies Code (as applicable from 13 October 2022). In particular, the Management Board disclosed information about resolutions of the Management Board and their subject matters and the Company's position, including its assets, as well as material circumstances concerning the conducting of the Company's affairs, in particular on operational, investment and personnel matters and on progress in the implementation of the pre-defined directions of development of the Company's business, in an appropriate form, adequate scope and timely manner. The Supervisory Board received all the information, documents, reports and clarifications concerning the Company and the Group necessary for the exercise of supervision in day-to-day relations with the Management Board and employees of the

Company. Accordingly, the Supervisory Board did not exercise its right to request information, documents, reports or clarifications concerning the Company or the Group being prepared or provided under art. 382 § 4 of the Commercial Companies Code.

In 2023, the Supervisory Board did not adopt any resolution as regards having a specific matter concerning the Company's operations or its assets investigated by a selected consultant, at the Company's expense. In view of the above, no remuneration was paid to any consultant due to the Supervisory Board commissioning them with investigation of a specific matter concerning the Company's activities or to prepare reviews or opinions in accordance with the procedure prescribed in art. 382<sup>1</sup> of the Commercial Companies Code.

## **6 ASSESSMENT OF THE COMPANY'S COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES AND THE MANNER OF COMPLIANCE WITH THE DISCLOSURE OBLIGATIONS CONCERNING COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES DEFINED IN THE EXCHANGE RULES AND THE REGULATIONS ON CURRENT AND PERIODIC REPORTS PUBLISHED BY ISSUERS OF SECURITIES, AND INFORMATION ABOUT MEASURES TAKEN BY THE SUPERVISORY BOARD TO PERFORM SUCH ASSESSMENT**

The duty of disclosure in respect of corporate governance are defined in the Warsaw Stock Exchange Rules and the Regulation by the Minister of Finance dated 29 March 2018 on the current and periodic submissions by securities issuers and the terms of confirming equivalence of information required under the regulations of a non-Member State. Rules for the submission of corporate governance reports are set out in Resolution No. 1309/2015 by the WSE Management Board dated 17 December 2015.

According to § 29.3 of the Stock Exchange Rules, if a specific detailed corporate governance rule is not applied on a permanent basis or is breached accidentally, the issuer shall publish a report in this respect. The report should be published on the issuer's official website and through an Electronic Information Database (EBI).

The Regulation by the Minister of Finance dated 29 March 2018 specifies what information should be contained in the corporate governance statement that forms a separate part of the activities report of the issuer in the annual report of the company.

Dom Development S.A. (the "Company") published its 2023 Annual Report on 19 March 2024, including the report of the Management Board on the activities of Dom Development S.A. and its Capital Group in 2023, within which the Company's statement on the application of corporate governance stated in the "Best Practice for WSE Listed Companies 2021" has been incorporated as a separate part of said report. The statement also included information on, together with justifications for, those rules and recommendations of the "Best Practice for WSE Listed Companies 2021" that the Company did not apply in 2021. The Supervisory Board in its assessment states that the corporate governance statement was submitted on that date as required. The content of these statements corresponds to the provisions of § 70.6.5 of the above mentioned Regulation by the Minister of Finance.

Moreover, the Company publishes current information on the status of its application of recommendations and rules set out in the Best Practice for WSE Listed Companies 2021 on its website (<https://inwestor.domd.pl/en/corporate-governance>).

The Supervisory Board monitored Company compliance with corporate governance principles and the manner of compliance with disclosure obligations regarding compliance with the corporate governance principles defined in the stock exchange rules and regulations on current and periodic reports published by issuers of securities, among others by discussing the above-mentioned issues during Supervisory Board and Audit Committee meetings, and by analysing and verifying the accuracy of information and documents published by the Company on its website.

Having considered the above, the Supervisory Board in its assessment states that the Company properly fulfils its duty in respect of the corporate governance as set out in the Stock Exchange Rules and the regulations concerning current and periodic submissions by securities issuers, including the timely publication of Company information on the current status and application of the recommendations and rules set out in the Best Practice for WSE Listed Companies 2021. The Supervisory Board evaluates that the published explanations regarding the Company's scope in fulfilling its corporate governance duties presented to shareholders, investors and other interested parties provide a transparent, accurate and exhaustive picture of the way in which the Company functions.

## **7 ASSESSMENT OF THE RATIONALITY OF EXPENSES EXPENDED BY THE COMPANY AND ITS GROUP IN SUPPORT OF CULTURE, SPORTS, CHARITIES, THE MEDIA, SOCIAL ORGANISATIONS, TRADE UNIONS, ETC.**

The Group companies engage in social initiatives in the agglomerations, in which the Group operates. The Group works locally to improve the quality of life and to foster integration of local communities. Among the Group's initiatives to date, a particular mention is deserved by:

- spatial development and urban infrastructure,
- support for artists and introduction of art into public space,
- promotion of physical activity and healthy lifestyles,
- aid to people in need.

In 2023, the Group has also been involved in providing extensive assistance in connection with the COVID-19 outbreak and the refugee crisis caused by the war in Ukraine. The Group's support for people affected by the war amounted to over PLN 4.9m.

The assistance takes various forms, from expert support and partner initiatives to substantial financial aid.

In accordance with rules 1.5. and 2.11.5 of Best Practice for WSE Listed Companies 2021, the Company disclosed the expenses incurred by the Company and its Group to support culture, sports, charities and social organisations. The amounts donated to charity are noticeable, although proportional, in relation to the scale of the Company operations and do not place an excessive burden on Company finances. The beneficiaries of these activities are Ukrainians who had either left the country or had lost their homes following the outbreak of war, as well as stakeholders in the fields of education, sports promotion, science, culture, art, local community development and care for those in need - all of which are not questioned by the Supervisory Board. The Supervisory Board gives its positive opinion on the Company's and its Capital Group's activity within sponsorship, charity and other activities of a similar nature.

## **8 PERIODIC ASSESSMENT OF MATERIAL TRANSACTIONS WITHIN THE MEANING OF THE ACT ON PUBLIC OFFERING, CONDITIONS GOVERNING THE INTRODUCTION OF FINANCIAL INSTRUMENTS INTO AN ORGANISED TRADING, AND PUBLIC COMPANIES**



Due to the procedure for periodic assessment of material transactions within the meaning of the Act on public offering, conditions governing the introduction of financial instruments into organised trading, and public companies ("Act on Public offering"), the Supervisory Board verified as to whether material transactions within the meaning of the Act on Public offering met the criteria to exclude the obligation of publishing information on concluding such material transactions.

The Supervisory Board confirmed that with regard to material transactions:

- concluded between the Company and its affiliates, there is an exemption from the obligation under Chapter 4b of the Act on Public offering (i.e. to publish on the Company web site information on material transactions and to obtain supervisory board consent to conclude material transactions), pursuant to Art. 90j paragraph 1 point 2 of the Act on Public offering, due to the shareholding structure (sole owner);
- concluded between a Company affiliate entity and a Company subsidiary entity, there is an exemption from the obligation under Chapter 4b of Act on Public offering (i.e. to publish on the Company web site information on material transactions), pursuant to Art. 90j paragraph 1 point 1 of the Act on Public offering, due to the fact that the transactions were concluded on an arm's-length basis as part of ordinary business activities.

## 9 INFORMATION REGARDING THE DEGREE OF IMPLEMENTATION OF THE DIVERSITY POLICY APPLICABLE TO THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Diversity Policy within the scope applicable to Members of the Management Board was adopted by the Supervisory Board on 30 August 2022. Moreover, on the same day, the Diversity Policy within the scope applicable to Members of the Supervisory Board of the Company was adopted by the General Shareholders Meeting of Dom Development S.A.

- **Management Board**
- Jarosław Szanajca- President of the Management Board

Supervises the work of the Management Board and coordinates the work of the other Members of the Management Board. Key responsibilities of the President of the Management Board include:

- supervision of the Company's operating and financial activities,
- formulation of the Company's commercial and product policies,
- supervision of marketing and promotional policies, approving key employee management policies, in particular those concerning key managerial positions within the Company and its affiliates,
- shareholder supervision of subsidiaries,
- approval of the organizational structure and internal regulations of the Company.

The President of the Management Board supervises the following organisational units of the Company: Sales and Marketing Division, HR and Administration Division, IT Department.

Mr. Jarosław Szanajca holds a master's degree in law from the Faculty of Law and Administration at University of Warsaw. Mr. Jarosław Szanajca has 32 years' experience in the property development sector. He has been working for the Company, and has been performing the function of President, since 1996 i.e. 28 years.

- Małgorzata Kolarska – former Vice-President of the Management Board, Chief Operating Officer

Key responsibilities of the Vice-President of the Management Board-Chief Operating Officer included:

- formulation of the Company's development policy,
- ensuring the Company's growth through securing land supply,
- supervision of the Company's operating and development activities, specifically: acquisition of land, procurement of general contractors, ensuring customer care, statutory and contractual warranties, responsibility for regulatory compliance with regard to all aspects of the Company's operations and supervision of the Company's efficiency management system.

The Vice-President of the Management Board - Chief Operating Officer supervised the following organisational units of the Company: Real Estate Acquisition Division, Property Development Division, Customer Service Division, Legal Department.

Mrs. Małgorzata Kolarska holds a master's degree from the Faculty of Law and Administration at the Maria Curie-Skłodowska University. Mrs. Kolarska has 20 years' experience in the property development industry and has been working for the Company for 18 years, where she performed the function of Vice-President for 10 years. On 15 September 2023, Mrs. Małgorzata Kolarska resigned from her position as Vice-President and Member of the Management Board for personal reasons, effective as of 31 December 2023.

- Leszek Stankiewicz – Vice-President of the Management Board, Chief Financial Officer

Key responsibilities of the Vice-President of the Management Board - Chief Financial Officer include:

- formulation of financial policy for the Company and its subsidiaries,
- supervision of the Company's budget and financial plans,
- management of the Company's assets, management of cash assets, receivables and liabilities,
- management of the risk hedging programme (responsible for the organisation of the internal control and supervision system),
- management and supervision of corporate issues and investor relations, including contact with the Warsaw Stock Exchange, National Depository for Securities and the Polish Financial Supervision Authority,
- research and analysis of the company's financial condition, overall exterior economic situation and its impact on the company's policy, presenting reports on the company's condition.

Also responsible for:

- negotiation and finalisation of key financial transactions such as borrowings and bond issues,
- development of the Company's medium-term financial plans and annual budget plans.

The Vice-President of the Management Board/Chief Financial Officer supervises the following organisational units of the Company: Financial Control, Internal Audit, Investor Relations, Cash Asset Management, Finance Department, Accounting Department, Financial Reporting.

Mr. Leszek Stankiewicz is a graduate of the Faculty of Economic Sciences at the University of Warsaw and the Warsaw School of Economics in the field of Finance and Banking. Mr. Leszek Stankiewicz has 12 years' experience in the construction-development industry; he has been working for the Company for 5 years and has been performing the function of Vice-President for 3 years.

- Mikołaj Konopka – Member of the Management Board

Key responsibilities of a Member of the Management Board include participation in decisions of the Management Board concerning the Company's operations, in particular those concerning the process of land acquisition and property development.

Mr. Mikołaj Konopka is a graduate of the Faculty of Economics at the University of Gdańsk. Mr. Mikołaj Konopka has 17 years' experience in the property development industry. He has been working for the Company and has been performing the function of Management Board Member, for 6 years.

- Terry Roydon – Member of the Management Board

Key responsibilities of a Member of the Management Board include participation in decisions of the Management Board concerning the Company's operations, in particular those concerning the process of land acquisition and property development.

Mr. Terry Roydon is a graduate of the University of London. Mr. Terry Roydon has 53 years' experience in the international property development industry. He has been working for the Company for 26 years. He previously performed the function of Supervisory Board Member, and currently performs the function of Management Board Member.

In 2023, the Company's Management Board was composed of 5 Members: 4 men and 1 woman. Four Members hold Polish citizenship and one Member holds British citizenship. One Management Member is aged between 41 and 50, two Management Board Members are aged between 51 and 60, and two Management Board Members are aged 60 and over. All members of the Management Board have been with the Group for many years, and their appointment was determined by their expertise and qualifications. The Management Board of Dom Development S.A. in 2023 included people who have degrees in law, economics and property management. All Members of the Company's Management Board have many years of experience in the real estate development industry, both in the Polish and foreign markets.

In accordance with the ESG DOM 2030 strategy announced on 28 June 2022, the Company's Management Board will strive, in cooperation with the majority shareholder, to increase the proportion of women to at least 30% by 2026 with respect to the Management Board of Dom Development S.A.

- **Supervisory Board**

- Grzegorz Kiełpsz- Chairman of the Supervisory Board

Mr. Grzegorz Kiełpsz has 32 years' experience in the property development industry. He has been working with the Company for 28 years, previously performing the function of Vice-President of the Management Board, before being appointed Chairman of the Supervisory Board.

- Janusz Zalewski – Deputy Chairman of the Supervisory Board

Mr. Janusz Zalewski is a graduate of SGPiS (Main School of Planning and Statistics– now the Warsaw School of Economics) in Warsaw. He has 25 years' experience in the property development industry. He has been working with the Company for 25 years, previously performing the function of Vice-President of the Management Board, before being appointed Deputy Chairman of the Supervisory Board.

- Marek Moczulski – former Deputy Chairman of the Supervisory Board

Mr. Marek Moczulski is a graduate of the Catholic University of Lublin. In his professional career he makes use of his knowledge in such areas as economics, finance, auditing and the audit of financial statements. On 12 May 2023, Mr Marek Moczulski resigned from his positions on the Supervisory Board, with effect from 15 June 2023. He was a Supervisory Board Member for 12 years.

- Dorota Podedworna- Tarnowska – Deputy Chairperson of the Supervisory Board

Mrs. Dorota- Podedworna-Tarnowska is a graduate of the Warsaw School of Economics. She holds a PhD in Economics. In a 20-year professional career, she has put to good use an extensive knowledge of economics, finance, auditing and the audit of financial statements. She has been a Supervisory Board Member for 6 years.

- Markham Dumas – former Member of the Supervisory Board

Mr. Markham Dumas is a graduate of the Pangbourne College, Berks, in United Kingdom. He has 32 years' experience in the real-estate industry. As of 14 June 2023, Mr Markham Dumas resigned from his position of Member of the Company's Supervisory Board. He was a Supervisory Board Member for 18 years.

- Mark Spiteri - Member of the Supervisory Board

Mr. Mark Spiteri is a graduate of the London School of Economics in London. He has 20 years' experience in the property development industry. He has been a Supervisory Board Member for 12 years.

- Krzysztof Grzyliński - Member of the Supervisory Board

Mr. Krzysztof Grzyliński is a graduate of the Academy of Medicine in Warsaw. He has 30 years' experience in the insurance industry. On 12 May 2023, Mr Krzysztof Grzyliński resigned from his position on the Supervisory Board, with effect from 15 June 2023. He was a Supervisory Board Member for 12 years.

- Anna Maria Panasiuk - Member of the Supervisory Board

Mrs Anna Maria Panasiuk is a graduate of the University in Gdańsk. She holds a PhD in Law. She has more than 20 years' experience in such areas as capital market law, the structuring and execution of M&As, investment projects, asset management and intergenerational succession planning. She has been a Supervisory Board Member for almost 1 year, from 15 June 2023.

- Edyta Wojtkiewicz - Member of the Supervisory Board

Mrs. Edyta Wojtkiewicz is a graduate of the Warsaw School of Economics in Warsaw. In a 20-year professional career, she has put to good use an extensive knowledge of economics, finance, auditing and the audit of financial statements. She has been a Supervisory Board Member for almost 1 year, from 15 June 2023.

- Philippe Bonavero - Member of the Supervisory Board

Mr. Philippe Bonavero is a graduate of the University of London. He is a practicing attorney in the UK, with 8 years' experience in the construction industry. He has been a Supervisory Board Member for almost 1 year, from 15 June 2023.

At the end of 2023, the Company's Supervisory Board was composed of 4 men and 3 women. Five Members hold Polish citizenship and two Members hold British citizenship. Three Supervisory Board Members are aged between 41 and 50, two Supervisory Board Members are aged between 51 and 60, and two Supervisory Board Members are aged 60 and over. The Supervisory Board of the Company includes persons with experience in various industries, as well as the property development sector. The Members of the Supervisory Board include persons that have been with Dom Development S.A. for many years, namely Mr. Grzegorz Kielpsz, the Chairman of the Supervisory Board who was a co-founder of the Company as well as representatives of Groupe Belleforêt S.à r.l. as the majority shareholder. There are also three Independent Members on the Supervisory Board (Mrs. Dorota Podedworna-Tarnowska, Ph.D., Mrs. Anna Maria Panasiuk, Ph.D. and Mrs. Edyta Wojtkiewicz), with a high degree of proven competence in law, economics, finance, accounting and financial reporting, who guarantee the highest standard of supervision over the Company.

Further to the ESG DOM 2030 strategy announced on 28 June 2022, the Company has achieved its diversity goal of having at least 30% representation of the underrepresented gender in the composition of its Supervisory Board. The current representation stands at more than 40%.

## 10 SELF-ASSESSMENT OF THE SUPERVISORY BOARD

The Members of the Company's Supervisory Board possess comprehensive and relevant knowledge from their professional experience in such fields as law, management, economics, accountancy and finance. Furthermore, the Members of the Supervisory Board possess knowledge in the Company's area of activity. The Members of the Supervisory Board have a broad range of professional experience, knowledge, and skills together with a good knowledge and understanding of the Company's activity.

The Members of the Supervisory Board, for the whole of 2023, worked autonomously of the Management Board and expressed independent opinions in relation to the Company's activity.

The Supervisory Board and the Audit Committee and the Remuneration Committee held meetings and teleconferences as often as necessary in order to perform the duties which were required of them. The Supervisory Board believes that the formal work carried out in 2023 was performed satisfactorily and that the Company's activities were supervised properly.

Over the course of 2023 all members of the Supervisory Board and in particular its Chairman and Deputy Chairman remained in frequent contact with members of the Management Board, conducting consultations concerning various aspects of the Company's activities. In addition to the formal Supervisory Board sessions in 2023 when certain Management Board Members attended, the Management Board Members remained in contact with the Chairman of the Supervisory Board and its Members on a regular basis. The Supervisory Board believes the above actions contributed to the effective execution of the supervisory duties which have to be discharged by the Supervisory Board.

All members of the Supervisory Board received similar management information to that provided to the Management Board. This included regular monthly written reports from the President and the two Vice Presidents of the Management Board as well as detailed monthly management accounts, which include comparisons from the annual budget. Furthermore, every two months the Members of the Supervisory Board received written reports from all the departmental heads concerning their activities. In this way the Supervisory Board was able to obtain regular and extensive written information on all material issues regarding the Company's operations and risks connected with the business.

The Supervisory Board believes it acted in an efficient and effective manner during 2023, while Supervisory Board sessions always took place with the required quorum. The Supervisory Board adopted all resolutions and decisions in accordance with its rules.

Pursuant to the working standards of the Supervisory Board presented above and in view of the contents of principles defined in the Best Practice for WSE Listed Companies 2021, Dom Development S.A.'s Supervisory Board Members believe the Company correctly applied the principles of corporate governance during the course of 2023, in particular with regard to the operation of supervisory bodies.

## 11 ATTACHMENTS

Attachment no 1 – The Report of the Audit Committee of Dom Development S.A. on the activities conducted from 1 January 2023 to 30 June 2023

Attachment no 2 – The Report of the Audit Committee of Dom Development S.A. on the activities conducted from 1 July 2023 to 31 December 2023

Attachment no 3 – The Report of the Remuneration Committee of Dom Development S.A. on the activities conducted from 1 January 2023 to 31 December 2023

Attachment no 4 – Resolution No 03/03/24 dated 18 March, 2024 of the Supervisory Board and the Report of the Supervisory Board on assessment of:

- 1) the financial statements of Dom Development S.A. for the year ended on 31 December 2023;
- 2) the report of the Management Board on the activities of Dom Development S.A. and its Capital Group in 2023;
- 3) the consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2023;

Attachment no 5 – Resolution No 01/05/24 dated 14 May, 2024 of the Supervisory Board regarding evaluation of the petition of the Management Board concerning the allocation of the Dom Development S.A. net profit as of 2023

DOM DEVELOPMENT S.A.

**REPORT  
OF THE AUDIT COMMITTEE  
OF DOM DEVELOPMENT S.A.  
ON THE ACTIVITIES CONDUCTED  
FROM 1 JANUARY 2023  
TO 30 JUNE 2023**



## I. Personal composition and organisation of the Audit Committee.

Pursuant to the provisions of the Company's Statute and Audit Committee Bylaws dated 5 September 2006, amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010, the Audit Committee is a permanent committee of the Supervisory Board.

The Audit Committee is composed of three members appointed by the Supervisory Board from among its members. The majority of the Audit Committee, including its chairwoman, are independent members as stipulated in Art. 129 section 3 of the Act of 11 May 2017 on auditors, audit companies and public supervision, condensed text Journal of Laws 2020, item 1415, and point 7.7 of the Company Statute). All Audit Committee Members have knowledge of and skills in accounting or auditing, and one Member of the Audit Committee has knowledge of and skills in the industry in which the Company operates.

During the period 1 January 2023 - 30 June 2023 the Audit Committee acted under the following composition:

- (i) Dorota Podedworna-Tarnowska – Chairwoman of the Audit Committee (independent member),
- (ii) Marek Moczulski – Member of the Audit Committee (independent member)
- (iii) Mark Spiteri – Member of the Audit Committee.

The aforementioned persons were appointed as members of the Audit Committee under Resolutions of the Supervisory Board on 30 May 2019 (no. 11/05/19, no. 12/05/19 and no. 13/05/19).

Mr. Marek Moczulski, Member of the Audit Committee, Member and Deputy Chairman of the Supervisory Board, resigned from his positions on 12 May 2023, effective from 15 June 2023.

The Supervisory Board, in accordance with resolution no. 02/06/23 of 15 June 2023, appointed Mrs. Edyta Wojtkiewicz to the Audit Committee. Mrs. Edyta Wojtkiewicz was appointed effective from 15 June 2023 by the General Meeting as a Member of the Supervisory Board.

The rules of organisation and the methods of operation of the Audit Committee are specified by the provisions of the Company's Statute and the Audit Committee Bylaws dated 5 September 2006, and amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010.

## II. Activity of the Audit Committee.

The Audit Committee supervises the Company Management Board with respect to:

- (i) compliance with the applicable provisions of law and other regulations, and in particular the Accountancy Law dated 29 September 1994;
- (ii) preparation of financial information by the Company, particularly with regards to the selection of accounting rules, the application and evaluation of the consequences of new regulations, information on the method of treatment of estimated items, forecasts, etc. in the annual reports;
- (iii) compliance with the recommendations and findings of auditors appointed by the Supervisory Board.

Moreover, the Audit Committee gives its recommendations to the Company Supervisory Board concerning the appointment and dismissal of auditors, oversees auditor independence and objectivity, in particular with respect to replacing auditors, calculating remuneration and evaluating auditor competency levels.

During the period under review, the Audit Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board according to pre-determined audit and internal audit cycles. During all sessions, minutes were taken and the decisions made by the Audit Committee took the form of resolutions.



During the period covered by this report, 3 sessions of the Audit Committee of Dom Development S.A. took place, on the following dates:

- (i) 15 March 2023,
- (ii) 17 April 2023,
- (iii) 24 May 2023.

All sessions of the Audit Committee were convened correctly. All members of the Audit Committee were present at all of the sessions. At some sessions of the Audit Committee certain members of the Management Board and other management also attended: Vice President of the Management Board and CFO, Mr. Leszek Stankiewicz, Member of the Management Board, Mr. Mikołaj Konopka and Financial Controller and CFO Deputy, Mr. Dariusz Gołębiewski, who both provided, amongst other matters, information about issues concerning auditor remuneration, the Company's financial statements and other information that was requested by the Audit Committee to be provided by the Management Board.

The first Audit Committee meeting, held on 15 March 2023 by videoconference, was attended by representatives of the Company's auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. with its registered seat in Warsaw, who gave explanations of and information and formed conclusions about the Company's audit procedures. The Audit Committee received a written auditor statement, made in accordance with the requirements of the Act of 11 May 2017 on auditors, audit companies and public supervision, confirming compliance with the objectivity and independence requirements defined in the above-mentioned Act. Moreover, the Audit Committee accepted the Report of the Audit Committee on the activities conducted from 1 July 2022 to 31 December 2022. In addition, members of the Audit Committee were presented with current ESG regulations and disclosure requirement together with internal audit project in Dom Development S.A. Capital Group.

At a meeting on 17 April 2023 the Audit Committee accepted the amendment of "The policy and procedure for the selection of an audit firm for a statutory audit of financial statements and the policy of non-audit services to be rendered by audit firm that provides statutory audit of financial statements, by an affiliate to such audit firm or by a member of the audit firm's network, prevailing in Dom Development S.A.". Moreover, the Audit Committee made its recommendations to the Supervisory Board with regards to the choice of auditor i.e. PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., to audit Dom Development S.A.'s financial statements as of 2023 and Dom Development S.A. Capital Group's consolidated financial statements as of 2023, and to review Dom Development S.A.'s condensed financial statements drawn up for the 6-month period to 30 June 2023, and Dom Development S.A. Capital Group's condensed consolidated financial statements drawn up for the 6-month period to 30 June 2023.

Another Audit Committee meeting was held on 24 May 2023 and was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed the 2023 financial statement audit plan, and presented an advisory session for the members of the Audit Committee on changes to the law including tax law and regulations related to accountancy. During this videoconference, members of the Audit Committee were also updated on the preparations for and implementation of an internal standard for risk management, compliance and assurance.

During the period from 1 January 2023 to 30 June 2023, the main tasks of the Audit Committee were to supervise the Management Board of the Company with respect to compliance with any applicable provisions of law and other regulations and in particular with respect to the Accountancy Law dated 29 September 1994, to supervise financial reports and information prepared by the Company, and to ensure compliance by the Management Board with the recommendations and findings of the auditors appointed by the Supervisory Board.

Additionally, the Audit Committee evaluated the auditor's works and its independence and objectiveness.

Using its authority, the Audit Committee requested from the Company specific information concerning accounting, financial, internal and external audit issues, and in particular, the members of the Audit Committee were also authorised to review all books, records, the Company's annual and semi-annual financial statements, to request schedules of the work of internal controllers and auditors, to request explanations from Management Board members, managers and employees of the Company as required and to give recommendations and assessments to the Supervisory Board, all of which are within the scope of the Audit Committee tasks.



DOM DEVELOPMENT S.A.

**REPORT  
OF THE AUDIT COMMITTEE  
OF DOM DEVELOPMENT S.A.  
ON THE ACTIVITIES CONDUCTED  
FROM 1 JULY 2023  
TO 31 DECEMBER 2023**



## I. Personal composition and organisation of the Audit Committee.

Pursuant to the provisions of Dom Development S.A. Statute ("Company") and Audit Committee Bylaws dated 5 September 2006, amended on 29 December 2006, 29 June 2007, 3 April 2008, 5 October 2010 and 31 August 2023, the Audit Committee is a permanent committee of the Supervisory Board.

The Audit Committee is composed of three members appointed by the Supervisory Board from among its members. The majority of the Audit Committee, including its Chairwoman, are independent members as stipulated in Art. 129 section 3 of the Act of 11 May 2017 on auditors, audit companies and public supervision, condensed text Journal of Laws 2020, item 1415, and point 7.7 of the Company Statute. All Audit Committee Members have knowledge of and skills in accounting or auditing, and one Member of the Audit Committee has knowledge of and skills in the industry in which the Company operates.

During the period 1 July 2023 - 31 December 2023 the Audit Committee acted under the following composition:

- (i) Dorota Podedworna-Tarnowska – Chairwoman of the Audit Committee (independent member),
- (ii) Mark Spiteri – Member of the Audit Committee,
- (iii) Edyta Wojtkiewicz – Member of the Audit Committee (independent member).

The rules of organisation and the methods of operation of the Audit Committee are specified by the provisions of the Company's Statute and the Audit Committee Bylaws dated 5 September 2006, and amended on 29 December 2006, 29 June 2007, 3 April 2008, 5 October 2010 and 31 August 2023.

## II. Activity of the Audit Committee.

1. During the period under review, the Audit Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board according to pre-agreed audit and internal audit cycles. Four sessions of the Audit Committee were conducted through means of teleconference and videoconference. Minutes were taken during all sessions and the decisions made by the Audit Committee took the form of resolutions.

2. During the period from 1 July 2023 to 31 December 2023, the most important tasks of the Audit Committee were to supervise the Management Board with respect to compliance with the applicable provisions of law and other regulations (in particular with respect to the Accountancy Law dated 29 September 1994 and the Act of 11 May 2017 on auditors, audit companies and public supervision), to supervise preparation by the Company of reports and financial information and to ensure compliance by the Management Board with the recommendations and findings of the auditors appointed by the Supervisory Board.

The Audit Committee monitored and reviewed issues related to internal audits conducted in the Company and in particular the works conducted by the Internal Audit department within Risk Management, Assurance and Compliance Department. The Audit Committee also performed a supervisory function with respect to the program of the Business Risk Management and Risk Management, Assurance and Compliance Department. The Internal Audit function is in the view of the Audit Committee a professional function, resourced with staff with appropriate skills. It reports functionally to members of the Audit Committee and releases its reports to Audit Committee members and executives who are responsible for the department or process being audited.

Using its authority, the Audit Committee requested from the Company relevant information concerning accounting, financial, internal and external audit issues. In particular, the members of the Audit Committee were authorised to review all books and records of the Company as well as the Company's annual and semi-annual financial statements, to demand schedules of the work of internal controllers and auditors, to request explanations from the Management Board members, managers and employees of the Company to the extent necessary, and to give recommendations and assessments to the Supervisory Board in relation to subjects within the scope and responsibility of the Audit Committee.

During the period covered by this report, 4 sessions of the Audit Committee of Dom Development S.A. took place, on the following dates:

1. 21 August 2023 (via videoconference);
2. 20 October 2023 (via videoconference);
3. 6 November 2023 (via videoconference);
4. 29 November 2023 (via videoconference).

All sessions of the Audit Committee were convened correctly. All members of the Audit Committee were present at three sessions. One session took place with the required quorum. The sessions of the Audit Committee were also attended by certain members of the Management Board and other management, including: Vice President of the Management Board and CFO, Mr. Leszek Stankiewicz, Member of the Management Board, Mr. Mikołaj Konopka, Financial Controller and CFO Deputy, Mr. Dariusz Gołębiewski, Chief Risk Officer, Mrs. Anna Skubis-Sobańska and who collectively provided information about internal audits, the Company's financial statements and other information that was requested by the Audit Committee to be provided by the Management Board.

Two of the Audit Committee sessions were attended by representatives of the Company's auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. with its registered seat in Warsaw, who presented tax and accounting information and discussed issues in relation to the audit of the 2023 financial statements.

At the meeting on 21 August 2023 the Audit Committee adopted the Report of the Audit Committee on activities conducted between 1 January 2023 and 30 June 2023. The meeting was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed all necessary explanations and presented the results of the 2023 half year review. The members of the Audit Committee heard and discussed a presentation on preparing and implementing an internal standard for risk management, compliance and assurance.

Moreover, the Audit Committee recommended the appointment of the Company's previous auditor to audit Dom Development S.A.'s financial statements and Dom Development S.A. Capital Group's consolidated financial statements as of 2024. The Audit Committee reviewed and evaluated the Audit Committee Regulations for adequacy and proposed amendments to them to the Supervisory Board..

Another Audit Committee videoconference was held on 20 October 2023, during which the Audit Committee members recommended the appointment of the Company's previous auditor to audit Dom Development S.A.'s condensed financial statements drawn up for the period 1 January 2023 to 30 June 2023.

At the meeting on 6 November 2023, the Audit Committee members stated that there were no contraindications to the Supervisory Board of the Company giving its consent to make an advance dividend payment for 2023.

A meeting on 29 November 2023 was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed the results of the interim audit and the audit plan for the 2023 financial statements. Moreover, the Audit Committee members were updated on both the project to prepare and implement an internal standard for risk management, compliance and assurance and the ESG strategy implementation. The Internal Audit reports were also discussed. The Audit Committee members adopted the 2024 activity schedule and Audit Life Cycle Paper.





DOM DEVELOPMENT S.A.

**REPORT  
OF THE REMUNERATION  
COMMITTEE  
OF DOM DEVELOPMENT S.A.  
ON THE ACTIVITIES CONDUCTED  
FROM 1 JANUARY 2023  
TO 31 DECEMBER 2023**



## I. Personnel, composition and organisation of the Remuneration Committee.

Pursuant to the provisions of the Statute of Dom Development S.A. with its registered seat in Warsaw ('the Company') and Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006, 5 October 2010 and 4 October 2023, the Remuneration Committee is a permanent committee of the Supervisory Board.

The Remuneration Committee is composed of at least three members appointed by the Supervisory Board from among its members, at least two of whom shall be Independent Members of the Supervisory Board (in the meaning of point 7.7 of the Company's Statute).

From 1 January 2023 to 14 June 2023, the Remuneration Committee acted under the following composition:

Marek Moczulski - Chairman of the Remuneration Committee,

Mark Spiteri - Member of the Remuneration Committee,

Krzysztof Grzyliński - Member of the Remuneration Committee.

Following the resignations of Mr. Marek Moczulski and Krzysztof Grzyliński from their positions of Company Supervisory Board members, Mrs. Dorota Podedworna-Tarnowska and Mrs. Anna Maria Panasiuk were appointed to the Remuneration Committee on 15 June 2023. Mrs. Dorota Podedworna-Tarnowska was also appointed Chairperson of the Remuneration Committee.

The rules of organisation and the methods of operation of the Remuneration Committee are specified by the provisions of the Company's Statute and the Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006, 5 October 2010 and 4 October 2023.

## II. Activity of the Remuneration Committee.

1. During the period under review, the Remuneration Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board. Said sessions took place in accordance with the 2022 Company Activity Schedule and depending on needs. The Remuneration Committee also conducted sessions via videoconference. Minutes were taken during all sessions and the decisions made by the Committee took the form of resolutions.

2. During the period from 1 January 2023 to 31 December 2023, the most important tasks of the Remuneration Committee were the periodical assessment of the terms of remuneration of the Management Board members and preparation of remuneration proposals including granting additional incentive-based benefits for management, such as bonus schemes and share option programs.

During the period covered by this report, 7 sessions of the Dom Development S.A. Remuneration Committee took place, on the following dates:

1. 15 March 2023;
2. 24 March 2023;
3. 17 April 2023;
4. 15 May 2023;
5. 24 May 2023;
6. 4 October 2023;
7. 30 November 2023;

All sessions of the Remuneration Committee were convened correctly. All members of the Remuneration Committee were present at all sessions. Some sessions of the Remuneration Committee were also attended by the President of the Management Board Mr. Jarosław Szanajca and HR Director Mrs. Magdalena Bielecka.





Members of the Remuneration Committee at the meeting on 15 March 2023 discussed the remuneration given to members of the Management Board in 2022, adopted the Report of the Remuneration Committee on activities conducted from 1 January 2022 to 31 December 2022, recommended the granting of bonuses within the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. and adopted a resolution on the recommendation of setting of SECP (Senior Executive Compensation Plan) targets.

At the meeting on 17 April 2023 the Remuneration Committee adopted resolution on the recommendation of bonuses within the SECP (Senior Executive Compensation Plan).

During the Remuneration Committee meeting on 15 May 2023, the members recommended that the Supervisory Board adopt the "Supervisory Board report on remuneration for members of Dom Development S.A. Management Board and Supervisory Board for 2022".

At the meeting on 24 May 2023, the Remuneration Committee members discussed the status of the share option programmes.

At the meeting on 4 October 2023, the Remuneration Committee analyzed research on remuneration packages at Warsaw quoted public companies (which are comparable to Dom Development S.A.) for 2022, adopted resolution on a proposal of the remuneration of a Member of the Management Board and proposed amendment of Remuneration Committee Regulations.

At the meeting on 30 November 2023, the Remuneration Committee members discussed plans for 2024 with the Company's HR Director, adopted a resolution on a proposal of bonus for a Management Board Member, as well as adopted the 2024 activity schedule.



**Resolution No 03/03/24**

**dated 18 March, 2024**

**of the Supervisory Board of Dom Development Spółka Akcyjna**

**with its registered office in Warsaw**

**on the assessment of the Supervisory Board of:**

**the financial statements of Dom Development S.A. for the year ended on 31 December**

**2023, the report of the Management Board on the activities of Dom Development S.A.**

**and its Capital Group in 2023, the consolidated financial statements of Dom**

**Development S.A. Capital Group for the year ended on 31 December 2023**

**§ 1**

The Supervisory Board of Dom Development Spółka Akcyjna with its registered seat in Warsaw, acting pursuant to art. 382 § 3 point 1) of the Commercial Companies Code hereby adopts the Report of the Supervisory Board on assessment of:

- 1) the financial statements of Dom Development S.A. for the year ended on 31 December 2023;
- 2) the report of the Management Board on the activities of Dom Development S.A. and its Capital Group in 2023;
- 3) the consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2023;

constituting Appendix to this resolution, and decides to present the above-mentioned reports to the Ordinary General Shareholders Meeting of Dom Development S.A.

**§ 2**

This resolution shall become effective upon its adoption.





**DOM DEVELOPMENT S.A. CAPITAL GROUP**

# **REPORT BY THE SUPERVISORY BOARD OF DOM DEVELOPMENT S.A.**

**ON THE ASSESSMENT OF:**

- **FINANCIAL STATEMENTS OF DOM DEVELOPMENT S.A. FOR THE YEAR ENDED 31 DECEMBER 2023**
- **CONSOLIDATED FINANCIAL STATEMENTS OF DOM DEVELOPMENT S.A. CAPITAL GROUP FOR THE YEAR ENDED 31 DECEMBER 2023**
- **MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP IN 2023**





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# 1 ASSESSMENT OF THE FINANCIAL STATEMENTS AND MANAGEMENT BOARD'S REPORT OF ACTIVITIES

## 1.1 SCOPE OF THE ASSESSMENT

The Supervisory Board of Dom Development S.A. with its registered office in Warsaw assessed:

- a) Financial statements of Dom Development S.A. for the year ended 31 December 2023

The financial statements of Dom Development S.A. with its registered office at pl. Piłsudskiego 3 in Warsaw ("Company") for the year ended 31 December 2023 were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU. They consist of:

- balance sheet prepared as at 31 December 2023 with the balance of assets and liabilities in the amount of PLN 3 297 159 thousand;
- income statement for the twelve-month period ended 31 December 2023 showing a net profit of PLN 441 114 thousand;
- statement of comprehensive income for the twelve-month period ended 31 December 2023 showing a net comprehensive income of PLN 430 154 thousand;
- cash flow statement for the twelve-month period ended 31 December 2023 showing net cash and cash equivalents of PLN 34 104 thousand as at 31 December 2023;
- statement of changes in shareholders' equity in the twelve-month period ended 31 December 2023 showing the balance of shareholders' equity of PLN 1 368 165 thousand as at 31 December 2023;
- additional information and notes to the financial statements.

- b) Consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2023

The consolidated financial statements of Dom Development S.A. Capital Group (the "Group"), of which Dom Development S.A. with its registered office at pl. Piłsudskiego 3 in Warsaw is the parent company, for the year ended on 31 December 2023 were prepared in accordance with IFRS. They consist of:

- consolidated balance sheet prepared as at 31 December 2023 with the balance of assets and liabilities in the amount of PLN 4 563 314 thousand;
- consolidated income statement for the twelve-month period ended 31 December 2023 showing a net profit of PLN 460 250 thousand;
- consolidated statement of comprehensive income for the twelve-month period ended 31 December 2023 showing a net comprehensive income of PLN 449 290 thousand;
- consolidated cash flow statement for the twelve-month period ended 31 December 2023 showing net cash and cash equivalents of PLN 286 274 thousand as at 31 December 2023;
- consolidated statement of changes in shareholders' equity in the twelve-month period ended 31 December 2023 showing the balance of shareholders' equity of PLN 1 449 540 thousand as at 31 December 2023;
- additional information and notes to the financial statements.

- c) Management Board's reports of activities of Dom Development S.A. and its Capital Group in 2023.

## 1.2 FINANCIAL STATEMENTS AUDIT

The financial statements and the consolidated financial statements for the year ended on 31 December 2023 were audited on the basis of an agreement between Dom Development S.A. and PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. (*limited partnership*) with its registered office in Warsaw at ul. Polna 11, entered by the National Council of Statutory Auditors in the list of entities entitled to audit financial statements under number 144. The agreement continued in force and effect based on resolution no. 3/04/23 adopted on 17 April 2023 by the Supervisory Board of Dom Development S.A.

The audit was carried out by the Statutory Auditor in accordance with:

- a) regulations of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision,
- b) the National Auditing Standards adopted by the National Council of Statutory Auditors and the Polish Audit Oversight Agency; and
- c) EU Regulation No. 537/2014 of 16 April 2014 on specific requirements for statutory audits of public-interest entities.

## 1.3 ASSESSMENT BY THE SUPERVISORY BOARD

In the opinion of the Supervisory Board:

The financial statements for the year ended on 31 December 2023:

- give a true and fair view of the assets and financial position of Dom Development as at 31 December 2023, as well as its financial result and cash flow for the period from 1 January 2023 to 31 December 2023,
- has been prepared in accordance with IFRS,
- are consistent with the laws and regulations regulating the preparation of financial statements and affecting the presentation and content of the financial statements,
- were prepared in line with the books, documents and the facts, and in accordance with the provisions of law.

The consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2023:

- give a true and fair view of the assets and financial position of Dom Development S.A. Capital Group as at 31 December 2023, as well as its financial result and cash flow for the period from 1 January 2023 to 31 December 2023,
- has been prepared in accordance with IFRS,
- are consistent with the laws and regulations regulating the preparation of consolidated financial statements and affecting the presentation and content of the financial statements,
- were prepared in line with the books, documents and the facts, and in accordance with the provisions of law.

Management Board's reports of activities of Dom Development S.A. and its capital group in 2023:

- is complete in accordance with the meaning of art. 49 of the Accounting Act and the Regulation by the Minister of Finance dated 29 March 2018 on the current and periodic submissions by securities issuers and the terms of confirming equivalency of information required under the regulations of a non-Member State. The information contained in the Management Board's report of activities of the Dom Development S.A. Capital Group, is consistent with the information contained in the audited financial statements and in the consolidated financial statements,
- were prepared in line with the books, documents and the facts, and in accordance with the provisions of law.



## 2 ASSESSMENT OF THE POSITION OF DOM DEVELOPMENT S.A.

ASSESSMENT OF THE POSITION OF THE COMPANY BASED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE MANAGEMENT BOARD'S REPORTS OF ACTIVITIES OF DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP IN 2023

### 2.1 SIGNIFICANT SHAREHOLDERS IN DOM DEVELOPMENT S.A.

THE SHAREHOLDERS OF DOM DEVELOPMENT S.A. WHO HELD, BOTH DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS' MEETING (GSM) AS AT 31 December 2023

As at 31 December 2023 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. with its registered office in Luxembourg which held 55.02% of the Company's shares.

The table below shows the list of shareholders who have, directly or indirectly through subsidiaries, significant shareholdings as at 31 December 2023:

STATUS AS AT 31 DECEMBER 2023	SHARES	CHANGE IN SHAREHOLDING SINCE 31 DECEMBER 2022	NUMBER OF VOTES AT THE GSM	SHARE IN CAPITAL AND VOTES AT THE GSM
Groupe Belleforêt S.à r.l.	14 140 441	(15 500)	14 140 441	55.02%
PTE Allianz Polska S.A. *)	2 501 493	(2 736)	2 501 493	9.73%
Jarosław Szanajca	1 454 050	-	1 454 050	5.66%

\*) The shareholding by PTE Allianz Polska S.A. has been presented as per the notice dated 15.05.2023 and includes the shares held by Allianz OFE.

### 2.2 EVALUATION OF BASIC ECONOMIC AND FINANCIAL FIGURES DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS OF DOM DEVELOPMENT S.A. FOR 2023

#### 2.2.1 BALANCE SHEET

STRUCTURE OF THE COMPANY'S ASSETS AS AT 31 December 2023, AND CHANGES AS COMPARED TO THE FIGURES AS AT THE END OF 2022.

ASSETS	31.12.2023 (in PLN '000)	Share in the balance sheet total	31.12.2022 (in PLN '000)	Change YoY
<b>Current assets</b>				
Investments in subsidiaries, associates and jointly controlled entities	472 613	14.3%	486 050	(2.8)%
Long-term loans granted	462 337	14.2%	303 045	52.6%
Other fixed assets	67 260	1.9%	104 132	(35.4)%
<b>Total fixed assets</b>	<b>1 002 210</b>	<b>30.4%</b>	<b>893 227</b>	<b>12.2%</b>
<b>Current assets</b>				
Inventory	2 050 861	62.2%	1 930 509	6.2%
Trade and other receivables	52 790	1.6%	42 782	23.4%
Other current assets	74 836	2.3%	4 409	1597.4%
Cash and cash equivalents and short-term financial assets	116 462	3.5%	241 103	(51.7)%
<b>Total current assets</b>	<b>2 294 949</b>	<b>69.6%</b>	<b>2 218 803</b>	<b>3.4%</b>
<b>TOTAL ASSETS</b>	<b>3 297 159</b>	<b>100.0%</b>	<b>3 112 030</b>	<b>5.9%</b>

STRUCTURE OF THE COMPANY'S SHAREHOLDERS' EQUITY AND LIABILITIES AS AT 31 December 2023, AND CHANGES AS COMPARED TO THE FIGURES AS AT THE END OF 2022

EQUITY AND LIABILITIES	31.12.2023 (in PLN '000)	Share in equity and liabilities	31.12.2022 (in PLN '000)	Change YoY
<b>Shareholders' equity</b>				
Share capital	25 698	0.8%	25 548	0.6%
Share premium	271 558	8.2%	264 208	2.8%
Reserve and supplementary capitals, and accumulated unappropriated profit (loss)	1 070 909	32.5%	1 061 278	0.9%
<b>Total shareholders' equity</b>	<b>1 368 165</b>	<b>41.5%</b>	<b>1 351 034</b>	<b>1.3%</b>
<b>Liabilities</b>				
Total long-term liabilities	550 872	16.7%	342 253	60.9%
Total short-term liabilities	<b>1 378 122</b>	41.8%	1 418 743	(2.9)%
<b>Total liabilities</b>	<b>1 928 994</b>	<b>58.5%</b>	<b>1 760 996</b>	<b>9.5%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 297 159</b>	<b>100.0%</b>	<b>3 112 030</b>	<b>5.9%</b>

## 2.2.2 INCOME STATEMENT

Selected data from the income statement of the Company for the year ended 31 December 2023 as compared to 2022:

	01.01- 31.12.2023 (in PLN '000)	Share in sales revenue	01.01- 31.12.2022 (in PLN '000)	Change YoY
Sales revenue	1 487 820	100.0%	1 414 704	5.2%
Cost of sales	(999 495)	67.2%	(952 407)	5.0%
Gross profit on sales	488 325	32.8%	462 297	5.6%
Operating profit	333 915	22.4%	309 348	7.9%
Profit before tax	509 979	34.3%	436 697	16.8%
<b>Net profit</b>	<b>441 114</b>	<b>29.6%</b>	<b>373 684</b>	<b>18.0%</b>
<b>Earnings per share (in PLN)</b>	<b>17.19</b>		<b>14.64</b>	<b>17.4%</b>

In 2023, the Company recognised sales revenue of PLN 1 487 820 thousand, i.e. 5.2% more than the previous year. The increase in revenues resulted from the volume of deliveries of units being slightly higher than that in the previous year (1 928 units compared to 1 921 a year earlier), and to a greater extent from a higher unit net sales price.

The increase in gross profit on sales by 5.6 % (i.e., to PLN 488 325 thousand) was slightly higher than a change in revenues, which accounts for a higher gross margin on sales that reached 32.8% (32.7% in 2022).

In 2023, Company's profit before tax increased by 16.8% to reach PLN 509 979 thousand. In addition to higher gross profit on sales, which increased by PLN 26 million, the increase in gross profit was mainly due to higher financial revenues of the Company, which increased by 64 million (i.e. by 44%) compared to 2022. The increase in financial revenues was a result of higher dividends from subsidiaries (PLN 42 million more than in 2022, i.e., up by 36%) and greater proceeds from interests on bank deposits and intragroup loans (PLN 20 million more than in 2022, i.e., up by 79%).

In 2023, the Company earned PLN 441 114 thousand in net profit, which is 18.0% more than in the previous year. The net profit margin reached 29.6%.

### 2.2.3 CASH FLOW STATEMENT

	2023 (in PLN '000)	2022 (in PLN '000)	Change YoY
Cash and cash equivalents – opening balance	184 078	364 394	(49.5)%
Net cash flow from operating activities	67 810	136 316	(50.3)%
Net cash flow from investing activities	41 240	(56 874)	-
Net cash flow from financing activities	(259 024)	(259 758)	(0.3)%
<b>Cash and cash equivalents – closing balance</b>	<b>34 104</b>	<b>184 078</b>	<b>(81.5)%</b>

At the beginning of 2023, the cash balance stood at PLN 184 078 thousand, compared to PLN 34 104 thousand at the end of the year. This means that in the period from 1 January 2023 to 31 December 2023 the Company's cash balance decreased by PLN 149 974 thousand.

In 2023, the Company recorded a net inflow of cash from operating activities in the amount of PLN 67 810 thousand which was a 50.3% decrease from the previous year. This decrease results mainly from the higher income tax paid compared from the previous year (increase by PLN 42 million). In the same period, the Company also recorded a significant increase in expenses related to the implementation of its development projects, which, however, was almost entirely offset by higher proceeds from customers in the period concerned. Having delivered a net operating cash flow at the level presented above should be considered a positive result. The Company's Management Board has been effectively aligning the Company's operations to the prevailing market situation, in particular in view of demand outweighing supply. This is specifically visible by the balancing of inventory expenditures (for construction operations, designing and new land) with proceeds from customers.

In 2023, the Company recorded a net inflow of funds from investing activities in the amount of PLN 41 240 thousand compared to a net outflow of PLN 56 874 thousand in the preceding year. The change in funds from investing activities in 2023 consists mainly of receipt of dividends and interim dividends from subsidiaries totalling PLN 161 million offset by loans granted to subsidiaries in a net amount of PLN 122 million.

In 2023, the Company again disclosed a significant net cash outflow from financial activities, in the amount of PLN 259 024 thousand. This was the combined effect of a record-high 2022 dividend payment (PLN 283 million), a 2023 interim dividend payment (PLN 141 million) offset by an increase in bond debt by PLN 210 million with the concurrent decrease in loan liabilities by PLN 50 million.

### 2.2.4 PROFITABILITY RATIOS

In 2023, the Company's profitability not only remained elevated but it even grew noticeably compared to the previous year.

All of the ratios showing the profitability of the Company's operations in 2023 improved compared to the previous year. The gross margin on sales in the previous year again exceeded 32% at 32.8%, demonstrating the maintenance of very good profitability on development projects.

On the other hand, the Company's net profit margin increased noticeably (by 3.2 pp over 2022) to reach 29.6% in 2023. This increase results from higher revenues from dividends from subsidiaries and higher interest income compared to the prior year (as described in section 2.2.2).

The increase in net profit compared to 2022, with the concurrent payment of a high dividend, translated into a higher return on equity, which stood at 32.7%. The return on assets in 2023 increased to 14.2% compared to 12.3% achieved a year ago. In the opinion of the Supervisory Board, the level of the Company's profitability was very satisfactory, and speaks for effective management of the Company's assets.

PROFITABILITY RATIOS	2023	2022
Gross margin ratio (gross profit on sales / net sales revenue)	32.8%	32.7%
Operating profit margin (EBIT / net sales revenue)	22.4%	21.9%
Net profit margin (net profit / net sales revenue)	29.6%	26.4%
Return on assets (ROA; net profit / total assets at the beginning of the period)	14.2%	12.3%
Return on equity (ROE; net profit / shareholders' equity at the beginning of the period)	32.7%	30.5%

## 2.2.5 LIQUIDITY RATIOS

As at the end of 2023, current and quick liquidity ratios improved over the previous year, reaching an exceptionally high, unique level.

At the end of 2023, the current ratio and quick ratio stood at 5.71 and 0.61 respectively, demonstrating a very good overall liquidity situation of the Company.

At the same time, the cash ratio dropped significantly, as a result of the Management Board's decision to distribute a 2023 interim dividend amounting to PLN 141 million in December 2023. As a consequence the cash balance was much lower at the end of the year compared to the prior year.

Such consistently good liquidity ratios, and also the available sources of financing (open credit lines in five banks, totalling PLN 560 million) are due to a number of long-term decisions and actions taken by the Company's Management Board. The current, good level of the ratios is largely the effect of the appropriate financing structure, which is predominantly medium-term and long-term financing, compared to short-term financing. Those decisions and actions also include the manner of conducting and financing the projects (including about when to commence individual projects and what product mix to offer for sale), the strategy to acquire new properties in the Warsaw market, and the acquisitions and expansion of Company's operations in the non-Warsaw markets.

The credibility of the Company in the financial market is still high which is reflected by a diversified financing structure of the Company's and its Group's operations and by the willingness of banks as well as other financial institutions to grant new loans and other forms of long-term finance (such as bonds) to the Company.

LIQUIDITY RATIOS	2023	2022
<b>Current ratio</b> (current assets / short-term liabilities*)	5.71	4.37
<b>Quick ratio</b> (current assets less inventory / short-term liabilities*)	0.61	0.57
<b>Cash ratio</b> (cash and cash equivalents*) / short-term liabilities*)	0.08	0.36

\*) Short-term liabilities less deferred income

## 2.2.6 LEVERAGE RATIOS

Appropriate operating policy (i.e., proper commencement and pace of projects conducted, as well as controlled purchases of new real properties) and financing policy (the financing structure) ensured that the leverage ratios were maintained at safe levels to support the business activity and confirm the Company's creditworthiness in the financial market.

The equity ratio, debt to equity ratio and debt ratio were similar at the end of 2023 to those at the end of 2022, thus reflecting the conservative approach of the Company's governing bodies to the sourcing of financing for its operations.

As regards the Company's leverage ratios under analysis, the most significant change was noted for the interest bearing debt ratio and gearing ratio, which increased by 11.4 pp and 20.2 pp respectively. This may be largely attributed to the Management Board's decision to pay an interim dividend at the end of 2023 having considered the Company's safe liquidity.

In the financing policy pursued by the Management Board for which balanced proportions of debt (including interest bearing debt), net assets and current assets are a priority in this area. In addition, the Management Board pays great attention to the financing of operations of the entire Group, including through lending to subsidiaries.

LEVERAGE RATIOS	2023	2022
<b>Equity ratio</b> (shareholders' equity / total assets)	41.5%	43.4%
<b>Debt to equity ratio</b> (total liabilities / shareholders' equity)	141.0%	130.3%
<b>Debt ratio</b> (total liabilities / total assets)	58.5%	56.6%
<b>Interest bearing debt ratio</b> (interest bearing liabilities / shareholders' equity)	38.0%	26.6%
<b>Gearing ratio</b> (interest bearing debt less cash and cash equivalents*) / shareholders' equity)	30.6%	10.4%

\*) Cash and cash equivalents, including funds in open escrow accounts

## 2.2.7 SUMMARY AND ASSESSMENT

On the basis of the financial statements of Dom Development S.A. for the financial year 2023 and the Management Board's report of the activities of the Company and its Capital Group for the financial year 2023, the Supervisory Board considers 2023 to be another very good year for Dom Development S.A. business in particular, in the context of uncertainties caused by the Russian invasion of Ukraine.

The year 2023 marked a distinct recovery in demand for flats, with a growing proportion of purchases financed by mortgage loans, which was significantly contributed to by: the relaxation of creditworthiness assessment criteria by the Financial Supervision Authority, the announcement and subsequent implementation of the Safe 2% Mortgage programme, and the first interest rates cuts in a long time, following a series of hikes in 2021-2022. In 2023, approximately 41% of all Dom Development S.A. Capital Group's transactions were purchases financed with a mortgage loan, compared to about 30% in 2022. Despite a significant increase in the proportion of flat purchases financed by loans, cash transactions still accounted for over half of the Company's sales. This demonstrates the continually high level of investment transactions.

In 2023, the Company's financial management was mainly focused on seeking sources of long-term external financing for the projects under construction and on maintaining adequate levels of liquidity. The Company's Management Board regularly analyses the existing financing structure and makes plans for the future optimum financing structure in order to achieve satisfactory financial ratios and financial results over the medium term, and at the same time, ensuring adequate liquidity and the financial security for the Company and the companies operating within the Dom Development S.A. Capital Group.

Following the Company's very strong performance in 2023, the 2024 is shaping up as a year full of challenges not only for companies in the real estate development sector, but for the entire Polish economy. The following factors continue to have the greatest impact on the industry:

- high interest rates affecting the affordability of mortgage loans,
- high inflation,
- the Russian invasion of Ukraine launched on 24 February 2022, which is a factor significantly destabilising the economic environment in the whole region,
- difficulty in obtaining administrative decisions needed to develop projects,
- constantly changing laws, such as additional tax burdens in the sector of institutional purchase of residential units or new regulations concerning the technical conditions to be met by buildings and their location.

The Supervisory Board believes that the experience that the Company's Management Board and its management staff have grown over the years, and the resources held by the Company (both financial and non-financial) resulting from well-considered and prudent financial and investment policies, will allow the Company to mitigate the negative impacts of the instability present in the wider economic environment caused by the above factors.

The most important task of the Management Board is not only to maintain the Company in constant readiness to respond rapidly to all new challenges, but above all to ensure the Company's ability to maintain its leading position on the housing market in Warsaw and to support and coordinate activities with the other companies of the Dom Development S.A. Capital Group as they expand in the Tricity, Wrocław and Cracow markets. The major steps undertaken in this respect included:

- ensuring that adequate sources of finance are available to the Company (and the Group), both for its current and future development projects, day-to-day operations, and for its overall safety,
- co-operation with banks, and assisting customers in obtaining mortgages for the purchase of an apartment,
- adjusting the Company's sales offer to the market demand,
- aligning land purchase outlays to the Company's existing and future needs,
- utilising the existing land bank in the most appropriate manner,
- generating sales by improving the sales and marketing activities,
- maintaining customer confidence in the 'Dom Development' brand by maintaining a high quality of units sold,
- restructuring the organisation and employment levels to the anticipated level of operational activities,
- thorough inspection of budgets for ongoing development projects at every stage of project implementation,
- optimising overhead efficiency,
- responding quickly to legislative changes, and

- responding quickly to crisis situations caused by various external factors, both local and global.

In addition, in the face of the Russian invasion of Ukraine, the Company's Management Board is tasked with monitoring and responding adequately to changes in the current macroeconomic situation.

In 2023, the Company's operations generated a significant profit as shown in the income statement.

In Q4 of last year, the Company paid an interim dividend for the first time in its history, on account of the profit for the current financial period.

Having analysed the financial statements for 2023 and the Management Board's report of activities of Dom Development S.A. and its Capital Group in 2023, the Supervisory Board shares the opinion of the Management Board as to the strong financial position of Dom Development S.A. at the end of 2023, that provides solid foundations for the continuing development of the Company.

This opinion is based on both the analysis of current operations and the financial standing of the Company, and the analysis of the Management Board's activities and effectiveness. It relates predominantly to the prompt, effective and professional reaction of the Management Board to changes in the market where the Company has been operating.

Over the years, the Company has developed an established position as the leader in the Warsaw residential market, gaining considerable experience in terms of execution of development projects as well as the sale and financing of these projects

### 3 ASSESSMENT OF THE POSITION OF DOM DEVELOPMENT S.A. CAPITAL GROUP

ASSESSMENT OF THE POSITION OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP BASED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023 AND THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP IN 2023

#### 3.1 SIGNIFICANT SHAREHOLDERS IN DOM DEVELOPMENT S.A.

THE SHAREHOLDERS OF DOM DEVELOPMENT S.A. WHO HELD, BOTH DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS' MEETING AS AT 31 DECEMBER 2023

As at 31 December 2023 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. with its registered office in Luxembourg which held 55.02% of the Company's shares.

The table below shows the list of shareholders who have, directly or indirectly through subsidiaries, significant shareholdings as at 31 December 2023:

STATUS AS AT 31 DECEMBER 2023	SHARES	CHANGE IN SHAREHOLDING SINCE 31 DECEMBER 2022	NUMBER OF VOTES AT THE GSM	SHARE IN CAPITAL AND VOTES AT THE GSM
Groupe Belleforêt S.à r.l.	14 140 441	(15 500)	14 140 441	55.02%
PTE Allianz Polska S.A. *)	2 501 493	(2 736)	2 501 493	9.73%
Jarosław Szanajca	1 454 050	-	1 454 050	5.66%

\*) The shareholding by PTE Allianz Polska S.A. has been presented as per the notice dated 15.05.2023 and includes the shares held by Allianz OFE.

#### 3.2 EVALUATION OF BASIC ECONOMIC AND FINANCIAL FIGURES DISCLOSED IN THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF DOM DEVELOPMENT S.A. CAPITAL GROUP FOR 2023

##### 3.2.1 CONSOLIDATED BALANCE SHEET

STRUCTURE OF THE GROUP'S ASSETS AS AT 31 DECEMBER 2023, AND CHANGES AS COMPARED TO THE FIGURES AS AT THE END OF 2022.

ASSETS	31.12.2023 (in PLN '000)	Share in assets	31.12.2022 (in PLN '000)	Change YoY
<b>Total fixed assets</b>	<b>156 665</b>	<b>3.4%</b>	<b>175 308</b>	<b>(10.6)%</b>
<b>Current assets</b>				
Inventory	3 837 118	84.1%	3 442 969	11.5%
Trade and other receivables	88 340	1.9%	90 731	(2.6)%
Other current assets	77 357	1.7%	7 549	924.7%
Cash and cash equivalents	403 834	8.9%	395 399	2.1%
Short-term financial assets				
<b>Total current assets</b>	<b>4 406 649</b>	<b>96.6%</b>	<b>3 936 648</b>	<b>11.9%</b>
<b>Total assets</b>	<b>4 563 314</b>	<b>100.0%</b>	<b>4 111 956</b>	<b>11.0%</b>

STRUCTURE OF THE GROUP'S SHAREHOLDERS' EQUITY AND LIABILITIES AS AT 31 DECEMBER 2023, AND CHANGES AS COMPARED TO THE FIGURES AS AT THE END OF 2022

EQUITY AND LIABILITIES	31.12.2023 (in PLN '000)	Share in equity and liabilities	31.12.2022 (in PLN '000)	Change YoY
<b>Shareholders' equity</b>				
Share capital	25 698	0.6%	25 548	0.6%
Share premium less treasury shares	271 558	6.0%	264 208	2.8%
Reserve and supplementary capitals, and accumulated unappropriated profit (loss)	1 152 202	25.3%	1 123 458	2.6%
<b>Total shareholders' equity</b>	<b>1 449 458</b>	<b>31.8%</b>	<b>1 413 214</b>	<b>2.6%</b>
Non-controlling interests	82	<0.1%	59	38.9%
<b>Total shareholders' equity</b>	<b>1 449 540</b>	<b>31.8%</b>	<b>1 413 273</b>	<b>2.6%</b>
<b>Liabilities</b>				
Total long-term liabilities	689 978	15.1%	440 363	56.7%
Total short-term liabilities	2 423 796	53.1%	2 258 320	7.3%
<b>Total liabilities</b>	<b>3 113 774</b>	<b>68.2%</b>	<b>2 698 683</b>	<b>15.4%</b>
<b>Total equity and liabilities</b>	<b>4 563 314</b>	<b>100.0%</b>	<b>4 111 956</b>	<b>10.9%</b>

### 3.2.2 CONSOLIDATED INCOME STATEMENT

Consolidated income statement of the Group for the year ended 31 December 2023 as compared to 2022:

	01.01- 31.12.2023 (in PLN '000)	Share in sales revenue	01.01- 31.12.2022 (in PLN '000)	Change YoY
Sales revenue	2 550 313	100.0%	2 419 308	5.4%
Cost of sales	(1 735 262)	68.0%	(1 663 537)	4.3%
Gross profit on sales	815 051	32.0%	755 771	7.8%
Operating profit	558 193	21.9%	501 539	11.3%
Profit before tax	573 255	22.5%	512 620	11.8%
<b>Net profit</b>	<b>460 250</b>	<b>18.0%</b>	<b>410 297</b>	<b>12.2%</b>
<b>Earnings per share (in PLN)</b>	<b>17.94</b>		<b>16.07</b>	<b>12.6%</b>

In 2023, the Group recognised the highest net profit in its history at the level of PLN 460 250 thousand, i.e. an increase of 12.2% over the previous year, which had also been a record-breaking year. Such a solid performance was mainly due to a 5.4% increase in sales revenue, combined with a concurrent 0.8 pp growth in the gross profitability, reaching 32.0% (as described in section 3.2.4) offset by a mere 4.6% growth of selling costs and general administrative expenses.

The results achieved by the Group, with an increasing role played by companies from non-Warsaw markets, is highly satisfying and reflects the effectiveness of its business model.



### 3.2.3 CONSOLIDATED CASH FLOW STATEMENT

	2023 (in PLN '000)	2022 (in PLN '000)	Change YoY
Cash and cash equivalents – opening balance	304 236	607 041	(49.9)%
Net cash flow from operating activities	267 725	203 583	31.5%
Net cash flow from investing activities	(15 692)	(215 790)	(92.7)%
Net cash flows from financing activities	(269 995)	(290 598)	(7.1)%
<b>Cash and cash equivalents – closing balance</b>	<b>286 274</b>	<b>304 236</b>	<b>(5.9)%</b>

The Dom Development S.A. Capital Group generated PLN 268 million of net cash flow from operating activities in 2023. The Supervisory Board believes it is a very good result indicating the Group's healthy business model. The increase in this cash flow item, compared to 2022, primarily stems from greater sales (pre-contracted units). This resulted in substantial inflows from customers, made possible by the planned and timely completion of development projects. This trend is also evident in the Group's balance sheet, where deferred income increased by PLN 182 million compared to the previous year. Proceeds from sales exceeded the Group's operating expenses, and specifically expenses related to development projects in progress and purchases of land for future projects (which are also disclosed in operating activities).

In terms of investing activities in 2023, the Group recorded only a slight cash outflow of PLN 16 million, primarily due to expenditures on intangible assets (software) and tangible fixed assets. In 2022, high investment spending was associated with the acquisition of development companies in the Cracow market.

In 2023, the Group again disclosed a significant net cash outflow from financial activities, in the amount of PLN 270 million. This was the combined effect of a record-high 2022 dividend payment (PLN 283 million), a 2023 interim dividend payment (PLN 141 million) offset by an increase in bond debt of PLN 210 million with the concurrent decrease in loan liabilities by PLN 59 million.

In total, in 2023 the balance of the Group's consolidated cash decreased by PLN 18 million to PLN 286 million.

### 3.2.4 PROFITABILITY RATIOS

The ratios showing profitability of the operations conducted by the Group in 2023 have remained very good.

Last year, despite the strong upward pressure on construction costs, but with high demand, the Group successfully continued to pursue its strategy of maximising margins on its development projects. Good results are reflected in the growth of gross profitability, which reached 32% from 31.2% in 2022, and of other margin-related ratios.

Return on assets went up by 0.6 pp to 11.2%. The Company's Supervisory Board believes that it is a very good result. The Group's assets grew proportionally to its results and scale of operations mainly due to the increased inventory and deferred income, which determine the potential for future profits. The Group's inventories largely consist of real estate properties and expenditures on design and construction works incurred for units sold (pre-contracted) yet not delivered to the buyers.

The robust and consistent return on equity (ROE), which reached 32.6% in 2023, demonstrates the Group's efficiency and the Management Board's ability to react to market signals.

PROFITABILITY RATIOS	2023	2022
<b>Gross margin ratio</b> (gross profit on sales / net sales revenue)	32.0%	31.2%
<b>Operating profit margin</b> (EBIT / net sales revenue)	21.9%	20.7%
<b>Net profit margin</b> (net profit / net sales revenue)	18.0%	17.0%
<b>Return on assets</b> (ROA; net profit / total assets at the beginning of the period)	11.2%	10.6%
<b>Return on equity</b> (ROE; net profit / shareholders' equity at the beginning of the period)	32.6%	32.8%

### 3.2.5 LIQUIDITY RATIOS

Given the specificity of the real estate development sector, characterised by an exceptionally lengthening production cycle and the restrictions on financing of operations of the companies in the sector, special attention should be given to the comfortable financial position of the Group. This outcome was shaped by a number of long-term decisions and actions taken by the Company's Management Board. The high level of ratios is largely the effect of the appropriate financing structure, which is predominantly medium-term and long-term financing, instead of short-term financing. Those decisions and actions also include the manner of conducting and financing the projects (including about when to commence individual projects and what product mix to offer for sale), and the strategy to acquire new properties.

In the opinion of the Supervisory Board, the Group's liquidity continues to be very good. The Supervisory Board have noted that the Group's current financial position allowed the Management Board, for the first time in the Company's history, to recommend and subsequently distribute an interim dividend from the current year's profit.

The Dom Development S.A. Capital Group continued to maintain very high liquidity. At the end of 2023, the current liquidity ratio was high, at 6.39.

The quick liquidity ratio decreased and was at the level of 0.83 as at 31 December 2023. The value of that ratio is still on a very good level and demonstrates the high liquidity of the Group. In the unstable market environment, such a high level of liquidity gives the Group a significant competitive advantage, in the eyes of customers, business partners and financial institutions.

The cash ratio at the end of 2023 stood at 0.41, and was close to the value at the end of 2022. This figure is impressive, especially in the context of the said distribution of PLN 141 million interim dividend from the current year's profit, which took place in December 2023.

LIQUIDITY RATIOS	2023	2022
<b>Current ratio</b> (current assets / short-term liabilities*)	6.39	5.57
<b>Quick ratio</b> (current assets less inventory / short-term liabilities*)	0.83	0.70
<b>Cash ratio</b> (cash and cash equivalents) / short-term liabilities*)	0.41	0.43

\*) Short-term liabilities less deferred income

### 3.2.6 LEVERAGE RATIOS

Due to the appropriate operating policy (i.e., proper commencement and pace of investment projects conducted, as well as controlled purchases of new real properties) and financing policy (the financing structure) the presented values of the leverage ratios continue to be at a safe level for the business activity and confirm the Group's creditworthiness in the financial market. The leverage ratios were similar at the end of 2023 to those at the end of 2022, thus reflecting the conservative approach of the Company's Management Board to the sources of financing its operations.

As regards the Group's leverage ratios under analysis, a major change was noted only for the gearing ratio, which changed from minus 0.3% to a still comfortable level of 9.0%, despite the interim dividend paid in December 2023.

The Group's debt structure was primarily affected by the bonds issued, with the aggregate value of PLN 520 million, and specifically five-year bonds with the value of PLN 260 million issued in September 2023.

Another change was the debt to equity ratio, which increased from 191.0% to 214.8% in 2023. This increase was driven by a PLN 151 million rise in interest-bearing debt, as well as the previously mentioned PLN 182 million increase in deferred income, coupled with a slight growth in equity due to the interim dividend paid in December 2023.

When reviewing the leverage ratios and actions taken by the Management Board, it becomes apparent that maintaining a balanced proportion of debt (including interest-bearing debt), net assets, and current assets is a key priority for the Management Board.

LEVERAGE RATIOS	2023	2022
<b>Equity ratio</b> (shareholders' equity / total assets)	31.8%	34.4%
<b>Debt to equity ratio</b> (total liabilities / shareholders' equity)	214.8%	191.0%
<b>Debt ratio</b> (total liabilities / total assets)	68.2%	65.6%
<b>Interest bearing debt ratio</b> (interest bearing liabilities / shareholders' equity)	35.9%	26.1%
<b>Gearing ratio</b> (interest bearing debt less cash and cash equivalents*) / shareholders' equity)	9.0%	(0.3)%

\*) Cash and cash equivalents, including funds in escrow accounts

### 3.2.7 SUMMARY AND ASSESSMENT

On the basis of the consolidated financial statements of the Dom Development S.A. Capital Group for the financial year 2023 and the Management Board's report of the activities of the Company and its Capital Group for the financial year 2023, the Supervisory Board considers the year 2023 to have been another very good year for Dom Development S.A. Capital Group, in particular, in the context of uncertainties caused by the Russian invasion of Ukraine.

The year 2023 marked a distinct recovery in demand for flats, with a growing proportion of purchases financed by mortgage loans, which was significantly contributed to by: the relaxation of creditworthiness assessment criteria by the Financial Supervision Authority, the announcement and subsequent implementation of the Safe 2% Mortgage programme, and the first interest rates cuts in a long time, following a series of hikes in 2021-2022. In 2023, approximately 41% of all Dom Development S.A. Capital Group's transactions were purchases financed with a mortgage loan, compared to about 30% in 2022. Despite a significant increase in the proportion of flat purchases financed by loans, cash transactions still accounted for over half of the Group's sales. This demonstrates the continually high level of investment transactions.

In 2023, the Group's financial management was mainly focused on seeking sources of long-term external financing for the projects under construction and on maintaining high levels of liquidity. The Management Board regularly analyses the existing financing structure and makes plans for the future optimum financing structure in order to achieve satisfactory financial ratios and financial results over the medium term, and at the same time, ensuring adequate liquidity and the financial security of the Group.

Following the Group's very strong performance in 2023, 2024 is shaping up as a year full of challenges not only for companies in the real estate development sector, but for the entire Polish economy. The following factors continue to have the greatest impact on the industry:

- interest rate increases affecting the affordability of mortgage loans,
- high inflation,
- the Russian invasion of Ukraine launched on 24 February 2022, which is a factor significantly destabilising the economic environment in the whole region,
- difficulty in obtaining administrative decisions needed to develop projects,
- constantly changing laws, such as additional tax burdens in the sector of institutional purchase of residential units or new regulations concerning the technical conditions to be met by buildings and their location.

The Supervisory Board believes that the experience that the Company's Management Board and its management staff, including its subsidiaries' staff, has grown over the years, and the resources held by the Group (both financial and non-financial) resulting from well-considered and prudent financial and investment policies, will allow the Group to mitigate the negative impacts of the instability present in the wider economic environment caused by the above factors.

The most important task of the Company's Management Board and its subsidiaries' management boards is not only to maintain the Group companies in constant readiness to respond rapidly to all new challenges, but above all to ensure the Company's ability to maintain its leading position on the housing market in Warsaw and to coordinate activities with the other companies of the Group as they expand in the Tricity, Wroclaw and Cracow markets. The major steps undertaken in this respect included:

- ensuring that adequate sources of finance are available to the Group companies, both for current and future development projects, its day-to-day operations, and for its overall safety,
- co-operation with banks, and assisting customers in obtaining mortgages for the purchase of an apartment,
- adjusting the Group's sales offer to the market demand,
- aligning land purchase outlays to the Group's existing and future needs,
- utilising the existing land bank in the most appropriate manner,
- generating sales by improving the sales and marketing activities,
- maintaining customer confidence in the 'Dom Development and Euro Styl brands by maintaining high quality of the units sold,

- restructuring the organisation and employment levels to the anticipated level of operational activities,
- thorough inspection of budgets for ongoing development projects at every stage of project implementation,
- optimising overhead efficiency,
- responding quickly to legislative changes, and
- responding quickly to crisis situations caused by various external factors, both local and global.
- 

In addition, in the face of the Russian invasion of Ukraine, the Company's Management Board and its subsidiaries' management boards are tasked with continuous monitoring and responding adequately to changes in the current macroeconomic situation.

In 2023, the Group's operations generated significant profits, as disclosed in the consolidated income statement.

In Q4 of last year, the Company paid an interim dividend for the first time in its history, on account of the profit for the current financial period.

Having analysed the consolidated financial statements for 2023 and the Management Board's report of activities of Dom Development S.A. and its Capital Group in 2023, the Supervisory Board shares the opinion of the Management Board as to the strong financial position of the Dom Development S.A. Capital Group at the end of 2023, that provides solid foundations for the continuing development of the Group.

This opinion is based on both the analysis of the Group's current operations and financial standing, and the analysis of the activities taken by the Company's Management Board and its subsidiaries' management boards and effectiveness thereof. It relates predominantly to the prompt, effective and professional reaction to changes in the markets where the Group has been operating in recent years.

Owing to its extensive experience in designing, implementing, selling and financing development projects, the Group has developed a well-established position in the residential market in Poland. In 2023, the Group maintained its market share in all four metropolitan areas where the Group has been operating. In 2023, particularly noteworthy was the Group's continued expansion into the non-Warsaw markets, as well as the successful consolidation of the Group's operations in the Cracow market through the establishment of Dom Development Kraków Sp. z o.o.

## 4 PROPOSALS TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF DOM DEVELOPMENT S.A

Having examined the submitted reporting documentation for the financial year 2023 the Supervisory Board issues a positive opinion on the following documents and recommends that the Ordinary General Shareholders' Meeting of Dom Development S.A. approve:

Financial statements of Dom Development S.A. for the year ended 31 December 2023;

Management Board's Report of activities of Dom Development S.A. and the Dom Development S.A. Capital Group in 2023;

Consolidated financial statements of the Dom Development S.A. Capital Group for the year ended 31 December 2023.

## 5 REPRESENTATIONS BY THE SUPERVISORY BOARD

The Supervisory Board of Dom Development Spółka Akcyjna with its registered office in Warsaw represents that:

the selection of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw performing a statutory audit on the annual financial statements of Dom Development S.A. for 2023 and the annual consolidated financial statements of the Dom Development S.A. Capital Group for 2023 was made in accordance with the laws, rules and procedures applicable to the selection of an audit firm.

The audit firm, i.e., PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw and the members of its audit team performing the audit of the annual financial statements of Dom Development S.A. for 2023 and the annual consolidated financial statements of the Dom Development S.A. Capital Group for 2023 fulfilled the requirements for preparing an impartial and independent report on the audit of separate and consolidated financial statements in accordance with applicable laws, professional best practices and rules of professional conduct.

Dom Development S.A. has complied with the regulations in force regarding the rotation of audit firms and of the key audit partner, and regarding mandatory cooling-off periods.

Dom Development S.A. applies an audit firm selection policy and a policy on non-audit services (including conditionally exempted services) to Dom Development S.A. rendered by the audit firm, by its affiliate, or by a member of its network.

Dom Development S.A. has complied with the regulations in force regarding the appointment, composition and functioning of its Audit Committee, including rules requiring its members to be independent, and the requirement of having the necessary knowledge and skills as regards both the industry in which Dom Development S.A. operates, and as regards the accounting and auditing of financial statements.

The Audit Committee acting in Dom Development S.A. has performed the audit committee tasks as prescribed by the applicable regulations.

This Report was approved by the Supervisory Board of Dom Development S.A. on 18 March 2024.



**Resolution No 01/05/24**  
**dated 14 May, 2024**  
**of the Supervisory Board**  
**of Dom Development Spółka Akcyjna with its registered office in Warsaw**  
**regarding evaluation of the petition of the Management Board concerning the allocation**  
**of the Dom Development S.A. net profit as of 2023**

§ 1

The Supervisory Board of Dom Development Spółka Akcyjna with its registered office in Warsaw (the "Company"), acting pursuant to Article 382 § 3 of the Commercial Companies Code and the Dom Development S.A. Statute, hereby decides to issue a positive opinion on and grants the petition of the Dom Development S.A. Management Board to allot Dom Development S.A.'s net profit for 2023 in the amount of PLN 441,113,631.24 (in words: four hundred and forty-one million, one hundred and thirteen thousand, six hundred and thirty-one zlotys and twenty four groszes) in the following way:

1. a portion of Dom Development S.A.'s net profit for 2023 in the amount of PLN 309,581,064.00 (in words: three hundred and nine million, five hundred and eighty-one thousand, and sixty four zlotys), i.e. PLN 12.00 (in words: twelve zlotys) per share, to pay Dom Development S.A. shareholders a cash dividend, as a result of which - taking into account the advance dividend payment for 2023 in the amount of PLN 141,341,321 (in words: one hundred and forty-one million, three hundred and forty-one thousand, three hundred and twenty-one zlotys), equating to PLN 5.50 (in words: five zlotys and fifty groszes) per share, paid by the Company on 18 December 2023 based on Company Management Board Resolution no. 01/11/23 dated 6 November 2023 – the remaining dividend for 2023 to be paid to the shareholders shall equal PLN 168,239,743.00 (in words: one hundred and sixty-eight million, two hundred and thirty-nine thousand, seven hundred and forty-three zlotys), with the proviso that:
  - a) with regard to the 25,698,422 Company shares registered in the securities deposit in the securities accounts on the day for determining entitlement to the advance dividend payment for 2023 i.e. 12 December 2023 - the remaining dividend for 2023 to be paid shall equal PLN 167,039,743.00 (in words: one hundred and sixty-seven million, thirty-nine thousand, seven hundred and forty-three zlotys), i.e. PLN 6.50 (in words: six zlotys and fifty groszes) per share,

- b) with regard to the 100,000 Company shares not registered in the securities deposit in the securities accounts on the day for determining entitlement to the advance dividend payment for 2023 i.e. 12 December 2023 - the remaining dividend for 2023 to be paid shall equal PLN 1,200,000.00 (in words: one million two hundred thousand zlotys), i.e. PLN 12.00 (in words: twelve zlotys) per share,
2. the remaining portion of Dom Development S.A.'s net profit for 2023 in the amount of PLN 131,532,567.24 (in words: one hundred and thirty-one million, five hundred and thirty-two thousand, five hundred and sixty-seven zlotys and twenty four groszes) be allotted to increase the reserve capital of Dom Development S.A.,
- and that the dividend day shall be on **26 June 2024** and the day of payment of the dividend shall be on **4 July 2024**.

§ 2

The Supervisory Board of Dom Development S.A with its registered seat in Warsaw recommends that the Ordinary General Meeting of Dom Development S.A. approves the above petition and adopts a resolution concerning allocation of the Dom Development S.A. net profit as of 2022, and setting the dividend day and the date of payment of dividends with the wording as proposed above.

§ 3

The resolution shall become effective upon its adoption.