

DOM DEVELOPMENT S.A. CAPITAL GROUP

MANAGEMENT BOARD'S REPORT OF ACTIVITIES IN 2022





DOM DEVELOPMENT S.A. CAPITAL GROUP IN 2022:

STABLE FINANCIAL RESULT

PLN 410 m

**Consolidated net profit
of the Group**

2021: PLN 325 m

CONSISTENTLY SOUND BALANCE SHEET

PLN 374 m

Net cash

31.12.2021: PLN 255 m

IN CHALLENGING TIMES WE'RE MAINTAINING A HIGH MARGIN

31%

**Gross margin
on sales**

2021: 33%

HIGH POTENTIAL OF OUR RESULTS

PLN 1.6 bn

Deferred income

31.12.2021: PLN 1.6 bn

THE LEADER OF POLAND'S HOUSING MARKET

4 markets

**Warsaw, Tricity, Cracow
and Wrocław**

Our expansion into the Cracow market in 2021 made the Group operate in 4 most attractive agglomerations in Poland.

3 093

**Units sold in 2022
in the retail market**

Despite a challenging market environment we have worked out a very high volume while pursuing our margin maximization strategy.

5 779

**Units under construction
31.12.2022**

Our development projects are delivered on time and in top quality.

70 pts

**NPS – Net Promoter Score
in 2022**

With the Group's expansion into the Cracow market we endorse the top quality of our projects, customer service and organization.

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.



Dear Ladies and Gentlemen,

I am satisfied to present our report of activities for the year 2022, which created for both the Dom Development S.A. Group and the whole real estate development industry many challenges, but also several opportunities that we used to our advantage. As a result, we can present a report including positive information on the outcome of our efforts.

ANOTHER YEAR OF RECORDS

In 2022, the Dom Development S.A. Group broke several of its own records. One of them was delivery of 3 666 units, which represents a growth by 10%, compared to the previous year. The share of “cash” customers that accounted for as much as 70 percent of the Group’s sales in 2022 was also record-breaking.

STRENGTHENING LEADERSHIP

We are the leader of the residential market in Poland, with a strong position and brand associated with security and top quality. For many years, we have held the highest share of the Warsaw market, Euro Styl is a leading developer in Tricity, and we take a podium place in Wrocław. Recently, we have also expanded our operations to include Cracow, one of the largest residential markets in Poland.

Owing to its well-established position, attractive offer and presence in the thriving agglomerations, the Dom Development S.A. Group faced a relatively small slowdown in sales in 2022, compared to the overall market. Consequently, we strengthened our market position.

SUCCESSFUL LAUNCH IN CRACOW

Following the incorporation of Sento S.A., a Cracow developer, into the Dom Development S.A. Group in 2021, we started negotiations on acquisition of developer companies belonging to the BUMA Group, well-known by Cracow residents. We closed the transaction in February 2022, significantly strengthening our potential in that market. Following the successful acquisition of two local developers, Dom Development Kraków Sp. z o.o. was formed to consolidate local operations.

In 2022, we sold 208 units in Cracow, and now we hold the land in the local land bank whereon it is possible to build more than 1 000 units.

WE HAVE OVERCOME MANY OBSTACLES

We faced many challenges in the last year that intensified from quarter to quarter. Firstly, the Russian invasion of Ukraine in February 2022 resulted in huge uncertainties in the market and capital outflow from our region. Secondly, the energy crises caused by the unstable geopolitical situation resulted in the growth of prices, pushing inflation up significantly. Thirdly, the April recommendation of KNF (Polish Financial Supervision Authority), tightening the criteria for assessing creditworthiness, resulted in rapidly reduced availability of home mortgage loans, which was reflected in market demand, specifically in the popular segment, depriving a significant part of the society of a possibility to buy an apartment. Fourthly, interest rates continued to be increased throughout 2022 to reach the level not recorded for 20 years.

The above mentioned factors had a negative impact on domestic property developers’ activity. It should be noted, however, that the Dom Development Group addressed that difficult situation effectively and has entered the year 2023 with confidence.

STRENGTHENING IN PREMIUM SEGMENT

Despite the fact that the market environment was less than perfect in 2022, we could still observe a huge interest of customers in our projects. High inflation and a strong rental market induced the Poles to invest their savings in residential properties. Additionally, in face of a difficult economic environment, purchasers preferred to cooperate with companies having a strong market and financial position, such as the Dom Development S.A. Group. As a result, customers desiring to secure their capital value, represented a key group of apartment purchasers, with a record-high (70%) share of cash transactions in the sales structure. Dom Development’s “cash” customers were in particular most interested in upper-standard units.

FIRST TRANSACTION IN PRS SEGMENT

An important new step for our company was the commencement of cooperation with institutional customers.

In the 4th quarter of 2022, the Dom Development S.A. Group concluded the agreement for sale of undeveloped land property in Bemowo district in Warsaw with a building design, at a net value of PLN 90 million. A purchaser was a professional institutional investor in the Private Rented Sector (PRS) (institutional rental). We will also build four buildings with nearly 400 units for the same entity. The net value of a general contractorship agreement is over PLN 200 million. It is a pilot project for us. Institutional customers represent a completely different type of business partners from individual purchasers, but as we could see in the year 2022, they are also willing to take their place in the Polish residential market. At the same time, I wish to emphasize that our underlying activity will continue to be construction of apartments for individual customers, making their dreams of owning an apartment come true.

SUSTAINABLE GROWTH AND DOM 2030 ESG STRATEGY

As the leader on the residential market in Poland, we have a sense of responsibility and awareness that we have a significant influence on the living conditions of many people: the residents of our housing estates, the employees of our Group and of our business partners, as well as our investors and members of local communities.

Therefore, when taking any actions we strive to act in accord with the idea of sustainable development in order to ensure a high quality of life and meet the diverse needs of inhabitants of the agglomerations in which we co-exist while respecting the natural environment.

In order to structure the initiatives taken by us in this area and define future lines of actions, in 2022 we published the ESG Strategy of the Group – DOM 2030. We have proclaimed such initiatives in it as: reduction of carbon dioxide emissions by 30% till 2030, implementation of the idea of a 15-minute city in 90% of our projects, as well as achievement of a 30 percent gender parity in the Management and Supervisory Boards. The DOM 2030 ESG Strategy is based on three pillars:

- 1) HOME (DOM) in line with nature, namely, minimizing an environmental impact and promoting urban biodiversity
- 2) HOME (DOM) means people, namely, supporting local communities by creation of a high-quality and integration-friendly urban fabric
- 3) HOME (DOM) on sound foundations, namely, ensuring top standards of corporate governance and transparent communication with all stakeholders.

The change in the ESG reporting is also reflected in our annual report for 2022. We believe that owing to that we will provide our Shareholders with additional and valuable information on our Group.

ENSURING SAFE OPERATIONS AND DIVIDEND

We have started the year 2023 in a comfortable situation. The potential of our land bank comprises more than 16 thousand units to be built. It should be noted that this is investment land in attractive, well-diversified locations, mostly intended for many-stage housing estates, which is the speciality of our Group. Moreover, our financial security is also an indication of our potential and competitive position. Our available cash at bank at the end of the year was more than PLN 304 million and liabilities due to loans and bonds were less than PLN 370 million. With PLN 374 million in cash and PLN 331 million in undrawn lines of credit, our available capital was considerable at the end of 2022, which is a guarantee of the security of our organization's business continuity.

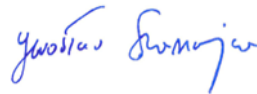
At the Dom Development S.A. Group, financial success translates into tangible benefits for the Shareholders. We have been paying dividend continuously since our stock exchange début, including the record-high PLN 268 million in the past year, i.e., PLN 10.50 per share, from the profit in 2021. In total, over the past 16 years, we have paid almost PLN 1.7 billion to our Shareholders.

PROSPECTS FOR 2023

There is still a structural shortage of apartments in Poland. Moreover, the gap between supply and demand is further widening, which is well reflected in growing prices in the rental market. For that reason, it should be assumed that demand for primary market apartments will remain huge in the subsequent years. Therefore, we expect that the year 2023 is not going to be worse in terms of sales than the previous one.

This year, the residential market should be enhanced due to the decision of the Polish Financial Supervision Authority (KNF), mitigating the creditworthiness conditions, mainly for interim fixed-rate loans. A larger availability of home mortgage loans is necessary for a strong residential market to exist in Poland. Additionally, a government program concerning loan surcharges for the first apartment is announced for 2023. If it is launched it will be a measure which will give a possibility for a larger number of the Poles to buy an apartment.

At the Dom Development Group we are confident in our situation. We believe that owing to the strong balance sheet, the market-leading brand, our well-tailored offer, as well as our flexibility in responding to the changing conditions we will cope with any challenges of this year, strengthening our leading market position once again.



Jarosław Szanajca
President of the Management Board,
Dom Development S.A.

1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP





Dom Development S.A. has operated since 1996 and is the leader of the residential market in Poland. The Group offers apartments in multi-family buildings located in the main agglomerations of the country: Warsaw, Tricity, Wrocław and Cracow. Since 2006 the Company has been listed on the Warsaw Stock Exchange (ticker: DOM) and is a part of the mWIG40 index. Since its stock exchange début, the Company has combined low debt with dividend payments, including a record PLN 268 million in 2022.

The Dom Development S.A. Capital Group (the “Group”) from the beginning of its activities has focused on the residential market. It operates in Warsaw, Tricity, Wrocław, and also in Cracow from 1 July 2021.

Dom Development S.A. (the “Company”, the parent company of the Group) is a joint venture of Polish managers and investors from the United Kingdom. For 25 years the Company has been managed and supervised by its founders: Jarosław Szanajca holding 5.69% of the shares in Dom Development S.A. since its inception has been the President of the Management Board, while Grzegorz Kiełpsz, the former CEO is now the Chairman of the Company’s Supervisory Board holding 5.01% of its shares.

As at 31 December 2022 the Company was controlled by Groupe Belleforêt S.à r.l. with its registered office in Luxembourg which held 55.41% of its shares. The representatives of the main shareholder have been members of the Company’s Management Board and the Supervisory Board since the beginning, sharing their extensive international experience in the real estate development market.

Dom Development S.A. operates in Warsaw, where it is the undisputed leader in terms of the number of apartments sold. The Group has also operated in Wrocław since 2008. Now all of the Group’s projects in that city are carried out by Dom Development Wrocław Sp. z o.o. The Group entered the Tricity market in 2017 as a result of the acquisition of the Euro Styl S.A. Capital Group. The joining by Euro Styl S.A. of the Dom Development S.A. Capital

Group resulted in a step growth of the scale of its activities. Euro Styl S.A. is one of the leaders in the Tricity market at present.

Euro Styl Construction Sp. z o.o., a general contractor of all the Group’s development projects in Tricity is also a member of the acquired Euro Styl S.A. Capital Group. Dom Construction Sp. z o.o., the general contractor for the Group’s development projects in Warsaw, Wrocław and since 2021 in Cracow, was established in 2018.

On 1 July 2021, the Company acquired a majority stake of 77% in Sento S.A., a developer operating in the Cracow market. In the first quarter, the Group’s share in the Cracow market was significantly increased by the acquisition of the companies from the BUMA Group, a well-established developer in the housing market in Cracow and the acquisition of the remaining minority stake in the Sento Group (becoming its sole shareholder). The transaction of acquisition of the BUMA Group companies was closed on 28 February 2022. The process of determining the final acquisition price ended on 15 July 2022, and the final value of the transaction was PLN 204.2m.

Since 2010, the Group has actively supported buyers of apartments to obtain their mortgage loans. Development Kredyty Sp. z o.o. is a mortgage broker exclusively serving only Group’s customers. Due to a large scale of its operations, the Group is able to obtain competitive financing terms and to help its customers to complete any necessary formalities.



**WARSZAWA
WROCŁAW
KRAKÓW**



1.1 GROUP STRUCTURE

The structure of the Dom Development S.A. Capital Groups as at 31 December 2022 (presenting direct and indirect share of Dom Development S.A. in subsidiaries):

COMPANY	% OF THE SHARE CAPITAL HELD BY THE PARENT COMPANY	% OF THE VOTES HELD BY THE PARENT COMPANY
Subsidiaries of Dom Development S.A.:		
Euro Styl S.A.	100%	100%
Euro Styl Development Sp. z o.o. in liquidation	100%	100%
Dom Development Wrocław Sp. z o.o.	100%	100%
Sento S.A.	100%	100%
Dom Construction Sp. z o.o.	100%	100%
Dom Development Kredyty Sp. z o.o.	100%	100%
Dom Development Grunty Sp. z o.o.	46%	100%
Dom Development Kraków 12 Sp. z o.o.	100%	100%
Dom Development Kraków Sp. z o.o.	100%	100%
Dom Land Sp. z o.o.	-	-
Issogne Sp. z o.o.	100%	100%
Mirabelle Investments Sp. z o.o.	100%	100%
Subsidiaries of Euro Styl S.A.:		
Euro Styl Construction Sp. z o.o.	100%	100%
Euro Styl Montownia Sp. z o.o.	100%	100%
GGI Dolne Miasto Sp. z o.o.	100%	100%
Your Destination Sp. z o.o.	100%	100%
Apartamenty Las Jastarnia Sp. z o.o.	100%	100%
Subsidiaries of Sento S.A.:		
Dom Development Kraków 2 Sp. z o.o.	100%	100%
Sento 32 Sp. z o.o. sp.k	100%	100%
Dom Development Kraków 21 Sp. z o.o.	100%	100%
Dom Development Kraków 21 Sp. z o.o. sp.k	100%	100%
Subsidiaries of Dom Development Kraków Sp. z o.o.:		
Nestobud Sp. z o.o.**	100%	100%

*As of 1 March 2023 the merger of the companies Dom Development Kraków Sp. z o.o. and Nestobud Sp. z o.o. was registered.

All the Dom Development S.A. Capital Group companies were registered in Poland, and are fully consolidated by the Company.

The description of the organization of the Dom Development S.A. Capital Group with an indication of the consolidated entities, and the changes in the organization of the Group are presented in note 7.1 to the Group's Consolidated Financial Statements for 2022.

1.2 GROWTH STRATEGY OF THE COMPANY AND ITS GROUP

The strategic goal of the Management Board of Dom Development S.A. is to maximize the value of the Company and its Group in the long term by maintaining the leading position in the residential market and operating in the main agglomerations of the country. The implementation of this strategy is based on the following pillars:

SUSTAINABLE GROWTH

As the leader of the residential market in Poland, the Dom Development S.A. Capital Group has a significant influence on spatial governance and quality of life in the agglomerations, where it operates. The Company's Management Board supports sustainable urbanization by implementing internal standards of investment planning that go well beyond the regulatory requirements. Starting from apartments, through common areas of housing estates, to architectural solutions, including green areas each of these aspects of development projects is carefully planned to create a friendly place to live in and forming high-standard urban fabric.

On 28 June 2022, the Company's Management Board adopted the DOM 2030 ESG Strategy, defining the Company's and Group's goals in the area of: environmental care, social responsibility and corporate governance till the year 2030.

The DOM 2030 Strategy is a sign of an important role assigned by the Company's Management Board to sustainable development of the Dom Development S.A. Capital Group. It contains measurable goals, planned to be implemented successively in the coming years. The Group commits itself, for example, to reduce CO₂ emissions when calculated per unit under construction until 2030 by 30%, compared to 2021, in Scope 1 and 2, as well as to assure fulfilment of the criteria of the so-called 15-minute city, i.e., access to key infrastructure within walking distance, in 90% of the Group's projects until 2030. Furthermore, in order to increase the diversity of Company's governing bodies, women's presence in the Management Board and the Supervisory Board will increase in the coming years to at least 30%.

For the full text of the DOM 2030 Strategy, see the Company's website at the address: <https://inwestor.domd.pl/pl/esg>.

In its activities, the Dom Development S.A. Capital Group emphasizes the fostering of long-term relationships with its stakeholders: employees, customers and subcontractors. The quality of these relationships is measured by low employee turnover and very high customer satisfaction measured using the Net Promoter Score (NPS). The high quality and timeliness of

development is to a large extent the result of very good cooperation with subcontractors. In the development industry, where the project's production cycle is very complex and lasts at least three years, the long-standing experience of employees and the trust and efficient cooperation with subcontractors are a source of lasting competitive advantage and allow the Group to build a strong brand on a national scale.

GEOGRAPHICAL DIVERSIFICATION

The Dom Development S.A. Capital Group is a high-quality organization with significant development potential. The Company's Management Board recognizes the numerous opportunities associated with the further growth of the Group in the main agglomerations of the country. In the coming years, the Company will continue its activities to increase the Group's presence in the Cracow, Wroclaw and Tricity market.

Dom Development S.A. is an undisputed market leader in Warsaw with a market share exceeding 15% in 2022. The Company's Management Board expects that the scale of its operations on other markets will gradually increase in the coming years owing to the strong brand, an attractive land bank and experience that allows the efficient development of further investment projects.

In the past year, Euro Styl S.A. together with Dom Development Wrocław Sp. z o.o. has significantly expanded its potential and has grown into a leader in the local markets. The Group's activities in these regions are expected to grow in the coming years.

The Cracow market is one of the leading residential markets in Poland, in terms of both the transaction volume and the level of prices. At the same time, it is a highly fragmented market, compared to other major agglomerations in the country. For that reason, the Company's Management Board decided to establish in 2022 the company Dom Development Kraków Sp. z o.o., which was formed from two reputable local real estate developers BUMA and SENTO, which joined the Group as a result of the acquisitions in the years 2021 and 2022.

In the opinion of the Company's Management Board, Cracow is a very prospective location, with a huge potential for the primary market consolidation. The Group's activities are focused on strengthening its local market position.

STRONG BALANCE SHEET

The Company's Management Board puts particular emphasis on the strong balance sheet of the Company and the Group, and safe liquidity position. Significant financial

resources paired with low debt allow the Management Board to respond with confidence to changing conditions in the real estate development and construction sectors, which are highly cyclical in nature. At the same time thanks to significant cash resources and secured credit lines, the Group companies have an advantage in land market transactions, often requiring multi-million payments in a short period of time.

ROE MAXIMIZATION

The Company's Management Board focuses on the long-term maximization of the return on equity for Shareholders by focusing on the profitability of the implemented projects, maintaining the adequate scale of the Group's activities to the size of its organization with regular payments of dividend from the Company's profit.

1.3 BUSINESS MODEL

Our activities are concentrated in the four largest markets in Poland, where we offer apartments in all market segments – from popular, through upper- standard to luxury apartments. The premium segment prevailing in the offer allows us to achieve above-average margins while maintaining a high scale of business. We strongly support the management approach in line with the sustainable development principles and consequently the sustainable building standards. The manner in which we operate and our goals are defined in the document titled: “DOM 2030. Strategia ESG”.

Property development companies within the Group, i.e., Dom Development S.A., Euro Styl S.A., Dom Development Wrocław Sp. z o.o. and Dom Development Kraków Sp. z o.o. (along with the Buma Group companies and Sento S.A.) have a very similar business model. The role of the remaining Group companies is to support property development activity, the typical elements of which are presented below. In 2022, there were no changes in the basic principles of management of the Company and its Capital Group.

PURCHASE OF LAND



The pillar of Group’s activities involves many-stage development projects with access to urban infrastructure. Our projects shape the urban fibre of major agglomerations in Poland. We are one of few developers having resources required to implement such complex and capital-intensive projects. Our every transaction is analysed on a case-by-case basis in terms of legal, technical and administrative aspects, development opportunities, and the cost- effectiveness of the potential development project. The Group companies actively seek investment land for multi-family residential development in

Warsaw, Tricity, Cracow and Wrocław. By investing in new plots at the right moment of the cycle, the Group has ensured business continuity and the comfort of concluding transactions to achieve a satisfactory margin. According to the Company's Management Board, the optimum level of the land bank, i.e., land in preparation for development, corresponds to approximately 3-year sales. In view of the decreasing availability of land and the necessity to use urbanized areas in a sustainable manner, we carry out more and more investment projects intended for revitalization of urban areas.

DESIGN AND SECURING PERMITS



The Group cooperates with recognized architect offices, paying great attention to the spatial order of the residential estates developed and the functionality of the apartments designed. Our designs meet the strictest requirements in terms of energy efficiency, quality of construction materials or sustainable development of investment land. A typical project consists of multi-family residential buildings with lifts and

underground garages and commercial premises on the ground floor. All the apartments offered by the Group companies have balconies, terraces, or gardens, and their layouts are carefully designed in accordance with the strict internal standards. The Group’s offer is dominated by apartments in the popular upper-standard segment, which combines large scale activities with high returns.

CONSTRUCTION



The projects are developed by general contractors owned by the Group, which enables the optimization of investment parameters already at the design stage, and the constant, very high quality of execution and cost-effectiveness. The general contractors conduct the development by employing specialized subcontractors for specific types of building works. All of the

Group's projects are built in the traditional technology, and the standard lead time is approximately 16-20 months. All our companies are obliged to carry out waste management in line with the applicable laws, and the materials used are of the top quality and are sourced from the immediate surroundings of our investment sites.

SALES



The sale of apartments is conducted directly by the Group companies at the sales offices located at the project site and at the premises of the development companies. The Group also provides its customers with the opportunity to meet the account manager online and to conclude sales transactions remotely. The apartment sale process consists of several stages and payments are made in

tranches correlated with the progress of construction works. All of the Group's investments have open escrow accounts with leading Polish banks, which are credited with sums paid by customers. The funds are then released to the developer's account in proportion to completed investment project milestones.

MORTGAGE ADVICE



In 2022, approximately 30% of the Group's transactions are purchases financed with a mortgage loan. This share significantly decreased, compared to 55% and 53% in the years 2021 and 2020, respectively, mainly because of the interest rate increase and tightening the criteria for assessing creditworthiness. In that demanding environment, Group's customers could expect a very strong support – already for 12 years, the Dom Development S.A. Capital Group has been acting as a broker in the

process of obtaining loans between apartment buyers and banks. Dom Development Kredyty Sp. z o.o. cooperates with major banks in Poland so that it can provide every customer with an optimal offer suited to their individual situation. In 2022, Dom Development Kredyty Sp. z o.o. brokered 656 mortgage loans worth PLN 315.13 million in total. Thanks to the scale of the activities, the company is able to offer very attractive financing terms tailor-made by the banks to suit the Group's customers.

INTERIOR DESIGN AND FIT-OUT



The Group companies offer their customers the option to fit-out the apartment according to one of many variations offered or according to their own tailor-made arrangements. The Group also enables modifications to the design of the apartment, including the placement of partitioning or of the water and electrical installations. The fit-out is

completed and layout modifications are supervised by the Group's development companies, which from the customer's perspective significantly simplifies the organization of work, saves considerable time and enables to have the fit-out covered by the developer's warranty.

UNIT DELIVERIES



Ready-to-use apartments after the payment of the full purchase price are handed over to buyers.

In accordance with International Accounting Standards the handover of the premises is the

basis of recognition of sales revenue and associated expenses. The Company's and the Group's financial results are closely related to the volume and structure of the premises handed over to customers in a given period.

DIVIDEND



Since being listed on the Warsaw Stock Exchange for the first time, Dom Development S.A. has shared its earnings with its shareholders. Within 16 years of the stock exchange début the Company paid more than PLN 1 738 million to shareholders while

maintaining a very strong balance sheet and a high cash balance.

In 2022, the Company paid PLN 268 million in dividend (82% of the Group's consolidated profit for 2021), i.e., PLN 10.50 per share.

The Company's and the Group's activities are not seasonal in nature. Financial performance fluctuations between quarters are closely linked to the project construction cycle and the accumulation of apartment handovers in the first weeks after the investment project has been granted an occupancy permit. In accordance with IFRS 15, the use of the premises handover as the basis for the recognition of sales revenue in the income statement caused the financial results not to fully reflect the current situation of the Company and the Group. Therefore, in addition to the number of units handed over in a given period, the Company also discloses the current sales volume calculated on the basis of preliminary agreements and paid reservation agreements on a net basis, i.e. including resignations.

Both the Group and the Company are not dependent on a single supplier or customer. The Company's only significant business partner, the turnover with which exceeded 10% of sales revenue in 2022 and amounted to PLN 446 million, is Dom Construction Sp. z o.o., the general contractor of the Company's development projects, belonging to the Group.

1.4 GROUP'S FLAGSHIP RESIDENTIAL PROJECTS

Development activities are increasingly shaping cities, contributing to their development. The Management Board of Dom Development S.A. makes every effort to ensure that the Company's and the Group's participation in this process improves the quality of life of citizens and fosters sustainable urban development processes. Most investment projects implemented by the Group companies also include the development of local infrastructure.

The Group's flagship investment projects are large, multi-stage, higher-standard housing estates with developed public spaces and coherent architecture. Those projects allow the Group to utilize its main competitive advantages – its strong brand, capital resources, design expertise, and the high quality and durability of the apartments developed. As a result, the Group effectively combines a high sales volume with above-average profitability.

In 2022, we completed the construction of the 1st stage of the **Osiedle Urbino** project that is developed in the



Włochy district of Warsaw. This investment project has its unique, intimate character. The project responds to the needs of people who, benefiting from advantages of living in the city, do not want to resign from friendly environment and appreciate comfort and modern design. In the coming years, we are planning to build next stages on the surrounding land secured by the Company.

The **Osiedle Wilno** project in Warsaw proves the organisational and capital resources of Dom Development S.A. The Company created a small town situated in the former Targówek Fabryczny area virtually from scratch. In 12 years, the Company has built there nearly 3 700 units. In 2023, the Company will be building another 2 stages with nearly 200 units as part of this investment project, and has secured land with the potential for subsequent development projects. The Osiedle Wilno estate is a very good example of the sustainable urban development of a resident-friendly space. It has extensive services and



public transport infrastructure with numerous yards and squares to promote the integration of the inhabitants.

In 2019, a new flagship project was launched by Dom Development S.A. – **Dzielnica Mieszkaniowa Metro Zachód** located in the Bemowo district of Warsaw. From the very first stage, this investment project has been very popular among customers. The Company is currently developing 5 stages of this project with nearly 600 units, and has secured land allowing it to develop approx. 2 400 units, which makes the Dzielnica Mieszkaniowa Metro Zachód project a sales driver for Dom Development S.A. in Warsaw.



In 2022, the Company sold one of its real properties in that location, and at the same time signed a contract for development of 397 units for a professional investor from



DOKI, GDANSK

the institutional rental segment. The Company's subsidiaries are also structuring their offer based on multi-stage flagship projects. The special investment of Euro Styl S.A. is the **DOKI** project. This project, located at the historical Gdansk Shipyard premises, will form a multifunctional urban space, comprising a new residential development quarter – Doki Living, the hotel and services space in the **MONTOWNIA** building with hotel lofts, conference centre and food hall, and the office space – DOKI Office. **MONTOWNIA** represents an integral element of the DOKI project. The historical building of the former submarine hull assembly facility received a second life. After the revitalization, the project is characterized by a mix offer of combined hotel, food service and business functions. On the upper levels, there are 114 fully equipped lofts with hotel service. Moreover, the Tricity's largest food hall and a conference area will operate in **MONTOWNIA**, and the interior of the building is full of remarkable pieces of art and historical artifacts. The lofts in Montownia were completed in December 2022.

The unique character of the **DOKI** and **MONTOWNIA** project was recognized by both customers and industry experts in 2021 – Euro Styl S.A. received three European Property Awards 2021-2022 in the following categories: Mix Use Development, Commercial Renovation/Redevelopment and Development Marketing.

A total of 1 200 units will be developed as part of the **DOKI** and **MONTOWNIA** projects (apartments, hotel lofts, commercial units), of which 626 were under construction and 489 under pre-development at the end of December 2022. In December 2022 the first residential building DOKI Living was commissioned.



MONTOWNIA, GDANSK

The **Osiedle Perspektywa** estate is also an exceptional multi-stage project of the Group, located in centre of Gdansk, which will comprise more than 650 upper-standard units and commercial units. It is carried out in line with the latest ecological trends. The diverse housing



OSIEDLE PERSPEKTYWA, GDANSK

estate development is integrated with the surrounding architecture and includes small town villas, tenement houses, and multi-family buildings deeper within the estate. A unique atmosphere is also assured by the neighbourhood of 4 parks.

In the **Perspektywa** project, already 8 buildings were granted an occupancy permit. Construction works are underway at the 3rd and 4th stage, with another 5 buildings to be built, complementing the entire investment project.

Dynamika is a modern residential estate consisting of 7 multi-family buildings with the rich recreational area. It is located in the Ujescisko area – one of the youngest districts in Gdansk. The full urban infrastructure in the vicinity allows its inhabitants to live locally, without the necessity of driving a car. DYNAMIKA is unique for its intimate development, which makes easier to keep a balance between work and family life, whereas cascade features of the investment project make the view from apartment windows and balconies a value.



OSIEDLE DYNAMIKA, GDANSK

In the **Dynamika** there will be 300 apartments in total and 10 commercial units. In 2022, and now, construction works are in progress on 5 buildings of the next stages. The three- and four-story buildings create a friendly and functional residential estate space.



The Group's investment projects in Wrocław are mostly one-stage projects. The **Osiedle Komedy** project is however an exception – five stages of development combine modern architecture with details referring to the work of Krzysztof Komeda, an outstanding composer and jazz pianist, and will comprise more than 550 units in total.



In 2022, Dom Development strengthened its position in the Cracow market. The flagship residential estate, in line with the Group's strategy for that location, is **Górka Narodowa**, the development of which started in the fourth quarter. In 2022, as part of the residential estate, we arranged a park with a modern playground for children of any age and a recreational area for adults.

This attractive place encourages spending time outdoors and fosters integration of the inhabitants.

1.5 GEOGRAPHIC MARKETS



NO. 2 IN TRICITY
10% MARKET SHARE
793 UNITS SOLD
1 795 UNITS UNDER CONSTRUCTION
4 963 UNITS IN THE LAND BANK



WROCLAW

NO. 3 IN WROCLAW
6% MARKET SHARE
354 UNITS SOLD
597 UNITS UNDER CONSTRUCTION
1 653 UNITS IN THE LAND BANK

TRÓJMIASTO

WARSZAWA



NO. 1 IN WARSAW
15% MARKET SHARE
1 738 UNITS SOLD
3 053 UNITS UNDER CONSTRUCTION
9 453 UNITS IN THE LAND BANK



CRACOW

GROUP'S MARKET SINCE 01.07.2021
3,6% MARKET SHARE
208 UNITS SOLD
334 UNITS UNDER CONSTRUCTION
1 056 UNITS IN THE LAND BANK

The above figures represent sales of units in 2022 and the number of units under construction and in the land bank as at 31 December 2022. Market share based on the market estimates by JLL.

THOUGHTFUL EXPANSION

For many years, Dom Development S.A. has been the undisputed leader in the Warsaw residential real estate market with a 15.3% share in sales. Warsaw is the dominant business and academic centre in Poland, attracting new residents from both Poland and abroad. The real estate market in the capital is characterized by the highest prices of all metropolitan areas. Due to the limited availability of land and its complex legal situation, Warsaw is also a very challenging market. Dom Development S.A. has operated in Warsaw since its inception, where it has a very strong brand and know-how proving a lasting advantage over its competitors.

The Group is also present in Wrocław, where since 2008 it has been organically developing its organization. Dom Development Wrocław Sp. z o.o. is currently one of the leading developers in this location. The land holdings for future projects allow Wrocław's share to grow in the Group's results in the coming years.

The year 2017 was a breakthrough year for the Dom Development S.A. Capital Group as with the acquisition of Euro Styl S.A. the Group entered the Tricity market and significantly increased its scale of operations. Efficient organization, a similar corporate culture and business outlook determined the success of the acquisition

The acquisition made Euro Styl S.A. to benefit from easier access to funds, which it successfully used. The Tricity-based company has significantly increased the scale of its activities and future project development potential while remaining a highly profitable organization – gross sales margin of Euro Styl S.A. was 38% in 2022.

In 2022, Dom Development S.A. expanded its activities in the Cracow market. On 28 February 2022, the Company acquired 100% of the shares in the following BUMA Group companies: Buma Development Sp. z o.o., Buma Management Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development 21 Sp. z o.o., Buma Development 20 Sp. z o.o., Buma Development 12 Sp. z o.o., Buma Development 8 Sp. z o.o., and Dom Construction Sp. z o.o., a wholly-owned subsidiary of the Company, acquired 100% of the shares in Buma Contractor 1 Sp. z o.o. The final transaction was worth PLN 204.2 million, out of which PLN 146.1 million was the total sale price of shares in the above mentioned companies and PLN 58.1 million was for the assumption of loans granted by the seller to the companies acquired as a result of the transaction.

The assets of the acquired BUMA Group companies included investment land within Cracow with a development potential of 1 370 units, projects under

construction with 224 units, and cash of PLN 51.4 million, with debts due to bank loans of approx. PLN 1.9 million.

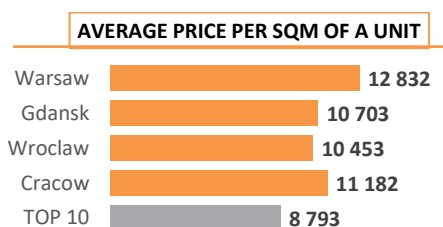
Moreover, in March 2022, as result of the acquisition of the remaining 23% of the shares in Sento S.A. by the Dom Development S.A. Capital Group companies, the Company gained full control of Sento S.A. and its capital group companies. The total value of the said transaction was PLN 9.5 million.

SELECTED AGGLOMERATIONS ONLY

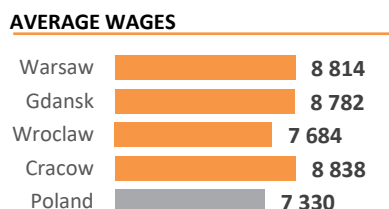
The Group operates only in the leading agglomerations of Poland with stable residential market growth potential, enabling the attainment of satisfactory margins. The strength of the markets in which the Group is operating is confirmed by key macroeconomic indicators such as the unemployment rate, average wages, and also by relatively

In 2022, the Company sold in that location 208 apartments, which represented 3.6% of sales in the Cracow residential market.

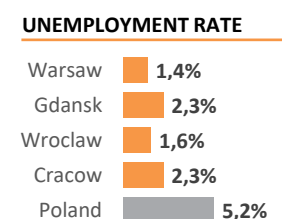
high average transaction prices in the primary residential market. The cities in which the Group is operating are characterized by a shortage of highly-qualified workers, as evidenced by the unemployment rate below the so-called natural level, estimated at approx. 3-4%



Transaction prices in Q4 2022
Source: NBP (National Bank of Poland)



Data for December 2022
Source: GUS (Statistics Poland)



As at 31.12.2022
Source: GUS (Statistics Poland)

1.6 OPERATIONAL RESULTS IN 2022

The year 2022 was very challenging for the real estate development industry. The war in Ukraine, the energy crisis, drop in buying power, growing interest rates, strict criteria for assessing creditworthiness resulting in reduced availability of mortgage loans and material legal changes are the most important factors that affected the market situation in Poland.

The real estate market became very challenging, the volume of apartment sales by major developers decreased by 35% YoY on the average. Against this background, the Dom Development S.A. Group recorded a relatively slight slowdown below 25% YoY.

In the 4th quarter, Dom Development concluded its first transaction with the PRS (institutional rental) investor, due to which it attained the level of sales close to that in very good years 2018-2019`.

In 2022, the Group sold 3 093 units in the retail market. If the above mentioned transaction is included, the Dom Development S.A. Capital Group sold 3 490 units in total. As the only developer in that industry, we closed the year 2022 with the result of more than 3 thousand units contracted.

Dom Development S.A. has been an undisputed leader on the Warsaw market for many years. Last year, we attained a market share of 15.3%.

In 2022, the Group, with a 10% share, maintained its leading position also in the Tricity market. Within 5 years of its acquisition by the Group, Euro Styl S.A. has significantly increased its capacity and scale of operations, permanently strengthening its position.

Dom Development Wrocław Sp. z o.o. also closed the year 2022 among top local developers, with a 6% market share.

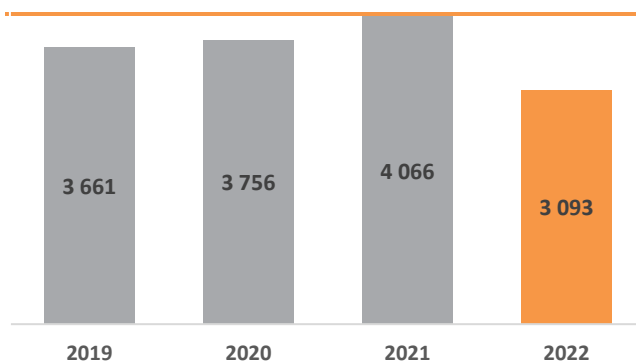
In the last 12 months, the Dom Development Group continued its expansion in the Cracow market. Following the successful acquisition of two local developers: Sento and Buma, a new entity, Dom Development Kraków Sp. z o.o., was established to successfully start implementation of new development projects in the capital of Malopolska.

The Company's Management Board has the particular focus on maximizing returns on operations. In a situation of reduced demand the Group companies focused on the efficient replenishment of the offer while reducing supply and balancing sales dynamics and prices.

The Dom Development S.A. Capital Group has a well-established position in the upper-standard segment. High quality, timely project completion and comprehensive service are recognized by the customers and are reflected in the above-average value of units sold by the Group companies.

The average gross price of an apartment with an option of turn-key fit-out, storage unit or a parking space sold by the Group in 2022 reached PLN 671 thousand. Among the Group's markets, Warsaw recorded the highest average transaction value: PLN 721 thousand. In turn, the highest

NET SALES OF UNITS (NUMBER OF UNITS)



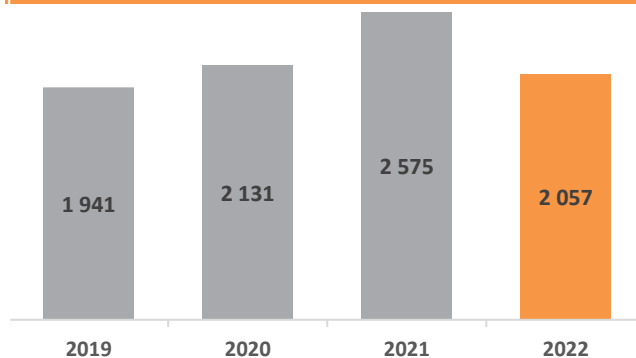
In 2022, the Capital Group sold 3 093 units to individual customers, i.e., by 24% less than in the record year 2021.

A decrease in the volume of transactions was mainly caused by reduced availability of home mortgage loans, as a result of an increase in interest rates and the tightened creditworthiness criteria imposed on 1 April 2022 in connection with the KNF's (Polish Financial Supervision Authority) recommendation.

Increasing interest rates and stricter creditworthiness criteria had a negative impact mainly on demand for apartments in the so-called popular segment. A huge share of upper-standard apartments in the Group's offer translated into a relatively low decrease in sales volume.

Dom Development company attained a net value of PLN 1 257 million in sales of new apartments.

VALUE OF UNITS SOLD (in PLN m)



annual growth in this area was observed by Euro Styl operating in the Tricity, where the average transaction value increased by 13%, to PLN 640 thousand in 2022.

Similar values of the transactions YoY result from maintaining stable prices and margins on specific projects.

Approx. 70% of sales transactions concluded by the Group companies in 2022 were cash transactions, without a mortgage loan support.

UNITS SOLD BY MARKETS	2022	2021	CHANGE
Warsaw Dom Development S.A.	1 738	2 165	(20)%
Tricity Euro Styl S.A.	793	1 263	(37)%
Wroclaw Dom Development Wrocław sp. z o.o.	354	519	(32)%
Cracow Dom Development Kraków Sp. z o.o.*	208	119	75%
Dom Development S.A. Capital Group	3 093	4 066	(24)%

*The Group has operated in the Cracow market since July 2021

In 2022, Euro Styl S.A. operating in Tricity sold 793 units net. The Group's net sales value in this market was PLN 513 million. Multi-stage projects, forming high-standard urban fabric, dominated in the sales structure of Euro Styl. These were: DOKI and Montownia, Osiedle Beauforta, and Perspektywa.

Dom Development Wrocław Sp. z o.o. generated sales of 354 units, attaining the net sales value of PLN 178 million on that account.

In 2022, Dom Development Kraków Sp z o.o. successfully commenced the implementation of new development projects, generating sales of 208 units, with a net value of PLN 109 million.

NET SALES (in PLN m)	2022	2021	CHANGE
Warsaw Dom Development S.A.	1 257	1 577	(20)%
Tricity Euro Styl S.A.	513	696	(26)%
Wroclaw Dom Development Wrocław sp. z o.o.	178	230	(23)%
Cracow Dom Development Kraków sp. z o.o.	109	72	N/A
Dom Development S.A. Capital Group	2 057	2 575	(20)%

GROUP OFFER

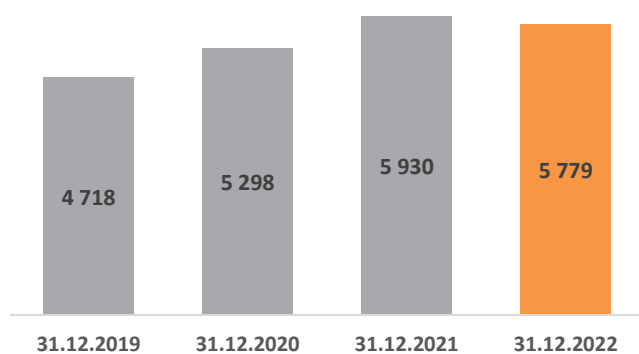
In 2022, the Group offer changed slightly, compared to 2021. Despite a decrease in demand in the popular segment, the Group maintained a relatively high level of its offer. Most new apartments were in the Cracow market offer. In the past year, the Group started selling apartments in 27 new locations in 4 agglomerations.

The rate of offer turnover was very high thanks to the good matching of the sizes and layouts of the apartments to the needs of customers – the level of the offer at the end of 2022 corresponded to approx. 67% of the sales generated during that period.

OFFERED UNITS	2022	2021	CHANGE
Warsaw Dom Development S.A.	794	1 161	(32)%
Tricity Euro Styl S.A.	586	753	(22)%
Wroclaw Dom Development Wrocław sp. z o.o.	383	457	(16)%
Cracow Dom Development Kraków Sp. z o.o.	319	109	193%
Dom Development S.A. Capital Group	2 082	2 480	(16)%

As at 31.12.2022

UNITS UNDER CONSTRUCTION



UNITS UNDER CONSTRUCTION	2022	2021	CHANGE
Warsaw Dom Development S.A.	3 053	2 584	18%
Tricity Euro Styl S.A.	1 795	2 283	(21)%
Wroclaw Dom Development Wrocław sp. z o.o.	597	873	(32)%
Cracow Dom Development Kraków Sp. z o.o.	334	190	76%
Dom Development S.A. Capital Group	5 779	5 930	(3)%

As at 31.12.2022

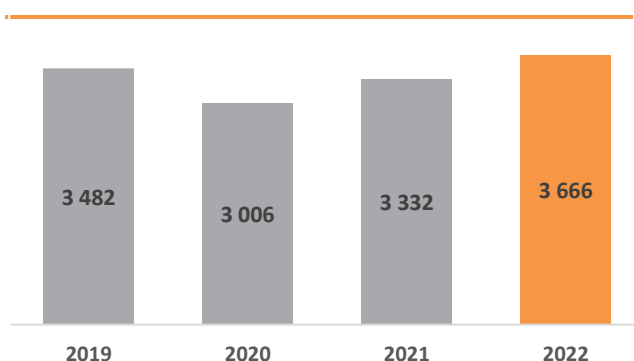
The Group closed the year 2022 with the scale of the projects completed at the level of 5 779 units under construction, out of which 3 490 have already been sold.

According to the Company's Management Board, a 3% decrease of the scale of the Group's projects completed (compared to the national average of nearly 30%) is an acceptable result, given the unstable, complex and uncertain macroeconomic environment. Despite enormous challenges related to construction costs, all construction processes proceeded according to the planned budget.

The success in this area is largely attributable to general contractors belonging to the Dom Construction Sp. z o.o. Group and Euro Styl Construction Sp. z o.o. Both of these companies carried out construction processes in a timely manner and in line with the required high standards of the Group, with competitive prices while maintaining profitability of their operations.

In Warsaw, where administrative difficulties and the situation on the land market were the most complex of all Polish agglomerations, Dom Development S.A. increased the scale of its operations by 18%. The Group significantly increased the scale of its operations in the Cracow market and started construction of 334 units in 3 projects.

UNITS DELIVERED (in PCS.)



UNITS DELIVERED (in PCS.)	2022	2021	CHANGE
Warsaw Dom Development S.A.	1 921	1 798	7%
Tricity Euro Styl S.A.	1 078	972	11%
Wroclaw Dom Development Wrocław sp. z o.o.	390	470	(17)%
Cracow Dom Development Kraków sp. z o.o.*	277	92	N/A
Dom Development S.A. Capital Group	3 666	3 332	10%

* The Group has operated in the Cracow market since July 2021

The deliveries of completed units is a key factor affecting the results of the Company and of the Group. The timely completion of construction projects in 2022 translated into the number of units delivered to customers, as expected by the Management Board. The company reached the volume of units delivered to customers at the level of 3 666 units, which reflects a 10% growth compared to the previous year. This is a record number of deliveries in the Group's history.

LAND BANK

The Group's land bank means land intended for projects in preparation. Units planned to be built on plots already purchased and controlled plus units under construction translate to the potential performance of the Company and of the Group in the coming years. In the opinion of the Management Board, the land banks of the property development companies that are a part of the Group are adequate to the planned projects in terms of their size and structure. The optimal size of the land bank, i.e., land in pre-development, should be sufficient for approximately 3 years of sales.

In the opinion of the Company's Management Board, in view of the decreasing availability of land and the necessity to use urbanized areas in a sustainable manner, the Group's companies will be carrying out more and more investment projects through revitalization of urban areas.

Land markets vary significantly across agglomerations. The most difficult situation with regard to the availability of plots for property development projects is in Warsaw, as a result of historic developments and title issues affecting some properties coupled with the high competition and difficulties in obtaining administrative permits. Accordingly, a significant share of the land bank of Dom Development S.A. in Warsaw comprised 'controlled land', the acquisition of which has been secured by the Company, but the title transfer and

The results of the Company and of the Group in 2022 were affected in particular by the deliveries in the following projects - Metro Zachód (494 units), Apartamenty Ludwiki (215 units) and Tricity's Perspektywa (126 units).

The volume of deliveries is highly correlated with project implementation schedules. In the past year, the Group completed development of 34 projects with 3 484 units.

payment of the entire purchase price are deferred pending the obtaining of the required administrative permits and decisions. Owing to that purchasing strategy, the Company has been able to start its property development projects shortly following the completion of the purchase of the land.

UNITS IN THE LAND BANK – PLOTS PURCHASED AND CONTROLLED	2022	2021	CHANGE
Warsaw Dom Development S.A.	9 453	9 329	1%
Tricity Euro Styl S.A.	4 963	5 200	(5)%
Wroclaw Dom Development Wrocław Sp. z o.o.	1 653	1 729	(4)%
Cracow Dom Development Kraków Sp. z o.o.	1 056	727	45%
Dom Development S.A. Capital Group	17 125	16 985	1%

As at 31.12.2022

The Group's land bank increased, as planned by the Management Board, by 1% on the average, in the past year, remaining at the optimal level. At present, the Group has a high-quality land bank in all agglomerations where it operates, which in the opinion of the Management Board will allow the Group to maintain its leadership in the local markets in the coming years.

1.7 MAJOR EVENTS IN 2022

DEVELOPMENT OF ACTIVITIES IN THE CRACOW MARKET

In 2022, the Company continued its geographical expansion in the Cracow market, started on 1 July 2021 by the acquisition of 77% shares in Sento S.A.

On 1 February 2022, the company Dom Development Kraków Sp. z o.o. was established. The purpose of forming a new entity was concentration of development activities on the Cracow market in one business entity.

In February 2022, the Company acquired 100% of the shares in the following BUMA Group companies: Buma Development Sp. z o.o., Buma Management Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development 21 Sp. z o.o., Buma Development 20 Sp. z o.o., Buma Development 12 Sp. z o.o., Buma Development 8 Sp. z o.o., and Dom Construction Sp. z o.o., a wholly-owned subsidiary of the Company, acquired 100% of the shares in Buma Contractor 1 Sp. z o.o.

The assets of the acquired BUMA Group companies included investment land within Cracow with a development potential of 1 370 units, 224 units under construction, and cash of PLN 51.4 million with the debt due to bank loans of approx. PLN 1.9 million.

In March 2022, as result of the acquisition of the reminder of 23% of the shares in Sento S.A. by the Dom Development S.A. Capital Group companies, the Company gained full control of Sento S.A. and its capital group companies.

Throughout 2022, Dom Development Kraków Sp. z o.o. proceeded with the merger process of design companies into one developer organization so that the model business in Cracow would be an organizational equivalent of other Group's locations. The merger process of the Cracow group developer companies will be finished in 2023.

The Cracow market is one of the leading residential markets in Poland, in terms of both the transaction volume and the level of prices. At the same time, it is a highly fragmented market, compared to other major agglomerations in the country. In the opinion of the Company's Management Board, Cracow is a very prospective location, with a huge potential for the primary housing market consolidation.

PAYMENT OF RECORD-HIGH DIVIDEND

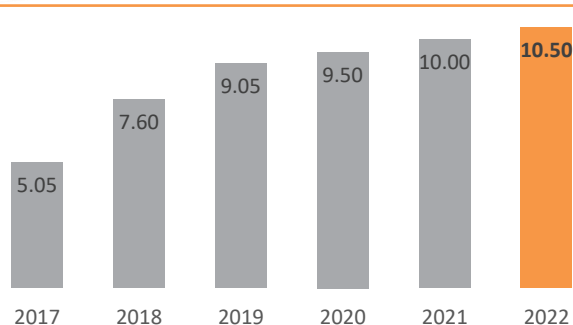
On 30 June 2022, the General Shareholders' Meeting of Dom Development S.A. approved a record-high dividend of PLN 10.50 per share, as recommended by the Company's Management Board. The dividend day was set to 15 July 2022, and the payment was made on 16 August 2022.

The Company paid to its shareholders the total of PLN 268 258 thousand, i.e., 82% of the Group's consolidated net profit for 2021 and 87% of the Company's net profit for 2021. The dividend rate in relation to the share price of the Company on the in-dividend date was 13%..

The remainder of the Company's net profit in the amount of PLN 38 509 thousand was allocated to the Company's supplementary capital.

The dividend paid is in line with the dividend policy of Dom Development S.A. published on 3 April 2013, which assumes increases in the amounts of dividends paid in the next years. The Management Board maintains its intention to pay the highest possible dividends to the Company's shareholders while maintaining a strong balance sheet and high liquidity.

PAYMENT OF RECORD-HIGH DIVIDEND



In the opinion of the Management Board, the high return on equity (ROE) of the Company will allow it to remain among the top companies listed on the WSE in terms of dividend rate, while also allocating part of profits to strengthen its balance sheet and further develop its activities. The intention of the Management Board is to increase the dividend per share, taking into account the situation in the market environment.

DEBT FINANCING

On 15 December 2022, Dom Development S.A. redeemed 50 000, DOMDET1151222 series, bearer bonds, with a nominal value of PLN 1 000 PLN each, and a total nominal value of 50 000 thousand, with the maturity on that date.

Additionally, in the last quarter of 2022, the annex to the facility agreement between Dom Development S.A. and Bank Millennium S.A. was concluded, as result of which the availability period of the overdraft limit was extended

till 17 December 2023, and the overdraft limit was decreased to amount to PLN 40 million now.

In the same period, the annex to the facility agreement by and between Dom Development S.A., Dom Development Wrocław Sp. z o.o. and Euro Styl S.A., and mBank S.A. was concluded, as result of which the availability period of the overdraft limit was extended till 29 January 2027, and the overdraft limit was increased to amount to PLN 200 million now.

NEW SALES SEGMENT - PRS (PRIVATE RENTED SECTOR)

In December 2022, Dom Development S.A. concluded a sale agreement for the undeveloped land property in Bemowo district in Warsaw, with a building design, at a net value of PLN 90 million. The party to the agreement was a professional institutional investor in the Private Rented Sector (PRS) (institutional rental). The Company will also build four buildings with nearly 400 units for the same entity. The net value of a general contractorship agreement is over PLN 200 million. The project

development is planned to start in the 1st quarter of 2023, and end no later than in 2025. It was the first transaction of that kind for the Group.

The Management Board of Dom Development S.A. is open to further cooperation with PRS funds, yet it continues to focus mainly on the offer addressed to individual customers.

1.8 RISKS AND FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP

CHARACTERISTICS OF THE EXTERNAL AND INTERNAL FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP, INCLUDING A DESCRIPTION OF THE RELEVANT RISKS AND THREATS AND THE EXPOSURE OF THE COMPANY AND THE GROUP TO THEM

1.8.1 EXTERNAL FACTORS

ECONOMIC AND POLITICAL SITUATION IN THE REGION

The Russian invasion of Ukraine launched on 24 February 2022 is a factor significantly destabilising the economic environment throughout the region. It led to a significant increase in gas and energy prices to the level not recorded for more than a decade.

Consequently, a global energy crisis began, leading to increases in key commodity prices in many countries, including Poland.

War battles in Ukraine and related military mobilization resulted in a partial outflow of workers, mainly from the construction industry. In-house general contracting, direct relationships with subcontractors and the economies of scale that facilitate optimization of

resources cause the Group to have all means for achieving its objectives in the upcoming year quarters, while strengthening its competitive position despite the challenges related to the geopolitical situation.

The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Group as a whole, and its long-term objectives.

Thanks to consistently implemented policy of a strong balance sheet and low net debts, the Group companies can run their business with confidence and build long-term growth potential.

INTEREST RATES

It is traditionally assumed that the situation on the residential market is inversely correlated to interest rates: low interest rates attract capital to the real estate market and increase the availability of loans, while high interest rates cool it down. The past year showed how strong that dependence was. The Credit Reporting Agency announced that throughout 2022 banks granted only 133.3 thousand home mortgage loans, i.e., by 51.4% less than in the previous year. Such a small number of mortgage loans has not been recorded in Poland since her accession to the European Union. A declining demand for mortgage loans is mainly caused by: a series of interest rate increases, which was initiated by the Monetary Policy Council in October 2021, and the March recommendation of the Polish Financial Supervision Authority, obliging banks to assess creditworthiness with interest rates increased by 5 percentage points.

The Monetary Policy Council in their series of interest rate increases, which started in October 2021, increased

interest rates 11 times. As a result, the reference rate was at 6.75% and WIBOR 3M at 7.02% at the end of 2022. Consequently, interest rate increases translated to a decline in creditworthiness of potential customers, and reducing thereby their buying power. Limited availability of mortgage loans was reflected in market demand, specifically in the popular segment. The demand for upper-standard apartments, as predominant in the Group's offer, can be still observed. This interest results from customers' desire to protect their accumulated capital from inflation and from lower susceptibility to the increase in the cost of mortgage loans.

It may be expected that Dom Development S.A. and its Group companies will be relatively resilient to the economic slowdown in the industry thanks to their well-established position in the segment of upper-standard apartments.

INFLATION

In the past year, inflation significantly exceeded the expectations in many countries, achieving the pace not recorded since the 1970s.

Based on the data of Statistics Poland (GUS), the annual average inflation reached 14.4%, hence it was the highest increase since 1997. Whereas, inflation in December 2022 was 16.6% as compared to December 2021.

According to economists' estimates that inflation should drop in 2023, starting March, and the downward trend should bring it by the end of the year, as forecasted by the European Commission, to 11.7%. Although it will not return to the NBP's target level and will remain far from it, the optimistic scenario provides that decreases in the cost of money may be observed already at the end of 2023.

A growing tendency of cash purchases, observed in 2022, accompanied by a drop in mortgage loan-backed purchases may continue also throughout 2023. This is caused by the fact that prices of goods and services grow faster than bank deposit interest rates.

It is worth emphasizing that real properties are considered one of the most effective forms of capital protection from inflation. Therefore, in the opinion of the Company's Management Board, the expected further drop in money value is a factor which is likely to promote demand for housing again.

The Polish economy contracted between the first and the fourth quarter of 2022. The economists predict that the Polish economy will continue to slow down in 2023, and the annual GDP growth rate should be in the range of 0-1 percent.

Inflation also affected the supply side of the Group's activities. The PSB Group's estimates for the sector show approx. 25% increase in prices of construction materials over 2022. The pressure to increase costs also was a result of growing salary expectations driven by inflation reports.

The increase in construction materials could be observed mainly in early 2022. In the second half of the year, it was possible to observe stabilization or even a decrease in some prices of raw materials and construction materials. Thanks to in-house general contractors, the Group optimises the construction process just from a project planning stage, utilises the economies of scale, and ensures regular cooperation for proven subcontractors, while developing long-term relationships based on trust. All of these advantages have indeed gained in importance, and are expected to form key competitive advantages also in 2023.

LABOUR MARKET SITUATION

The situation on the housing market is closely linked to the situation on the labour market. Poland is doing very well in this regard by remaining among countries with the lowest unemployment. The year ended 2022 was a good period for the labour market in Poland, despite signals of the upcoming economic slowdown.

The unemployment rate in Poland fell from 5.4% in December 2021 to 5.2% a year later. In the cities, where the Group operates, the unemployment rate remained below so-called natural unemployment. In 2022, the average salary in the business sector increased to reach the level of PLN 6 653.

An expectation of job stability is an important factor in a decision to buy an apartment, in particular for people who take a mortgage loan. Despite the phenomena of crisis, the labour market in 2022 remained in a good condition.

Unfortunately, rising inflation caused the average real salary in the business sector to drop by 2.1% in December 2022, with a nominal salary increase of 10.3% and with 16.6% inflation.

If this situation continues for longer time, it may have a negative impact on the purchasing power of consumers, especially those who are less wealthy and spend most of their income on food and energy carriers.

Employment stability and a real increase in salaries provide strong support for housing demand. In the opinion of the Company's Management Board, the situation on the labour market may be crucial for the condition of the development industry in 2023, in particular in the so-called popular segment.

ADMINISTRATIVE DECISIONS

The specifics of development projects requires a number of licenses, approvals and arrangements to be obtained by the Group at every stage of the investment process. Despite high caution applied in the project execution schedules, there is always a risk of delay in attaining them, of challenges to decisions which have already been issued (also due to the fact that appeals can be made with no consequences for the appellants) or even failure to attain them. All of these factors affect the ability to conduct and complete the executed and planned projects on time.

The Group assures maintenance of the scale of activities and seamless replenishment of the offer, by securing a high quality and adequate size of the land bank, corresponding to at least three years of sales by Dom Development S.A.

The fundamental activity adopted by the Group so as to reduce exposure to market risks is the proper assessment and control of potential and existing development projects based on investment models and decision-making procedures developed in the Company, the observance of which is receiving special attention of the Company's Management Board.

In the 3rd quarter of 2022, Dom Development Wrocław Sp. z o.o. suspended implementation of the Osobowicka 114 project. The suspension was in connection with the necessity of changing the technology of construction works, resulting from a bad technical condition of the structures present on the real property.

AVAILABILITY OF CAPITAL

The property development business requires large and long-term capital involvement, hence the particular focus of the Management Board of the Company on the liquidity level of the Company and the Group. The willingness of banks to lend money is also an important factor for housing demand.

In the opinion of the Company's Management Board, the Dom Development S.A. Capital Group has little exposure to the risks of insufficient availability of capital. The lack of net debt, the high cash balance and the high reliability of the Company in the eyes of financial institutions are sources of the Group's competitive advantage and ensure the comfort of uninterrupted property development projects.

As at 31 December 2022, the Dom Development S.A. Capital Group had PLN 374 million cash and PLN 390 million available credit lines (of which just PLN 59 million was used as at the end of year). With interest debt of PLN 370 million, of which just PLN 109 million is a short-term debt, the Group held net cash of PLN million.

The capital availability is a factor also significantly affecting demand for housing. Rising interest rates in 2022 mostly affected demand for apartments in the popular standard. That risk applies however to the entire property development market, but in the opinion of the Company's Management Board, the Group's exposure to that risk is relatively low, as the majority of the Group's offer is upper-standard apartments.

ECONOMIC GROWTH RATE

The residential market is considered to be a cyclical sector of the economy and it is traditionally believed that the situation in the property development sector is highly correlated with the dynamics of gross domestic product (GDP).

According to the preliminary estimates of the Statistics Poland (GUS), in 2022 Poland's GDP was higher in real terms by 4.9% as compared to 2021.

In Q4 2022 only, the GDP dynamics was 2.2% YoY against 3.6% YoY in Q3 2022.

Poland's economy proved to be relatively resilient to the external and macroeconomic factors, i.e., high inflation, rising interest rates, and diminishing economic activity in the world.

LEGISLATION

Potential future changes in legislation constitute a risk that could directly or indirectly affect the activities and performance of the Group companies.

A bill to amend the Spatial Planning and Land Development Act and certain other acts is at the final stage of works in the governmental legislative process. According to the declarations of government representatives, the act is to be enacted by the parliament by the end of the 2nd quarter of 2023. The planned solutions – in particular radical restrictions on possibilities of issuing decisions on land development conditions, as well as a probable introduction of their binding period, accompanied by the expiry of spatial development conditions and the necessity for local communes (gmina) to adopt master plans – may lead to a limited supply of investment land, in particular that intended for residential development.

The potential risks, resulting from legal regulations, include the changes proposed by the Ministry of Economic Development and Technology, with regard to the Regulation on technical conditions to be met by buildings and their location. The Ministry proposes to add regulations which would impose the obligation to increase the minimum distance of multi-family residential buildings to a plot boundary, to increase the insulation level, to introduce a minimum distance from balcony to balcony, and to impose an obligation to separate balconies located on one balcony panel.

In the opinion of the Company's Management Board, the proposed changes will have a negative impact on land development possibilities, and above all they will lead to a decrease in the number of apartments and balconies per investment project, resulting in a significant growth of an average price of all units, and consequently in a drop of housing availability. Furthermore, in the opinion of the Company's Management Board, those changes will result

in a decline in profitability of development projects, because the decision on acquisition of the real properties, already owned by the developers in the land bank, were made on the basis of the earlier capacity analyses of the plots and the provisions of law applicable so far.

The Ministry of Economic Development and Technology is also preparing regulations to limit a possibility of purchasing a larger number of apartments. According to the bill, a tax on purchase of another apartment is to be raised (it will apply to those who own at least 5 residential units) and the ban on acquisition of more apartments, more frequently than once a year is to be imposed. The bill has not been yet promulgated by the Ministry, but in the Company's opinion, its basic assumptions only may lead to reduction in sales of apartments and difficulties in cooperation between developers and investment funds.

The fundamental measure adopted by the Group so as to mitigate exposure to regulatory risks is the assessment of future and monitoring of current development projects based on investment models and decision-making procedures developed in the Group.

1.8.2 INTERNAL FACTORS

MANAGEMENT OF THE CAPITAL GROUP

The Dom Development S.A. Capital Group has notably developed since 2017. In that period, the Group increased its geographical coverage to include the Tricity and Cracow, extended its activities to include general contractorship and implemented plans to diversify its activities, as evidenced by the significant increase in the share of the Company's subsidiaries in the Group's operating and financial results. The Management Board of the Company took extensive measures to optimise the management of the Capital Group and to establish a system framework for further development – both organic and through possible acquisitions of more companies.

The acquisition in 2017 of the Euro Styl S.A. Capital Group, a large property development group involved in property development projects in the Tricity and in the general contractorship of its projects, required the harmonisation of processes, organisational structures and systems and the development of effective communication channels and the circulation of information. The implementation of that labour-intensive and complex task was successful and the Company gained invaluable knowledge and experience in building added value through acquisitions.

With the acquisition of Euro Styl S.A., the Group acquired its own general contractor company – Euro Styl Construction Sp. z o.o. In the following year, the Management Board made a strategic decision to develop its own general contractor company operating in Warsaw and Wroclaw (and since 2021 also in the Cracow market)

for Group companies. Now, Dom Construction Sp. z o.o., thanks to an experienced team and efficient management, is a very well-organised general contractor company that successfully combines a quickly growing scale of operations, high quality and cost efficiency - offering prices at a competitive level and achieving profitability above the industry average.

In 2022, the Company continued its expansion into the Cracow market initiated in the middle of the previous year. The acquisition of the BUMA Group companies, concluded on 28 February 2022, significantly increased the Group's potential on that market, whereas the concentration of development activities on the Cracow market in Dom Development Kraków Sp. z o.o. will enable local use of the strong Dom Development brand and harmonisation of processes and standards of the investment projects conducted with use of the land banks of the companies acquired from the BUMA Group and Sento S.A.

The changes that have taken place in recent years are a source of challenges in terms of effective Group management and maintaining the flexibility of the organisation needed to respond quickly to changes in a competitive environment. Any possible threats in this area are mitigated by the Management Board both through the implementation IT systems in its subsidiaries that support management reporting and information sharing in the Group and through the harmonization of business procedures and processes which are supervised on various levels by relevant Members of the Company's Management Board.

HUMAN CAPITAL

Property development projects are long-term projects of a unique nature. Therefore, the key advantage in this sector is know-how, the main source of which is experienced employees. The Dom Development S.A. Capital Group has a relatively low employee turnover and many of its employees have long service records. The Group also cooperates with many reliable business partners on a long-time basis. Thanks to that, the Group is able to achieve above-average results at every stage of

the property development process, from the purchase of high-quality land, to a high-quality design and timely and cost-effective construction to good relations with its customers who become the Group's ambassadors.

The Company's Management Board mitigates the risks of loss of key employees through incentive programmes covering all employees of the Group companies, the development of managerial competencies and expertise of employees at the operating level.

BUSINESS MARKETS

For many years, Dom Development S.A. has been the undisputed leader in the Warsaw primary housing market. The capital of Poland is the main centre of the economic and social life, and one of the largest academic centres in the country, and its attractive and absorptive labour market attracts new residents. As a result, the housing

market in the capital is the largest and is characterized by the highest prices among the Polish cities.

The Warsaw market is however most challenging in implementation of the development projects – the Warsaw housing supply is under strong pressure due to the shortage of investment land with a clean legal

situation and delays in planning work and administrative decisions. The Company's Management Board mitigates the risk associated with the concentration of activities on the Warsaw market by geographical diversification within the Dom Development S.A. Capital Group.

The Company pursues its geographical diversification strategy through its subsidiaries operating in Tricity, Wrocław and Cracow. As a result, the Dom Development

S.A. Capital Group operated in the four most attractive housing markets in Poland in 2022.

In the opinion of the Company's Management Board, the diversification of Group's activities and the increase of the participation of subsidiaries in the structure of its sales and financial results is an effective strategy for the building of the Group's value and will be continued in the next years.

ACQUISITION OF LAND FOR PROJECTS

The future success of the Group is founded on having the ability to acquire attractive land for new development projects at the right times and at competitive prices. This will enable satisfactory project margins to be generated despite the lack of market stability. As there is a limited supply of land with clear legal and planning status in attractive locations, the ability to acquire new land is a major competitive advantage in the real estate development market.

The Group's land bank, comprising projects in preparation and land secured in the four most attractive markets in Poland, amounted to 17 thousand units to be built, as at 31 December 2022. In the opinion of the Management Board, this level is adequate to the existing market conditions, in particular to a long-lasting process of obtaining permits necessary for project implementation,

legislative changes concerning the pre-development stage of the projects, and to the situation on the mortgage loan market. Thanks to its land resources, the Group is able to seamlessly replenish its offer, adjusting it to the market needs and maintain a position of the leader on the Polish housing market.

The Management Board places great emphasis on securing attractive land for new investments so that the Group has broad and varied land bank in each of its markets that allows it to maintain stability in its activities for the next three years. Success in securing a land bank for the purpose of new projects is predominantly due to the experience of the Group's personnel and significant cash resources that allow for the quick closing of even the largest transactions.

CONTRACTOR RELATIONS

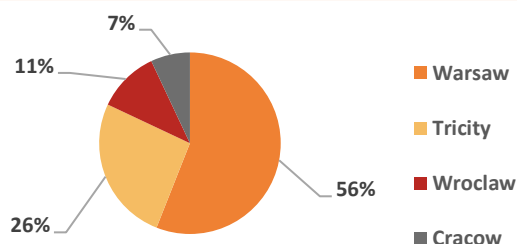
The quality and timeliness of implementation of the projects is the basis for building customer confidence. The Group adheres to a high standard of performance and expects the same from its contractors. We are a demanding, but reliable business partner. Thanks to the long-term relationships with its subcontractors, the Group as one of the few property developers was able to carry out its construction projects in a timely manner even during the crisis in 2022 triggered by the military conflict in Ukraine.

This relationship-based approach to external parties increases the operational efficiency of the Group, which -

acting in line with proven procedures and with reliable business partners - makes the risk of delays, cost overruns and reputation losses caused by external factors reduced.

The Company's Management Board believes that in this difficult economic and geopolitical situation, the relationships with the business partners developed in long-term cooperation and the Group's ability to assure smoothness of contracts, due to the scale of activities gained much in importance.

Geographical structure of housing sales of the Dom Development Group in 2022



CUSTOMER SATISFACTION

The decision to buy an apartment is often a portentous and emotional event in many a person's life. With this in mind, the employees of the Group companies make every effort to ensure that the process is carried out in a comfortable manner and that customer satisfaction with the purchase is high and enduring.

The Polish real estate market has been maturing, with people buying their second and third apartments, as their lives change and for investment purposes. This change makes the developer's brand more important. One of the strengths of Dom Development S.A. Capital Group, which is reflected not only in sales volumes but also in the lower price-elasticity of buyers, is its opinion as a trustworthy company, earned through many years of diligence towards the customers.

The importance of reputation risk is relatively high for a property developer – when a person decides to buy an

apartment, they often ask their friends for opinions and seek online reviews. The Group companies closely monitor and analyse customer satisfaction at both general and specific levels, broken down by area and project, with the use of the Net Promoter Score. This is a metric used in different industries, which can range from -100 to 100.

In 2022, the Group repeated the success of the previous year, attaining NPS at a level of 70 points despite expansion of its activities into a new Cracow market. By comparison, on a much more mature UK market, the average value of this indicator for the sector was 45 points (according to a report published in March 2022 by the Home Builders Federation).

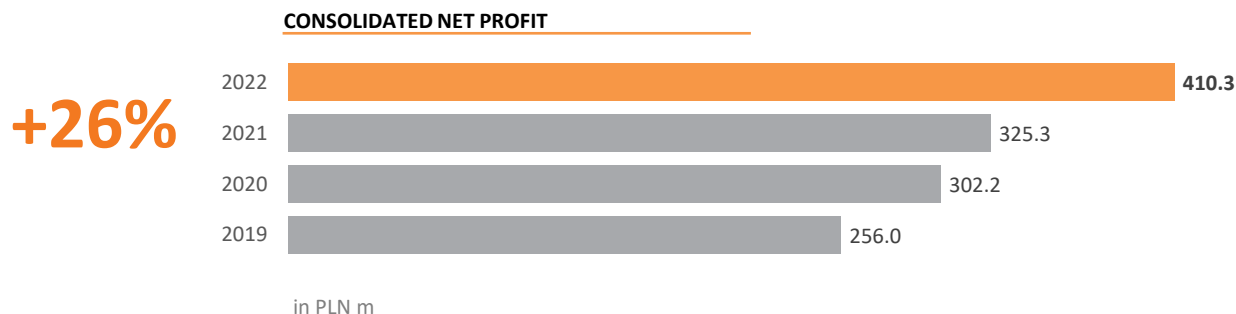
Through careful monitoring of the opinions and satisfaction levels of apartment purchasers, the Group has been able to respond better to customer needs. Feedback concerning our projects is carefully analysed and used in the development of further projects by the Group.

2 OVERVIEW OF FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. AND ITS GROUP



2.1 PROFITS AND PROFITABILITY

2.1.1 CONSOLIDATED FINANCIAL RESULTS OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP



The year 2022 was a record year for the Capital Group Dom Development S.A. in terms of financial performance. In the past years the Group has gradually improved its financial performance, putting a strong emphasis on improvement, and in 2022 on maintaining high profitability. High-quality projects, effective sales policy and timely completion of projects resulted in 27.5% increase in consolidated sales revenue, which reached PLN 2 419.3 million.

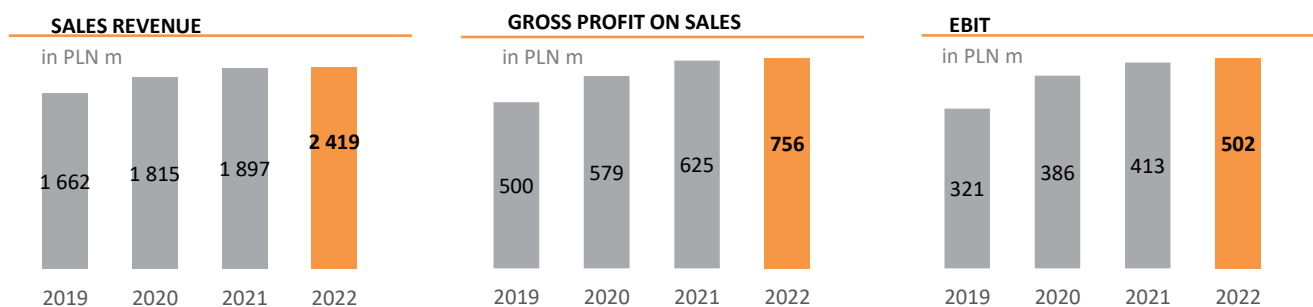
In the past year, despite strong construction costs pressure, the Group continued to pursue its strategy of maximising a margin. A slight decrease recorded in gross profitability at the level of gross profit on sales to 31.2% from 32.9% in 2021 was the result of sales of land properties and construction services on which the margin was notably lower than on developer sales on which the Group earned the margin of 33% in 2022.

In 2022, in face of many negative macroeconomic factors, the Group was maintaining the scale of development projects, including the planned expansion of its activities in the Cracow market. Those actions caused selling costs and general administrative expenses to grow by 14% and 24%, respectively, as compared to the previous year. In the opinion of the Company's Management Board these

increases are justified due to successful completion of the investment plans in 2022 (including the above mentioned acquisitions on the Cracow market) and inflationary pressure intensifying in the Polish economy over the past year.

The Group's operating result was PLN 501.5 million in 2022, i.e., 21% more than a year earlier. The Group places a strong emphasis on management efficiency, hence, having in mind the economic situation, a decrease in the operating profit margin by 1% in 2022 to the level of 21% should be considered fully reasonable. The Company's Management Board considers this a very satisfactory level that reflects the effectiveness of the Group's business model.

In the past year, the Group attained a record consolidated net profit of PLN 410.3 million, i.e., PLN 16.07 per share. This is an effect of the record-high operating results, and a conservative tax policy. The Company's Management Board would like to emphasise at this point that this record result is accompanied by the historically high potential of sale to be recognised, which at the end of 2022 was at the level of that as in 2021 when this potential was historically the highest in that regard.



In the opinion of the Company's Management Board, the financial results of the Dom Development S.A. Capital Group in 2022 were very good, owing to skilful leveraging of the opportunities offered by the market environment both in the previous years and now.

The Group's gradual increase in profits and the relatively steady shareholders' equity, due to dividend payments of almost the entire consolidated profit for 2012-2021 resulted in growth of return on equity (ROE), which means that the Dom Development S.A. Capital Group stands out in the sector. The ROE growth from a very high level of 28.1% in 2021 to 32.8% is another indication of the Group's efficient performance and its ability to read market signals.

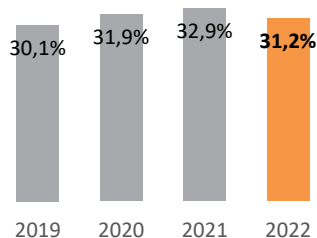
The return on assets increased slightly, i.e., by 0.6% to approx. 10.6%. The Company's Management Board believes that it is a very good result. The Group's assets grow proportionally to its results mainly due to the increase in inventory (+14% YoY), which determine the potential for future results. The Group's inventory mostly comprises real properties and the expenditures for designing and construction work, as spent on the units sold (contracted) and not yet delivered to purchasers, and therefore not recognised in the income statement.

In 2022, there were several abnormal factors having a material impact on the financial results presented in this report. The year 2022 in the housing market was a year of many challenges that intensified from quarter to quarter. The Russian invasion of Ukraine in February of the past year resulted in capital outflow from our region, and the wave of refugees significantly strengthened demand on the rental market. Furthermore, the energy crises caused by the unstable geopolitical situation resulted in the growth of prices, pushing inflation up.

The April recommendation of KNF (Polish Financial Supervision Authority), tightening the criteria for assessing creditworthiness, resulted in turn in rapidly reduced availability of home mortgage loans, which was reflected in market demand, specifically in the popular segment, depriving a significant part of the society of a possibility to buy an apartment.

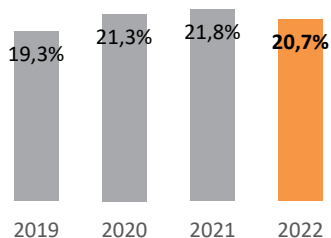
Against this background, the second half of the year was relatively calm for the Group, although the interest rates continued to be increased till September to reach the level not recorded for 20 years. The 4th quarter saw interest rate stabilization with a simultaneous 25-year high inflation peak.

GROSS MARGIN ON SALES



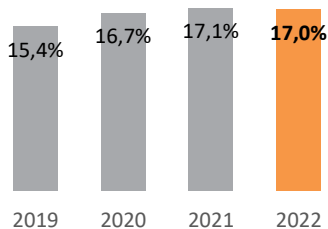
$\frac{\text{gross profit on sales}}{\text{sales revenue}}$

OPERATING PROFIT MARGIN



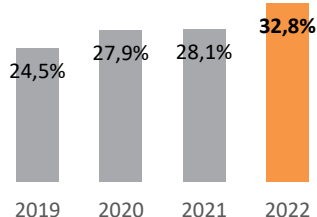
$\frac{\text{EBIT}}{\text{sales revenue}}$

NET PROFIT MARGIN



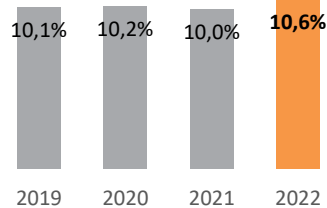
$\frac{\text{net profit}}{\text{sales revenue}}$

ROE



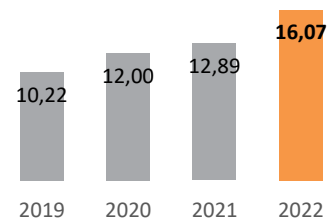
$\frac{\text{net profit}}{\text{equity capital at the beginning of the period}}$

ROA



$\frac{\text{net profit}}{\text{total assets at the beginning of the period}}$

EARNINGS PER SHARE



$\text{basic consolidated earnings per share}$

2.1.2 FINANCIAL RESULTS OF DOM DEVELOPMENT S.A.

FINANCIAL RESULTS AND PROFITABILITY OF DOM DEVELOPMENT S.A.	2022	2021	Change YoY
INCOME STATEMENT			
Sales revenue	1 414 704	1 234 988	14.6%
Gross profit on sales	462 297	378 053	22.3%
EBIT	309 348	242 702	27.5%
Net profit	373 684	306 767	21.8%
Earnings per share, basic	14,64	12,09	21.1%
PROFITABILITY RATIOS			
Gross margin on sales	32.7%	30.6%	2.1 p.p.
Operating profit margin	21.9%	19.7%	2.2 p.p.
Net margin	26.4%	24.8%	1.6 p.p.
ROE	30.5%	26.6%	3.9 p.p.
ROA	12.3%	11.1%	1.2 p.p.

In the opinion of the Company's Management Board, the financial results of Dom Development S.A. were very strong in 2022. The increased revenues resulted both from the volume of deliveries of units higher than in the previous year (1 921 units versus 1 798 a year earlier) and from the sale of real properties with a building design to an institutional purchaser (PRS) in the amount of PLN 90 million. The average value of a unit delivered by the Company in 2022 was PLN 678 thousand, confirming the well-established position of Dom Development S.A. in the segment of upper-standard apartments. It also allows us to maintain a very attractive return on sales, which was 32.7% in 2022 as compared to 30.6% a year before.

The Company continued its strategy of market diversification, implemented through subsidiaries

developing real estate in the Tricity market (Euro Styl S.A.), in Wrocław (Dom Development Wrocław Sp. z o.o.) and in Cracow (Dom Development Kraków Sp. z o.o.), which was formed after the successful acquisition of two local developers Sento and Buma, and incorporated in the Group on 28 February 2022. Thanks to the successful expansion and increased scale of operations on these markets, dividends received from subsidiaries increased by 4%, to more than 117 million in 2022.

The leading position in the Warsaw market and the successful diversification of activities through expansion in other main agglomerations of Poland allowed the Company to increase its net result by 22%, to PLN 374 million in 2022. The Company's net profitability ratio reached a very high level of 26.4% during this period.

2.2 CAPITAL STRUCTURE OF THE COMPANY AND THE GROUP

In 2022, the Company's and the Group's position in terms of assets was strong, and made them stand out in the sector as so far. The Group's balance sheet total increased over the past year to PLN 4 112 million, compared to PLN 3 878 million as at 31 December 2021.

ASSETS

Current assets worth PLN 3 937 million as at 31 December 2022, were dominant in the Group's asset structure, as in the previous years. The share of tangible fixed assets in the balance sheet total was 4%. Cash understood as cash and cash equivalents plus cash in open escrow accounts remained at a very high level of PLN 374 million, allowing the Group to flexibly respond to changes in the market environment.

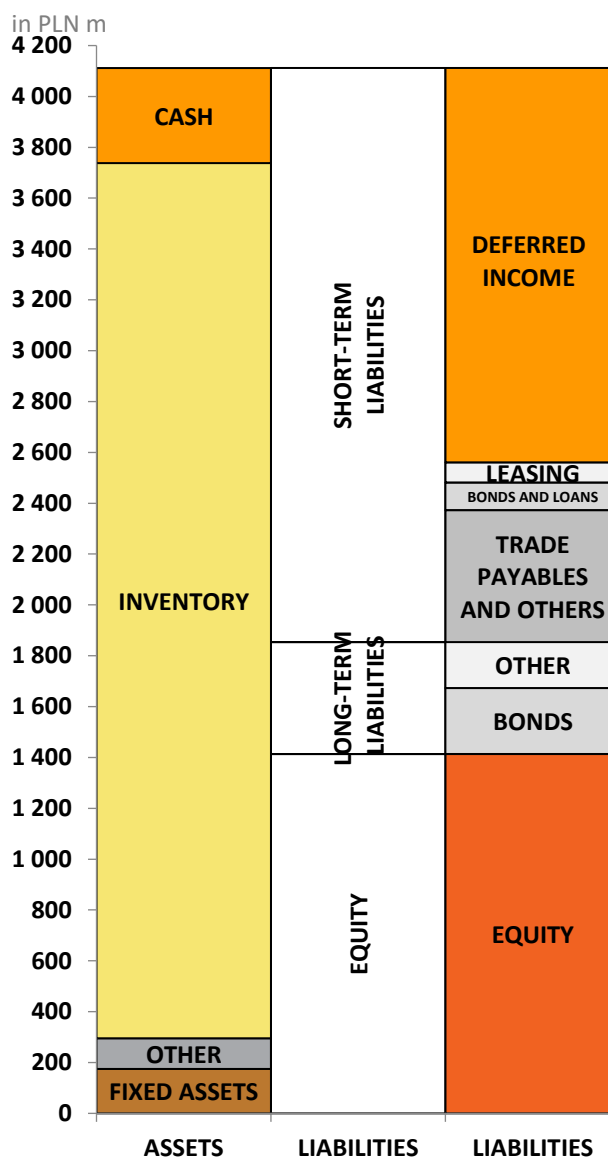
The value of funds in the escrow accounts of the Group companies was relatively high, and it stood at PLN 70 million as at 31 December 2022 against PLN 41 million a year earlier. However, a small proportion of these funds in relation to the value of invoiced sales recorded under "deferred income" in liabilities (approx. 5% at the end of 2022) demonstrates the high operational efficiency of the Group companies and the timely completion of building projects. Funds are released from open escrow accounts proportionally to the progress in construction, as soon as certain stages of project implementation have been accomplished.

Consistently, inventories is the key item in the Group's assets, and they increased by 14%, to PLN 3 443 million in 2022. This balance sheet item consists primarily of projects under construction and investment land for future projects with a total value of PLN 3 055 million.

LIABILITIES

The closing balance of shareholders' equity at the Dom Development S.A. Capital Group was PLN 1 413 million in 2022, i.e., 13% higher than as at 31 December 2021. The increase in shareholders' equity mostly results from an increase in reserve capital, supplementary capital and accumulated unappropriated profit by 17%, to PLN 1 123 million.

BALANCE SHEET STRUCTURE AS AT 31 DECEMBER 2022



SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET OF DOM DEVELOPMENT S.A. CAPITAL GROUP (in PLN '000)	31.12.2022	Share in the balance sheet total	31.12.2021	Change YoY
Total fixed assets	175 308	4%	110 193	59%
Current assets				
Inventory				
Trade and other receivables	3 442 969	84%	3 025 168	14%
Other current assets	90 731	2%	67 507	34%
Cash and cash equivalents and short-term financial assets	7 549	<1%	5 174	46%
Total current assets	395 399	10%	669 601	(41)%
TOTAL ASSETS	3 936 648	96%	3 767 450	4%
Total fixed assets	4 111 956	100%	3 877 643	6%
Shareholders' equity				
Share capital	25 548	1%	25 398	1%
Share premium	264 208	6%	258 358	2%
Reserve and supplementary capitals, and accumulated	1 123 458	27%	956 694	17%
Total shareholders' equity	1 413 214	34%	1 240 450	14%
Non-controlling interests	59	<1%	8 728	(99)%
TOTAL SHAREHOLDERS' EQUITY	1 413 273	34%	1 249 178	13%
Liabilities				
Total long-term liabilities	440 363	11%	522 683	(16)%
Total short-term liabilities	2 258 320	55%	2 105 782	7%
Total liabilities	2 698 683	66%	2 628 465	3%
Total equity and liabilities	4 111 956	100%	3 877 643	6%

The Group's total liabilities as at the end of 2022 amounted to PLN 2 699 million, of which PLN 1 551 million was allocated to deferred income classified as current liabilities.

As in previous years, the structure of the Group's liabilities was very safe. As at 31 December 2022, the Group's short-term interest-bearing debt was comprised exclusively of bonds worth PLN 50 million and bank loans in the amount of PLN 59 million. The Group's remaining interest-bearing debt of PLN 260 million was long-term debt and consisted of bonds with various maturity, until 2026. The Group's total interest-bearing debt was PLN 369 million, i.e., PLN

5 million less than its cash (inclusive of funds in the residential escrow accounts).

Short-term liabilities accounted as deferred income were dominant in the structure of the Group's liabilities as at 31 December 2022. Despite record-high sales revenue recognised in the Group's consolidated income statement for 2022, this item value at the end of 2022 remained unchanged compared to the previous year. This demonstrates that despite negative macroeconomic factors the Group is doing very well in that difficult market, continuing its policy to maximise sales margin and, consequently, to maximise profits.

LIQUIDITY RATIOS

Considering the specifics of the real estate development industry with its long production cycle and stricter requirements for financing activities of this sector's companies, it should be noted that the Group is in a comfortable financial position. This is due to a number of long-term decisions and actions taken by the Company's Management Board. These high ratios to a large extent result from the relevant financing structure applied, that is predominantly medium-term and long-term, as opposed to short-term financing. These actions and decisions are about the manner of conducting and financing investment projects (including decisions about when to commence the construction of individual estates and concerning the product mix offered for sale) and the strategy for acquiring new land.

The Company's Management Board considers the Group's liquidity situation to be still very good, especially in the context of the acquisition of the Buma Group.

The Dom Development S.A. Capital Group has maintained consistently high liquidity. The current ratio was very high, i.e., 5.57, at the end of 2022.

The quick ratio decreased and was at 0.70 as at 31 December 2022. The value of this ratio is still on a very good level and confirms high liquidity of the Group, which in a volatile market environment becomes a key competitive advantage for both customers and business partners.

The cash ratio of 0.43 reflects high liquidity of the Group, although it is significantly lower than the levels recognized in the previous years.

LIQUIDITY RATIOS IN THE GROUP	FORMULA	31.12.2022	31.12.2021
Current ratio	current assets / short-term liabilities*)	5.57	6.85
Quick ratio	current assets less inventory / short-term liabilities*)	0.70	1.35
Cash ratio	cash and cash equivalents / short-term liabilities*)	0.43	1.10

*) Short-term liabilities less deferred income

LEVERAGE RATIOS

Appropriate operating policy (i.e. proper commencement and pace of investment projects as well as controlled purchases of new land properties) and financing policy (the financing structure) ensured that leverage ratios were maintained at safe levels to support the business activity of the Group and maintain the Group's creditworthiness in the financial market. Leverage ratios with values similar at the end of 2022 to those at the end of 2021 reflect the conservative approach of the Company's Management Board to the sources of finance

for operations. Among the analysed Group's leverage ratios the biggest change occurred in the debt to equity ratio, which changed from minus 20.4% to a still comfort level of minus 0.3%

All other leverage ratios improved to a certain extent. This may be attributed to the increased value of net assets and 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.

LEVERAGE RATIOS IN THE GROUP	FORMULA	31.12.2022	31.12.2021
Equity ratio	shareholders' equity / total assets	34.4%	32.2%
Liabilities to equity ratio	total liabilities / shareholders' equity	191.0%	210.4%
Debt ratio	total liabilities / total assets	65.6%	67.8%
Interest bearing debt to equity ratio	interest bearing debt / shareholders' equity	26.1%	31.5%
Gearing ratio	(interest bearing debt less cash and cash equivalents*) / shareholders' equity	(0.3)%	(20.4)%

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

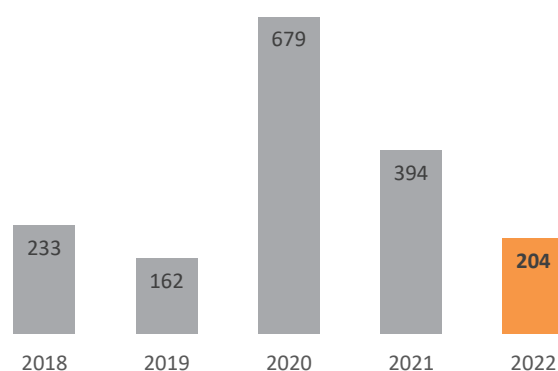
CASH FLOW

The Dom Development S.A. Capital Group generated PLN 204 million of net cash flow from operating activities in 2022. The Management Board believes it is still a good result indicating the Group's healthy business model. The decrease, compared to the year 2021, resulted from the fact that the planned land acquisitions for future development projects, which are disclosed as Group's operating activity, and that the year 2021 saw a record-high growth of deferred income coming from customers' payments. This was the consequence of the record-breaking business expansion achieved by the Group in 2021, measured by the number of units sold (contracted). It should be, however, noted that in 2022 the amount of deferred income remained on the generally unchanged level compared to 2021, which means that throughout 2022 the record-breaking amount of revenues from sales as shown in the income statement was balanced with the proceeds from customers.

The Group recorded a relatively high outflow of cash from investing activities in the amount of PLN 216 million

CASH FLOW FROM OPERATING ACTIVITIES

in PLN m



against PLN 66 million in 2021. The increased balance of capital expenditures was connected mainly with the acquisition of 100% of the shares in the BUMA Group companies, as described in note 7.1 to the Group's Consolidated Financial Statements for the year 2022.

2.2.1 COMPANY'S ASSET SITUATION

In 2022, the Group also disclosed net cash outflow from financial activities in the amount of PLN 291 million. This was predominantly the result of the payment of a record-high dividend in the amount of PLN 268 million and

a decrease in debt due to bonds by PLN 56 million, with a simultaneous increase of the debt due to bank loans by PLN 26 million.

The Group's consolidated cash reserves decreased by PLN 303 million to reach PLN 304 million in aggregate in 2022.

SELECTED DATA FROM THE BALANCE SHEET OF DOM DEVELOPMENT S.A. (in PLN '000)	31.12.2022	Share in the balance sheet total	31.12.2021	Change YoY
Total fixed assets	893 227	29%	477 015	87%
Current assets				
Inventory	1 930 509	62%	1 921 213	<1%
Trade and other receivables	42 782	1%	38 149	12%
Other current assets	4 409	<1%	3 232	36%
Loans granted	0	<1%	197 760	(100)%
Cash and cash equivalents and short-term financial assets	241 103	8%	396 998	(39)%
Total current assets	2 218 803	71%	2 557 352	(13)%
TOTAL ASSETS	3 112 030	100%	3 034 367	3%
Shareholders' equity				
Share capital	25 548	1%	25 398	1%
Share premium	264 208	8%	258 358	2%
Reserve and supplementary capitals, and accumulated unappropriated profit (loss)	1 061 278	34%	941 662	13%
TOTAL SHAREHOLDERS' EQUITY	1 351 034	43%	1 225 418	10%
Liabilities				
Total long-term liabilities	342 253	11%	408 752	(16)%
Total short-term liabilities	1 418 743	46%	1 400 197	1%
Total liabilities	1 760 996	57%	1 808 949	(3)%
Total equity and liabilities	3 112 030	100%	3 034 367	3%

The structure of the Company's balance sheet was similar to the Group's consolidated balance sheet. The Company's balance sheet total went up by 3% over the year 2022 to PLN 3 112 million. The majority of the Company's assets was inventory, the value of which was PLN 1 931 million at the end of 2022, i.e., at the level similar to that in the previous year.

The structure of the Company's liabilities has not materially changed as compared to that at the end of 2021. Shareholders' equity as at 31 December 2022 went

up by 10% and was PLN 1 351 million, and accounted for 43% of the balance sheet total. Long-term liabilities of the Company were at the level of PLN 342 million (a decreased of 16% compared to the previous year) and consisted mainly of PLN 260 million bonds issued by the Company. Short-term liabilities were close in value to those in 2021 and amounted to PLN 1 419 million.

The favourable structure of the Company's balance sheet is reflected in the liquidity and leverage ratios as presented below.

LIQUIDITY RATIOS IN THE COMPANY	FORMULA	31.12.2022	31.12.2021
Current ratio	current assets / short-term liabilities*)	4.37	7.24
Quick ratio	current assets less inventory / short-term liabilities*)	0.57	1.80
Cash ratio	cash and cash equivalents / short-term liabilities*)	0.36	1.03

*) Short-term liabilities less deferred income

LEVERAGE RATIOS IN THE COMPANY	FORMULA	31.12.2022	31.12.2021
Equity ratio	shareholders' equity / total assets	43.4%	40.4%
Liabilities to equity ratio	total liabilities / shareholders' equity	130.3%	147.6%
Debt ratio	total liabilities / total assets	56.6%	59.6%
Interest bearing debt to equity ratio	interest bearing debt / shareholders' equity	26.6%	29.4%
Gearing ratio	(interest bearing debt less cash and cash equivalents*) /	10.4%	(1.3)%

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

2.3 ASSESSMENT BY THE MANAGEMENT BOARD OF FINANCIAL RESOURCES AND THE CAPACITY OF THE COMPANY AND THE GROUP TO IMPLEMENT INVESTMENT PROJECTS

The Dom Development S.A. Capital Group is fully capable of financing currently executed investment projects. The Group companies intend to finance the execution of real estate development projects from shareholders' equity, the issue of debt securities by the Company and bank loans. The Company's Management Board attempts to match the maturity structure of the debt securities issued and bank loans mainly to the duration of individual development projects, with particular consideration given to the gradual replenishment of the land bank for future development projects of the Group.

The Group's ability to implement investment projects was confirmed in 2022. The Company's Management Board was able to bring about the payment of a record-high dividend of PLN 268 million while maintaining a high level of cash and no net interest-bearing debt. Dom Development S.A. has significant financial resources and has a very good reputation at banks and bondholders, which results in the good availability of external funding.

The Company's Management Board abided by its earlier statements concerning the increase in market diversification of the Group's business, which assumed the further expansion into the Cracow market, the maintenance of scale of operations in Warsaw, and development of subsidiaries in the Tricity region and Wrocław. In the coming year, the Company's Management Board intends to continue this strategy, and a further increase in the share of subsidiaries in the Group's sales is expected. A key step required to achieve these objectives involves the effective acquisition of new land for the land bank.

The continued expansion in the Cracow market through the acquisition of the BUMA Group was the Company's

and the Group's main investment undertaking in 2022. The transaction was closed on 28 February 2022, and totalled PLN 204.2 million. It consists of PLN 146.1 million for the shares sold in the companies being the object of the transaction (of which PLN 121.2 million due to the price for the shares acquired directly by the Company, and PLN 24.9 million due to the price paid by Dom Construction Sp. z o.o.) and PLN 58.1 million for acquired subrogation of loans granted by the seller to the companies acquired as a result of the transaction.

In the 4th quarter of 2022, the Company concluded with a professional institutional investor in the Private Rental Sector (PRS) (institutional rental) a sale agreement for the undeveloped land property in Bemowo district in Warsaw, with a building design, at a net value of PLN 90 million, with building permissions for development of 397 units.

In 2022, the scale of business activities of the Group's contractorship companies, in particular Dom Construction Sp. z o.o. and Euro Styl Construction Sp. z o.o. also grew. The Company's Management Board expects that in the coming years, in-house general contractorship will become the predominant method of carrying out the Group's property development projects, but it does not exclude, however, the engagement of third-party general contractors in the local markets, as long as their offer is competitive.

The Company's Management Board believes that the Dom Development S.A. Capital Group has all the resources and opportunities to complete its investment plans, which were formulated on the basis of many years of the Company's and the Group's experience.

2.4 LOANS AND BONDS, AND OTHER LIABILITIES

2.4.1 LOANS CONTRACTED OR TERMINATED

On 25 January 2022, Dom Development Kraków 21 Sp. z o.o. Sp. k. (formerly under the name: Sento 32 Sp. z o.o.

Sp.k.) discontinued its available credit limit of up to PLN 32 500 thousand to be used as partial finance and

refinance of the net cost of the SenToTu project, stage 1 and the VAT loan of up to PLN 2 000 thousand to be used to finance the liabilities due to a value added tax (VAT) payable on supplies of goods and services representing the costs of SenToTu project, stage 1, granted by VeloBank S.A. (formerly Getin Noble Bank S.A.) under the agreement dated 25 March 2020.

On 6 July 2022, Dom Development Kraków 21 Sp. z o.o. Sp. k. (formerly under the name: Sento 32 Sp. z o.o. Sp.k.) discontinued its available credit limit of up to PLN 43 500 thousand to be used as partial finance and refinance of the net cost of the SenToTu project, stage 2 (Phase 1 and 2) and the VAT loan of up to PLN 1 500 thousand to be used to finance the liabilities due to a value added tax (VAT) payable on supplies of goods and services representing the costs of SenToTu project, stage 2 (Phase 1 and 2), granted by VeloBank S.A. (formerly Getin Noble Bank S.A.) under the agreement dated 9 April 2021.

W On 18 July 2022, Dom Development Kraków 12 Sp. z o.o. (formerly under the name: Buma Development 12 Sp. z o.o.) discontinued its investors loan of up to PLN 38 500 thousand to be used as partial finance and refinance of the net cost of the SenToTu project, stage 2 (Phase 1 and 2) and the VAT loan of up to PLN 1 500 thousand to be used to finance and refinance the net costs of construction of two residential buildings in the "Przestrzenie Banacha" residential estate Stage 2 (up to the amount of PLN 37 392 thousand), and to repay outstanding interest, as well as to finance and refinance commissions and fees for the aforesaid loan and the revolving working capital facility, granted to finance a VAT (up to the amount of PLN 1 108 thousand) under the agreement with PKO Bank Polski S.A. dated 23 December 2020.

2.4.2 BONDS

Bonds repaid by Dom Development S.A.

On 15 December 2022, Dom Development S.A. redeemed 50 000, DOMDET1151222 series, bearer bonds with a nominal value of PLN 1 000 PLN each, and a total nominal value of 50 000 thousand, with the maturity on that date.

Bonds repaid by Sento S.A.

On 8 March 2022, Sento S.A. redeemed prematurely, on company's demand, all GF14 series Bonds. The Company was authorized to conduct the early redemption of the Bonds on its own demand, as per § 4 sec. 11 of the Terms of the GF 14 Series Registered Bond Issue of Sento S.A. dated 8 June 2017. The early redemption of the Bonds was conducted in accordance with the Terms of the Bond Issue.

On 18 July 2022, Dom Development Kraków 12 Sp. z o.o. (formerly under the name: Buma Development 12 Sp. z o.o.) discontinued the revolving working capital facility in the amount of PLN 1 000, granted to finance a value added tax (VAT) payable on the net costs of construction of two residential buildings in the "Przestrzenie Banacha" residential estate Stage 2 under the agreement with PKO Bank Polski S.A. dated 23 December 2020.

On 16 December 2022, an annex to the Multi-currency Credit Line Agreement was executed between Bank Millennium S.A. and Dom Development S.A. As a result of the annex signed, the credit limit availability period was extended till 17 December 2023, and the credit limit amount was decreased, and now it amounts to PLN 40 million.

On 20 December 2022, an annex to the Framework Agreement called "Umbrella Wieloproduktowa" (Multi-Product Facility Framework Agreement) was executed by and between mBank S.A. and Dom Development S.A., Dom Development Wrocław Sp. z o.o. and Euro Styl S.A. As a result of the annex signed, the credit limit availability period was extended till 29 January 2027, and the credit limit amount was increased, and now it amounts to PLN 200 million. At present, on the basis of the agreement with the bank Dom Development S.A. may utilize the credit limit of up to PLN 200 million, Dom Development Wrocław Sp. z o.o. may utilize the credit limit of up to PLN 60 million, Euro Styl S.A. may utilize a part of that credit limit of up to PLN 100 million.

Details of the loans contracted by the Group companies are disclosed in note 7.18 to the Consolidated Financial Statements of the Group for 2022.

On 1 June 2022, Sento S.A. redeemed 600, GF12 Series, Registered Bonds with a nominal value of PLN 1 000 PLN each, and a total nominal value of 600 thousand, with the maturity on that date.

On 31 October 2022, Sento S.A. also redeemed prematurely, on company's demand, all GF20 series Bonds. The Company was authorized to conduct the early redemption of the Bonds on its own demand, as per § 4 sec. 11 of the Terms of the GF20 Series Registered Bond Issue of Sento S.A. dated 9 February 2018. The early redemption of the Bonds was conducted in accordance with the Terms of the Bond Issue.

Details of the bonds issued, cancelled and redeemed by the Group companies have been presented in note 7.19 to the Consolidated Financial Statements of the Group for 2022.

2.4.3 BORROWINGS CONTRACTED OR TERMINATED

In 2022, the Group companies did not enter into or terminate any borrowing agreements with non-Group companies.

The Company did not have any borrowings as at 31 December 2022. The Company did not take out or repay any borrowings in 2022.

2.4.4 BORROWINGS PROVIDED

BORROWINGS GRANTED BY GROUP COMPANIES IN 2022				
GRANTED TO	DATE OF THE AGREEMENT	MATURITY	BORROWING AMOUNT (in PLN '000)	INTEREST
BORROWINGS GRANTED BY DOM DEVELOPMENT S.A.				
Sento S.A.*	04.01.2022	31.12.2025	2 000	6.00%
Sento S.A.*	28.06.2022	31.12.2022	17 000	WIBOR 6M + 5%
Dom Development Kraków Sp. z o.o.*	28.02.2022	31.12.2023	10 000	WIBOR 6M + 5%
Dom Development Kraków Sp. z o.o.*	11.03.2022	31.12.2023	2 500	WIBOR 6M + 6%
Dom Development Kraków Sp. z o.o.	09.08.2022	31.12.2025	75 000	WIBOR 6M + 4%
BORROWINGS GRANTED BY DOM DEVELOPMENT S.A. AS A RESULT OF THE SUBROGATION AGREEMENT dated 28 February 2022				
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)*	29.11.2016	31.12.2022	850	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)*	18.07.2017	31.12.2022	100	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)*	17.05.2019	31.12.2024	400	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)*	24.08.2020	31.12.2024	5 400	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)	13.05.2021	31.12.2024	500	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)	02.07.2021	31.12.2024	500	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 8 Sp. z o.o.)	16.02.2022	31.12.2024	1 900	WIBOR 1M + 3%
Dom Development Kraków 12 Sp. z o.o. (former Buma Development 12 Sp. z o.o.)*	03.12.2020	31.12.2024	10 000	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 20 Sp. z o.o.)	22.04.2021	31.12.2026	22 000	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 21 Sp. z o.o.)	22.04.2021	31.12.2026	7 900	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development 22 Sp. z o.o.)	22.04.2021	31.12.2026	18 000	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Development Sp. z o.o.)*	16.02.2022	31.12.2024	1 500	WIBOR 1M + 3%
Dom Development Kraków Sp. z o.o. (formerly Buma Management Sp. z o.o.)*	02.07.2021	31.12.2023	2 000	WIBOR 1M + 3%
BORROWINGS GRANTED BY EURO STYL S.A.				
Apartamenty Las Jastarnia Sp z o.o.	06.04.2022	31.12.2024	200 000	WIBOR 6M+2,3%
Apartamenty Las Jastarnia Sp z o.o.	14.06.2022	31.12.2024	200 000	WIBOR 6M+2,3%
Euro Styl Montownia Sp. z o.o.	13.12.2022	30.09.2024	250 000	WIBOR 6M+2,3%
GGI Dolne Miasto Sp. z o.o.	30.05.2022	30.11.2026	500 000	WIBOR 6M+2,3%
GGI Dolne Miasto Sp. z o.o.	11.08.2022	30.11.2026	600 000	WIBOR 6M+2,3%
GGI Dolne Miasto Sp. z o.o.	31.08.2022	30.11.2026	2 000 000	WIBOR 6M+2,3%
GGI Dolne Miasto Sp. z o.o.	13.09.2022	30.11.2026	101 000 000	WIBOR 6M+2,6%
GGI Dolne Miasto Sp. z o.o.	18.10.2022	30.11.2026	400 000	WIBOR 6M+2,3%
BORROWINGS GRANTED BY SENTO S.A.				
Dom Development Kraków 21 Sp. z o.o. Sp. k. (formerly Sento 21 Sp. z o.o. Sp. k.)*	20.04.2022	31.12.2022	1 650	WIBOR 6M + 6%
Dom Development Kraków 2 sp. z o.o. (formerly Sento 32 Sp. z o.o.)	06.10.2022	30.09.2023	100	WIBOR 6M + 5%
Dom Development Kraków sp. z o.o.	28.10.2022	31.12.2023	4 000	WIBOR 6M + 4%
Dom Development Kraków sp. z o.o.	27.12.2022	31.12.2023	3 000	WIBOR 6M + 4%
BORROWINGS GRANTED BY DOM DEVELOPMENT KRAKÓW Sp. z o.o.				
Buma Development Sp. z o.o.**	28.07.2022	31.12.2022	500	WIBOR 6M + 5%
BORROWINGS GRANTED BY DOM DEVELOPMENT KRAKÓW 12 Sp. z o.o.				
Dom Development Kraków Sp. z o.o.	23.11.2022	30.06.2023	7 000	WIBOR 6M + 4%

* as at 31 December 2022 the loans were repaid.

** as at 31 December 2022 the companies were combined with Dom Development Kraków Sp. z o.o.

Information on loans granted in 2022 by the Group companies is presented in the table above.

2.4.5 SURETIES PROVIDED AND RECEIVED

In 2022, the Company and its subsidiaries operating within the Group neither received or granted any sureties.

2.4.6 GUARANTEES PROVIDED AND RECEIVED

GUARANTEES PROVIDED ON BEHALF OF THE GROUP COMPANIES IN 2022

GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
Dom Development S.A.	PPFE Office Piłsudski Square Propco Sp. z o.o	Bank guarantee	2 005
Dom Development S.A.	Veolia Energia Warszawa S.A.	Insurance guarantee	2 030

GUARANTEES RECEIVED BY THE GROUP COMPANIES IN 2022

GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
Bank Millenium SA	Dom Construction sp. z o.o.	Bank guarantee	18
Bank Millenium SA	Dom Construction sp. z o.o.	Bank guarantee	19
ING Bank Śląski S.A.	Dom Construction sp. z o.o.	Bank guarantee	77
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	38
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	87
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	28
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	73
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	22
Santander Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	96
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	169
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	52
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	249
Santander Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	11
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	634
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	140
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	13
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	13
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	259
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	24
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	24
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	311
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	29
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	29
CaixaBank S.A.	Dom Construction sp. z o.o.	Bank guarantee	25
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	113
Santander Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	59
Bank Millenium SA	Dom Construction sp. z o.o.	Bank guarantee	26
Danske Bank A/S SA Oddział w Polsce	Dom Construction sp. z o.o.	Bank guarantee	130
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	29
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	136
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	93
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	704
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	54
BNP Paribas Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	405
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	266
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	321

GUARANTEES RECEIVED BY THE GROUP COMPANIES IN 2022

GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	369
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	34
Bank Handlowy w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	34

2.4.7 MATERIAL OFF-BALANCE SHEET ITEMS

Apart from the share options described in note 7.43 to the consolidated financial statements of the Group for the year ended on 31 December 2022, the Company and its

subsidiaries operating within the Group did not hold any material off-balance sheet items.

2.5 USE OF PROCEEDS FROM THE ISSUE OF SECURITIES

In 2022, the Company did not issue bonds.

2.6 TRANSACTIONS WITH RELATED ENTITIES

All transactions made by the Group Companies (or their subsidiaries) with related entities are based on the arm's length principle.

Transactions with the related entities are presented in note 7.42 to the Consolidated Financial Statements of the Group for the financial year ended 31 December 2022.

2.7 AGREEMENTS SIGNIFICANT FOR GROUP'S ACTIVITIES

On 28 February 2022, the Company concluded the sale agreement with Giovanni Closed-End Investment Fund (further the "Seller"), under which the Company acquired 100% shares in the following Buma Group Companies: Buma Development sp. z o.o., Buma Management sp. z o.o., Buma Development 22 sp. z o.o., Buma Development 21 sp. z o.o., Buma Development 20 sp. z o.o., Buma Development 12 sp. z o.o., Buma Development 8 sp. z o.o., and Dom Construction Sp. z o.o., a wholly-owned subsidiary of the Company, acquired 100% of the shares in Contractor 1 sp. z o.o. (further the "Transaction"). The value of the Transaction originally was PLN 209.5 million, of which PLN 151.4 was the total sale price of shares in the above companies and PLN 58.1 million was for the assumption of loans granted by the Seller to the companies acquired as a result of the Transaction.

The assets of the companies covered by the Transaction included investment land within Cracow with a development potential of 1 370 units, projects under construction with 224 units, and cash of PLN 51.5 million, with debts due to bank loans of approx. PLN 1.9 million

Moreover, the Company concluded with the Seller the preliminary agreement for acquisition of 100% of the shares in RSKK sp. z o.o. for the amount of PLN 9.6 million, and in accordance with which a final RSKK sp. z o.o.

ownership transfer agreement was to be concluded by 30 June 2022 upon fulfilment of the conditions precedent.

As at 30 June 2022, the preliminary conditional sale agreement dated 28 February 2022 concerning acquisition by the Company of 100% of the shares in RSKK sp. z o.o. seated in Cracow expired.

As a result of the said transaction, the Dom Development S.A. Capital Group increased its share in the Cracow market – the second-largest housing market after Warsaw in Poland.

On 2 December 2022, the Company concluded with a professional institutional investor (further the "Purchaser") in the Private Rented Sector (PRS) (institutional rental) an agreement on sale of the undeveloped land property in Bemowo district in Warsaw, with permits for construction of 392 units, at a net value of PLN 90 million.

Also, on 2 December 2022, the Company concluded with a professional institutional investor in the Private Rented Sector (PRS) (institutional rental) agreement of a net value of PLN 200.4 million to build for the Purchaser four housing buildings. Revenues from general contractorship of the development project shall be recognized proportionally to the progress in construction. The

construction was commenced in the 1st quarter of 2023 and will be finished in 2025 at the latest.

2.8 COOPERATION AGREEMENTS

In 2022, the Dom Development S.A. Capital Group did not conclude any significant cooperation agreements with other entities.

2.9 CAPITAL EXPENDITURES OF THE COMPANY AND THE GROUP

IDENTIFICATION OF MAJOR DOMESTIC AND FOREIGN INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE THE GROUP OF RELATED PARTIES AND A DESCRIPTION OF THE FUNDING METHODS

The Company's major capital investment in 2022 from the viewpoint of Group's activities, was the acquisition of the Buma Group companies with their registered offices in Cracow on 28 February 2022. Detailed information is presented in note 2.7 to this report and in note 7.1 to the Group's Consolidated Financial Statements for 2022

Dom Development S.A. and other Group companies do not perform investment activities, which would involve the placement of financial resources in financial instruments, securities and intangible assets.

Real properties acquired by the Company and other Group companies are closely linked with operational activities and do not have the nature of capital investment. For this reason they are disclosed in the assets of the Company and the Group as a component of the inventory, and the measures intended to finance them are recognised in the cash flow from operating activities.

3 STATEMENT ON NON-FINANCIAL INFORMATION



According to the criteria set forth in cl. 1 Art. 49b of the Act of 29 September 1994 (Journal of Laws of 1994 No. 121 item 591 as amended), the Group is not subject to the obligation to publish that type of information, disclosure thereof is voluntary in order to meet the expectations of the capital market. At the same time, the Group informs that in addition to this statement, it shall publish a separate sustainable development report for the years 2021 and 2022.

3.1 BUSINESS MODEL AND KEY NON-FINANCIAL PERFORMANCE INDICATORS

The business model and key non-financial performance indicators are described in chapter 1.3 and chapter 1.6, respectively.

3.2 DESCRIPTION OF POLICIES APPLIED BY THE ENTITY WITH REGARD TO SOCIAL, EMPLOYEE, ENVIRONMENTAL ISSUES, AND THOSE RELATED TO RESPECT FOR HUMAN RIGHTS AND ANTI-BRIBERY ACTIVITIES, AS WELL AS DESCRIPTION OF THE RESULTS OF APPLICATION OF THOSE POLICIES

Sustainable development is considered one of the priorities in the Group's activities and hence it is reflected in its development strategy and day-to-day activities. To assure appropriately high priority for the Group's sustainable development related aspects, in 2022 a Member of the Management Board was designated to be responsible for ESG (Environmental, Social, Governance) – this function was assigned to Mr. Mikołaj Konopka.

In the mid of 2022, the Group published its "DOM 2030" ESG Strategy, which can be viewed at the address: <https://inwestor.domd.pl/pl/esg>. This document is a response to the present and future challenges related to urban development, climate changes and social transformations. As the leader of the Polish housing market, operating in the major agglomerations of the country, we are fully aware of the scale of our impact on the fibre of cities where we build our housing estates.

The key targets of our actions related to the sustainable environmental development are disclosed in the DOM 2030 Strategy. They relate to:



JESTEŚMY FAIR

- a 30% reduction in carbon dioxide (CO₂) emissions per unit under construction by 2030 (as compared to 2021) in SCOPE 1 and SCOPE 2¹
- implementing projects that will restore underdeveloped areas to city residents in locations with access to urban infrastructure, and limiting a phenomenon of urban sprawl
- arranging public green areas in the cities in which we operate under the Urban Greenery Programme

¹ According to the Greenhouse Gas Protocol (GHG), carbon footprint is measured in three scopes: 1) emissions from company's controlled

sources; 2) emissions related to the use of power and heating energy purchased from third party suppliers; 3) other indirect emissions.

- implementing the Green Procurement Standard across the value chain of the Development Group
- implementing the Green Investment Card – the Dom Development Group standard developed in 2022 that guarantees an optimal set of benefits for residents, and applying design solutions that are consistent with sustainable urbanization priorities.

In 2022, the Group companies began to implement the goals set in the DOM 2030 ESG Strategy. Euro Styl S.A. started implementation of the first project developed on the basis of the Green Investment Card requirements – Synteza Residential Estate in Gdansk. The investment project will be unique by having its own park, good public transport and a two-level kindergarden with a playground.

Under the Urban Greenery Programme, Dom Development Kraków arranged a park with a modern playground for children of any age and a recreational area for adults on the Cracow Górka Narodowa residential estate. Dom Development Wrocław (in cooperation with the Municipal Greenery Management) planted a flower meadow at Bardzka street. Those projects will have a positive impact on the environment and the quality of urban life.

In order to prepare the Group's Green Procurement Standard, representatives of Dom Development and contracting companies have conducted talks with business partners about the necessity of reducing the use of disposable packaging and materials. The Group has also conducted market analyses concerning a possibility of using reusable packaging.

In 2022, Dom Development S.A. signed a letter of intent with E.ON Polska in order to implement activities aimed at popularization of the sustainable development idea, including use of renewable energy sources at our Warsaw construction sites.

The Group companies feel responsible for the surroundings of their investment projects, and for years they have acted for the benefit of local communities in such areas as education, sport, senior activation and housing. In order to systematize the current actions and define long-lasting development goals in that regard, the Group, in line with the DOM 2030 ESG Strategy committed itself to prepare the CSR Strategy.

The "We are Fair" Programme, which is already in place at Euro Styl S.A., was launched across all Group companies. It is based on three areas of responsibilities: 1) products 2) relationships, and 3) local community.

In accordance with its DOM 2030 ESG Strategy, the Group committed itself to working continuously in order assure the highest corporate governance standard. On 30 June 2022, the General Meeting of the Shareholders adopted the Resolution on remunerations for the members of the Supervisory Board Committees, and on 30 August 2022, the Diversity Policy was adopted.

In order to systematize and harmonise standards, values, patterns of behaviour and conduct across all Group's companies, Codes of Ethical Code were implemented. They describe a wide scope of issues, from working and occupational health and safety conditions, mutual relations, professional and personal development, business secrets, potential conflicts of interests, through relations with customers and other stakeholders, relations with business partners, our commitments towards the market and competition, to personal data protection.

The Group developed and implemented the Whistleblowing and Whistleblower Protection Procedure in accordance with the regulations imposed. It defines who is a whistleblower, and how he/she becomes one, leaving a catalogue of irregularities for notification open. According to the solution adopted, notifications can be made with use of internal or external anonymous channels.

The Group is aware of threats related to a breach of confidentiality, as well as to individuals' rights and freedoms related to the processing of their personal data. Therefore, all Group's companies implemented the procedural solutions to assure compliance of our managerial approach with the requirements of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC. The purpose of the Information Security Policy and any documents related thereto, adopted by Dom Development S.A. and its subsidiaries, is to assure: protection of information against unauthorized access, information confidentiality, non-disclosure of information to unauthorized people as a result of acting deliberately and negligently, information integrity by protection against its unauthorized modification, the access to information for authorized users only when necessary, and the minimization of information being processed, limited only to people who need to have access to such information in connection with their business duties, and the limitation of the information access for those whom access to information is not required to perform their duties.

The Procedure of how to respond to unusual situations was also developed by the Group. These include, for example, any situations related to inspections and effective cooperation with controlling or law enforcement

authorities, or exposures to aggression by a third person, and the methods of dealing with such situations.

The Group's companies also apply the Procedure of identifying prohibited acts. It describes the process of identifying any activities, the occurrence of which in course of business operations may result in our legal liability. As a separate procedure, the internal procedure for counteracting money laundering and terrorist financing sets out the solutions aimed at reduction of that type of threat in our Group.

Description of due diligence procedures

Dom Development S.A. and all of its subsidiaries are committed to responsibility in their activities. As part of due diligence in sustainable development, the implementation of the DOM 2030 sustainable development strategy is verified against the schedule agreed by the Group's Management Board. In order to work out a common approach to that issue, the Dom Development Group centralized competences and responsibilities for the occupational health and safety within its structure in one organisational unit. This fosters the assurance of full compliance in that area with the applicable provisions of law and best practices in this line of industry.

The due diligence procedures also include the confirmation of the compliance of working conditions at investment projects with the legal requirements through OHS specialists' inspections that cover activities of the companies and their subcontractors as well as through controls of supervision at construction sites. The due diligence actions also include an analysis of causes of accidents to implement preventive measures at all Company's construction sites, as well as an analysis of potentially hazardous incidents.

All of the Group's companies put a strong emphasis on training, enhancing the awareness of threats, and on widely understood preventive measures. In addition to mandatory OHP training, webinars and training sessions are periodically organized to focus on more specialist topics related to implementation of investment projects.

In 2022, the Dom Development Group implemented a code of conduct for suppliers and subcontractors containing the environmental protection provisions. The business partners of Dom Development and its subsidiaries are obliged, including but without limitations, to:

- adhere to the provisions of law related to the impact of their activities on natural environment

- take actions minimizing a negative impact of their operations on the environment
- minimize generation of wastes, reduce consumption of raw materials, natural resources (including water) and the emission of greenhouse gases, related to their activities
- source raw materials in a responsible manner, taking care of natural environment, with account taken of the environmental criteria in their actions
- have the wastes submitted for recovery or recycling (in case a business partner is a waste generator within the meaning of Art. 3 sec. 1 cl. 32 of the Waste Act of 14 December 2012).

In its operations, the Group pays special attention to building relations with its stakeholders, including customers. The satisfaction level at both general and specific levels, broken down by area and project, is analysed with the use of the so-called NPS - Net Promoter Score. Owing to the insightful monitoring of the opinions and satisfaction levels of apartment purchasers, the Group has been able to respond better to customer needs.

The Group also offers internal legal training programmes concerning certain issues, such as procedures, agreements, principles of companies' representations, companies' structure in the Capital Group, and other GDPR & Compliance related matters.

Description of significant risks related to entity's operations

The characteristics of the existing external and internal factors relevant to the development of the Group, including a description of the relevant risk factors and threats, and the exposure of the company and the Group to them, is presented in chapter 1.8 of this report. From the perspective of the sustainable development, it is also reasonable to consider the social risk.

The risk related to the implementation of investment projects and to the perception of them by local communities may arise from an undesirable image of the Group formed among various groups of stakeholders because of a negative media coverage. By taking care of media relations, relevant communication, engagement in a dialogue with local communities and supporting them through implementation of various projects, we can minimize the consequences as may arise therefrom.

4 CORPORATE GOVERNANCE



4.1 LIST OF CORPORATE GOVERNANCE PRINCIPLES ADOPTED BY THE COMPANY

COMPANY'S CORPORATE GOVERNANCE RULES ADOPTED VOLUNTARILY AND THE LOCATION, WHERE THE TEXT OF SUCH CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2022, Dom Development S.A. was subject to the set of rules adopted by the Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) on 29 March 2021 under Resolution No. 13/1834/2021, i.e., "The Best Practice for WSE Listed Companies 2021" ("BPWSE 2021").

The Management Board and the Supervisory Board of the Company adopted "The Best Practice for WSE Listed Companies 2021" with the exemptions described below.

In 2022, the Company did not apply principle 1.4.2., pursuant to which information on the ESG related strategy should include, without limitation: a presentation of a gender pay gap ratio with regard to salaries paid out to its employees, calculated as the percentage difference in the monthly average salary (including bonuses, awards and other allowances) between women and men in the past year, and a presentation of information on measures taken in order to liquidate any possible inequalities in that regard, along with a presentation of the related risks, and the time horizon in which equality is planned to be achieved.

Starting the report for 2022, the Company plans to publish consolidated sustainable development (ESG) reports in line with the GRI international standard, to include, without limitation, the equal pay level.

Moreover, the Company does not apply principle 2.2, according to which people deciding on election of members of the company's management board or supervisory board should assure versatility of those bodies by ensuring diversity of people elected to those bodies, allowing the company to achieve, i.a., the minimum target level of minorities' proportion, set to be not lower than 30%, in accordance with the goals adopted in the diversity policy, as referred to in principle 2.1.

Members of the Management Board of Dom Development S.A. are appointed by the shareholder holding at least 50.1% of Company's shares and by the Supervisory Board. The Company's Supervisory Board and the majority shareholder of Dom Development S.A. were advised by the Company's Management Board of the recommendations of the Best Practice with regard to the minimum share of the female gender to be represented in the composition of the body at the level of 30%.

According to the DOM 2030 ESG Strategy announced on 28 June 2022, the Company's Management Board will strive, in cooperation with the majority shareholder, to

increase the women's share to the level of at least 30% from 2023 in the Company's Supervisory Board and from 2026 in the Management Board of Dom Development S.A.

The Company does not apply principle 3.6, according to which the Head of Internal Audit reports organisationally to the President of the Management Board and functionally to the Chairman of the Audit Committee or the Chairman of the Supervisory Board, if the Board acts as the Audit Committee.

At the Company, the Head of Internal Audit reports organisationally to the Vice-President of the Management Board and Chief Financial Officer and functionally to the Chairperson of the Audit Committee.

The Company does not apply principle 4.13, according to which a resolution on a new issue of shares with the exclusion of pre-emption right that also grants the pre-emption right to subscribe to the newly issued shares to selected shareholders or other entities, may be taken if at least the following conditions are met:

- a) the company has a reasonable, economically justified need to raise capital or the share issue is related to rational, economically justifiable transactions such as a merger with or acquisition of another company or the shares are to be included in an incentive scheme adopted by the company
- b) the persons to whom the pre-emption right will be granted shall be indicated in accordance with objective general criteria
- c) the share acquisition price will remain in a reasonable relationship to the current stock price of that company or will be determined as a result of the market-based book-building process.

This principle is not applied by the Company to resolutions concerning a new issue of shares with the exclusion of subscription rights resulting from the exercise of Management Option Programmes in place at the Company, the purpose of which is the Company gaining effective tools and mechanisms to motivate key executives of the Company to provide long-term increases of value of the Company and the Dom Development S.A. Capital Group or where the share price is predetermined by the General Meeting.

The last principle that the Company does not apply is principle 6.3, according to which, if one of the incentive

schemes is a management option programme, the exercise of the option scheme should be conditional upon the fulfilment by the eligible persons, within at least 3 years, of the pre-defined terms, financial and non-financial purposes and sustainable development appropriate to the company, and the fixed price for the acquisition of shares by eligible persons or for the settlement of options shall not deviate from the value of the shares at the time of adoption of the scheme.

The Company had three executive option schemes in 2022. Two of them had a limit on the number of options exercised to 20% of the total number of shares that could be exercised under a relevant scheme in each calendar year, in the successive five years following the adoption of a given scheme. One scheme had a limit on the number of options exercised to 20% of the total number of shares that could be exercised under that scheme in each calendar year in the subsequent five years from the year in which it was adopted. In addition, non-exercised options could be exercised at a later date, but not later than the end of the year of the 10th anniversary of a relevant scheme.

In the opinion of the Company’s Management Board, the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying remuneration of a

COMPANY’S CORPORATE GOVERNANCE RULES ADOPTED VOLUNTARILY AND THE LOCATION, WHERE THE TEXT OF SUCH CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2022, Dom Development S.A. followed the corporate governance rules published in the Code of Best Practice for Customer-Developer Relations drafted by Polski Związek Firm Deweloperskich (the Polish Union of Developers). The Code of Best Practice for Customer-Developer Relations is publicly available on:

member of the management board to the Company’s long-term business and financial goals as defined in principle 6.3 of the BPWSE 2021.

The structure of the management option programmes in place at the Company is intended to link the remuneration of key executives to the increase in the Company’s Shareholder value over a period of at least five years. The possibility to immediately exercise the individual tranches is the result of the specifics of the property development sector, which is highly cyclical and involves the risk of a temporarily separation between the share price and the actual quality and efficiency of the Company’s operations.

The set of principles of “the Best Practice for WSE Listed Companies 2021” is available on: https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf

The information on the status of application of the recommendations and principles of “the Best Practice for WSE Listed Companies 2021” was posted by the Company on:

<https://inwestor.domd.pl/pl/lad-korporacyjny>

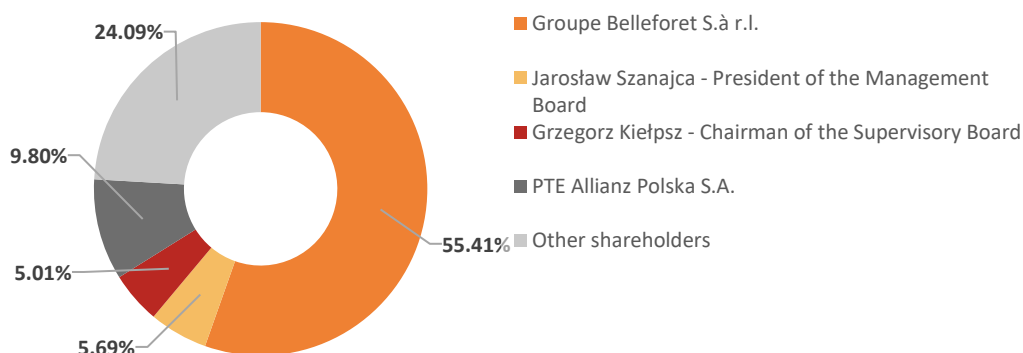
<http://www.warszawa.pzfd.pl/strefa-klienta/kodeks-dobrych-praktyk>

Dom Development S.A. has adhered to all of the rules described in the Code of Best Practice for Customer-Developer Relations.

4.2 SHARE CAPITAL, SHAREHOLDERS

4.2.1 SHAREHOLDER STRUCTURE

The shareholder structure of Dom Development S.A. as at 31 December 2022 was as follows:



As at 31 December 2022, the Company was controlled by Groupe Belleforêt S.à r.l. which held 55.41% of the Company's shares. The Dom Development S.A.'s shareholder structure has been stable. Representatives of Groupe Belleforêt S.à r.l., who were co-founders of Dom Development S.A., serve on both the Management Board and the Supervisory Board of the Company. They are a valuable source of expertise and support for the management of the Company and its subsidiaries.

The long-term involvement of shareholders is a support for the activities of Dom Development S.A. thus enabling its sustainable development and optimised operations aimed at building the goodwill of the Company and the Group. In the opinion of the Company's Management Board, a transparent and stable ownership structure has a positive effect on the Company's operations as the exceptionally long production cycle in the development sector, spread over the years, requires a long-term perspective.

Shares of Dom Development S.A. are held in the portfolios of numerous Open-End Pension Funds. One of them is PTE Allianz Polska S.A.

On 5 January 2023, the Company received a notification of the merger dated 30 December 2022 of PTE Allianz Polska S.A., managing Allianz Polska Open End Pension

Fund and Allianz Polska Voluntary Pension Fund, with the company Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, managing Drugi Allianz Polska Otwarty Fundusz Emerytalny (Second Allianz Open End Pension Fund). As a result of that merger, PTE Allianz Polska S.A. increased its total share of the said funds in the Company's share capital to 9.80%.

Detailed information on shareholders who hold, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at 31 December 2022, and on the change in their shareholding in the period from 31 December 2021, are presented in the table below.

Save for the Company's share options described in note 7.43 of the Group's 2022 Consolidated Financial Statement, the Company's Management Board is not aware of any agreements, including those concluded after the balance sheet date, which may result in future changes in the proportion of shares held by existing shareholders and bondholders. Dom Development S.A. Capital Group does not have any information about any insurance or cooperation agreements between shareholders in 2022.

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

STATUS AS AT 31 DECEMBER 2022	SHARES	CHANGE IN SHAREHOLDING SINCE 31 DECEMBER 2021	NUMBER OF VOTES AT THE GSM	SHARE IN CAPITAL AND VOTES AT THE GSM
Groupe Belleforêt S.à r.l.	14 155 941	-	14 155 941	55.41%
PTE Allianz Polska S.A.	2 504 229	1 733 219	2 504 229	9.80%
Jarosław Szanajca	1 454 050	-	1 454 050	5.69%
Grzegorz Kiełpsz	1 280 750	-	1 280 750	5.01%

4.2.2 SPECIAL CONTROL RIGHTS

PERSONS HOLDING ANY SECURITIES WITH SPECIAL CONTROL RIGHTS, AND DESCRIPTION OF THESE RIGHTS

Pursuant to paragraph 6.2.2 of the Articles of Association of Dom Development S.A., a shareholder holding at least 50.1% of shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to the Management Board Bylaws, for the Company's finances. For an odd number of Management Board members, a shareholder who holds at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Management Board) and four (for a seven-person Management Board) Management Board

members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

Pursuant to article 7.4 of the Articles of Association of Dom Development S.A. a shareholder holding at least 50.1% of the shares in the Company is vested with the personal right to appoint and dismiss half of the members of the Supervisory Board, including one Vice Chairman thereof. For an odd number of Supervisory Board

members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Supervisory Board), four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the

appointment or dismissal of a given Supervisory Board member.

As at December 2022, Groupe Belleforêt S.à r.l., a company with its registered office in Luxembourg (formerly: SCOP Poland S.à r.l.) was the shareholder holding at least 50.1% of the Company's shares.

4.2.3 LIMITATION OF RIGHT IN SHARES

RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS

Pledgees and beneficial owners of shares in the Company are not entitled to exercise their voting rights attached to shares.

RESTRICTIONS ON THE TRANSFER OF OWNERSHIP TITLE TO THE ISSUER'S SECURITIES

No other restrictions are in place in Dom Development S.A. regarding the transfer of ownership title to shares in Dom Development S.A.

The transferability of subscription warrants issued by Dom Development S.A. in connection with its management option programmes is limited, as

subscription warrants can only be exercised by a participant in a specific management option programme, and in the event of their death such warrants can be exercised by their heirs, only upon the consent of the Supervisory Board of Dom Development S.A.

4.3 GENERAL SHAREHOLDERS' MEETING

THE PROCEDURE FOR AND MAJOR RIGHTS OF A GENERAL SHAREHOLDERS' MEETING, AND DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND MANNER FOR THESE RIGHTS BEING EXERCISED, IN PARTICULAR THE RULES RESULTING FROM GENERAL SHAREHOLDERS' MEETING BYLAWS, IF SUCH BYLAWS WERE ADOPTED AND IF THE RULES IN THIS RESPECT DO NOT DIRECTLY RESULT FROM LEGAL REGULATIONS

The General Shareholders' Meeting holds its sessions as Annual or Extraordinary General Shareholders' Meetings, and as a governing body of the Company it acts pursuant to the provisions of the Code of Commercial Companies and Partnerships Act dated 15 September 2000 (consolidated text of the Journal of Laws of 2013 item 1030, as amended), the Articles of Association of the Company and provisions of unclassified and publicly available General Shareholders' Meeting Bylaws dated 5 September 2006 as amended by resolution No. 27 dated 15 May 2008 and resolution No. 31 dated 21 May 2009 of the Annual General Shareholders' Meeting of Dom Development S.A.

An Annual General Shareholders' Meeting is convened by the Management Board. It takes place in Warsaw within 6 months following the end of each financial year. Shareholders are entitled to participate in the General Shareholders Meeting provided that they were shareholders of the Company 16 days before the date of the General Shareholders Meeting (registration date for participation in a General Shareholders' Meeting). No invitations are required for members of the Company's Management Board or Supervisory Board to participate in a General Shareholders' Meeting. Other persons, in particular statutory auditors and experts, as invited by the

Management Board, may participate in a session or an appropriate part thereof, should their participation be justified by the need to have their opinions on the discussed matters presented to the participants in the General Shareholders' Meeting. A statutory auditor should be present at a session of the General Shareholders' Meeting where Company's financial matters are addressed.

The General Shareholders' Meeting is valid and may adopt resolutions only if shareholders holding at least 50.1% of all votes are represented at the Meeting. Resolutions are adopted by an absolute majority of validly cast votes, unless the Code of Commercial Companies and Partnerships or the Articles of Association of the Company provide otherwise. An electronic system for casting and calculating votes may be used for voting. Pledgees and beneficial owners of shares are not entitled to exercise voting rights attached to shares.

A resolution on the removal of certain matters from the agenda of the General Shareholders' Meeting or the abandonment of certain matters included in the agenda or placed on the agenda by a motion of shareholders requires a majority of three-quarters of the votes cast and the express prior consent of all present shareholders who have filed such motion, for it to be valid.

The Chairman puts the agenda to a vote, having the attendance list signed and checked. The General Shareholders' Meeting may adopt the suggested agenda without changes, change the order of debate or remove certain matters from the agenda, subject to the provisions of the Articles of Association of the Company. The General Shareholders' Meeting may also put new matters on the agenda and discuss them, however without adopting any resolutions on such matters. The Chairman of the Meeting has no right to remove matters from the agenda or alter the same without the consent of the General Shareholders' Meeting.

Each participant in the General Shareholders' Meeting may speak on matters included in the adopted agenda which are currently brought up for discussion. Each participant in the General Shareholders' Meeting may submit a formal motion. The Chairman gives the floor to a participant willing to lodge a formal motion out of turn. Formal motions are motions concerning the debate and voting procedure.

The General Shareholders' Meeting adopts resolutions on matters included in the agenda by voting. Voting is open and is subject to relevant provisions of the Articles of Association of the Company and the Code of Commercial Companies and Partnerships.

In 2022, the Annual General Shareholders' Meeting of Dom Development S.A. was held on 30 June 2022, and the Extraordinary General Shareholders' Meeting of Dom Development S.A. – on 30 August 2022. The General Shareholders' Meetings had been convened upon a motion of the Management Board of the Company, and shareholders of the Company did not file their motions for the General Shareholders' Meeting to be convened.

The course of the General Shareholders' Meeting was in line with the provisions of the Code of Commercial Companies and Partnerships, the Company's Articles of Association, unclassified and publicly available General Shareholders' Meeting Bylaws of Dom Development S.A.

and the rules of the Best Practice for WSE Listed Companies. The shareholders had the possibility to review the content of draft resolutions included in the agenda, in each case not later than 26 days prior to the planned date of the General Shareholders' Meeting. The Company did not question the correctness of documents submitted by shareholders and their attorneys in support of their right to represent a shareholder when verifying shareholders' IDs being the proof of their entitlement to participate in the General Shareholders' Meeting.

The Chairman of the General Shareholders' Meeting ensured that the session proceeded in an orderly and efficient manner. No sessions of the General Shareholders' Meeting were cancelled or adjourned. Members of the Management Board and the Supervisory Board present at the General Shareholders' Meeting readily explained all matters within their competences and as required by law.

The circumstances for adopting resolutions of the General Shareholders' Meeting enabled for the protection of the rights of minority shareholders, including for voicing reservations and objections against such resolutions. None of the resolutions adopted was appealed in court.

The Annual General Shareholders' Meeting of Dom Development S.A. was held within the time limit set forth in article 395 of the Code of Commercial Companies and Partnerships, and the documentation concerning the financial statements for the financial year 2021 was published on the website of the Company more than 3 months before the date of the Annual General Shareholders' Meeting.

All resolutions adopted by the General Shareholders' Meeting in 2022 were passed in the best interest of the Company and took into account the rights of other stakeholders. Resolutions adopted by the General Shareholders' Meetings are posted on: <https://inwestor.domd.pl/pl/wza>

4.4 PRINCIPLES FOR THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to Art. 430 § 1 and Art. 415 § 1 of the Code of Commercial Companies and Partnerships, an amendment to the Articles of Association of Dom Development S.A. requires a resolution by the General Shareholders' Meeting adopted by a three-quarters majority of votes and court registration. For a resolution that is to amend the Articles of Association as to the benefits of the shareholders or limit the rights granted personally to individual shareholders under Art. 354 of the Code of Commercial Companies and Partnerships, the consent of

all the shareholders affected by the resolution is required. An amendment to the Articles of Association is to be filed with the court of registration by the Management Board of Dom Development S.A. The General Shareholders' Meeting of Dom Development S.A. may authorise the Supervisory Board to determine a revised and reinstated text for the amended Articles of Association or to make such other editorial changes as defined in the resolution by the General Shareholders' Meeting.

4.5 MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.

4.5.1 PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF THE MANAGEMENT BOARD

DESCRIPTION OF THE PRINCIPLES FOR THE APPOINTMENT AND DISMISSAL OF MANAGING PERSONS AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

In accordance with the Company's Articles of Association, the Management Board of Dom Development S.A. shall comprise between 4 and 8 members, including the President, with a three-year term of office. The Supervisory Board shall determine the number of members of the Management Board. A shareholder who holds at least 50.1% of the shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to the Management Board Bylaws for the Company's finances. For an odd number of Management Board members, a shareholder who holds at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Management Board) and four (for a seven-person Management Board) Management Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

The Management Board represents the Company in and out of court. For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy.

Pursuant to paragraph 3.2.8 of the Company's Articles of Association, the Management Board is authorised to increase the Company's share capital by the issue of new shares with an aggregate nominal value of no more than PLN 1 350 000 (in words: one million three hundred fifty thousand) by way of one or several share capital

increases within the limits specified above (authorised capital). The Management Board's right to increase share capital and issue new shares within the limits of the authorised capital up to PLN 1 350 000 shall expire 3 years from the date of the amendment to the Articles of Association made by resolution No. 5 dated 30 August 2022 by the General Shareholders' Meeting being entered in the register of entrepreneurs.

The right to increase the share capital referred to in the foregoing sentence, includes the issue of subscription warrants with subscription rights that expire after the above mentioned period.

Upon the consent of the Supervisory Board, the Management Board may deprive a shareholder of all or a part of its pre-emptive rights in relation to shares issued within the limits of the authorised capital.

A share capital increase by the Management Board within the limits of the authorised capital is conditional upon obtaining a positive opinion in this respect from the Supervisory Board. In other cases, unless otherwise provided by the Code of Commercial Companies and Partnerships, the Management Board may decide on any and all matters related to share capital increases within the limits of the authorised capital.

Pursuant to paragraph 3.2.6. of the Company's Articles of Association, a purchase of treasury shares by the Company for redemption does not require the consent of the General Shareholders' Meeting (subject to Art. 393 item 6 of the Code of Commercial Companies and Partnerships) and only requires the consent of the Supervisory Board.

4.5.2 COMPOSITION OF THE MANAGEMENT BOARD

In the period from 1 January 2022 until 31 December 2022 the Management Board of Dom Development S.A. was composed of the following five Members:

- Jarosław Szanajca – President of the Management Board
- Małgorzata Kolarska – Vice President of the Management Board
- Leszek Stankiewicz – Vice President of the Management Board

- Terry Roydon – Member of the Management Board
- Mikołaj Konopka – Member of the Management Board

As of 30 June 2022, the terms of office of the members of the Management Board of Dom Development S.A. expired, Groupe Belleforêt S.à r.l., a limited liability company with its registered office in Luxembourg (formerly: SCOP Poland S.à r.l.), acting on the basis of paragraph 6.2 of the Articles of Association of Dom

Development S.A., appointed as of 30 June 2022: Mr. Jarosław Szanajca as Member and President of the Company's Management Board, Mr. Leszek Stankiewicz as Member and Vice President of the Company's Management Board, and Mr. Terry Roydon as Member of the Company's Management Board. Furthermore, on 30 June 2022, the Company's Supervisory Board appointed

Mrs. Małgorzata Kolarska as Member and Vice President of the Company's Management Board and Mr. Mikołaj Konopka as Member of the Company's Management Board. All Members of the Management Board were appointed for a joint three-term of office.

4.5.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE MANAGEMENT BOARD

The Company's Management Board acts pursuant to the provisions of the Code of Commercial Companies and Partnerships, the Articles of Association and unclassified and publicly available Management Board Bylaws approved by a resolution of the Supervisory Board, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Management Board is an executive body of the Company. It manages the current operations of the Company and represents the same towards third parties. The Management Board decides in all matters concerning the Company not reserved for the General Shareholders' Meeting and/or the Supervisory Board under legal regulations, the Articles of Association of the Company or a resolution of the General Shareholders' Meeting.

For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy. Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a voting deadlock, the President of the Management Board has the casting vote.

When defining strategic and current objectives for the Company, the Management Board always acted in the underlying interest of the Company and in line with legal regulations, and taking into account the interests of the shareholders, employees and creditors of the Company.

In order to ensure the transparency and efficiency of the management system, the Management Board followed the principles of professional conduct within the limits of reasonable economic risk, and took into consideration a wide range of available information, analyses and opinions.

The amount, form and structure of remuneration for the Members of the Management Board have been determined by the Supervisory Board in line with the applicable "Dom

Development S.A. Remuneration Policy for Members of the Management Board and Supervisory Board" and on the basis of clear-cut procedures, and correspond to the scope of their responsibilities and competences and have taken into account the economic performance of the Company. This remuneration also corresponds to the remuneration of Management Boards in comparable companies in the real estate development market.

4.6 SUPERVISORY BOARD

4.6.1 PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF THE SUPERVISORY BOARD

The Supervisory Board shall comprise of 5 to 9 members appointed for a joint three-year term of office.

The General Shareholders' Meeting shall determine the number of members of the Supervisory Board. In addition to this, the General Shareholders' Meeting shall appoint and dismiss Members of the Supervisory Board, subject to the personal right of a Shareholder holding at least 50.1% of shares to appoint and dismiss half of the Members of the Supervisory Board, including one Vice Chairman thereof. For an odd number of Supervisory Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Supervisory Board),

four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Supervisory Board member.

At least two Members (and their relatives, in particular, spouses, descendants or antecedents) of the Supervisory Board appointed by the General Shareholders' Meeting should meet the criteria of so-called Independent Members, defined in paragraph 7.7 of the Articles of Association of the Company.

4.6.2 COMPOSITION OF THE SUPERVISORY BOARD

In the period from 1 January 2022 until 31 December 2022 the Supervisory Board of Dom Development S.A. was composed of seven Members as follows:

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

As of 30 June 2022, the terms of office of the members of the Supervisory Board of Dom Development S.A. expired,

Groupe Belleforêt S.à r.l., a limited liability company with its registered office in Luxembourg (formerly: SCOP Poland S.à r.l.), acting on the basis of paragraph 7.4 of the Articles of Association of Dom Development S.A., appointed as of 30 June 2022: Mr. Janusz Zalewski as Member and Vice Chairmand of the Supervisory Board and Mr. Grzegorz Kiełpsza, Mr. Markham Dumas and Mr. Mark Spiteri as Members of the Supervisory Board. Moreover, on 30 June 2022, the General Shareholders' Meeting of Dom Development S.A. appointed Mrs. Dorota Podedworna-Tarnowska, Mr. Marek Moczulski and Mr. Krzysztof Grzyliński as members of the Company's Supervisory Board. All Members of the Supervisory Board were appointed for a joint three-term of office. On 30 June 2022, the Company's Supervisory Board, acting on the basis of paragraph 7.1. of the Articles of Association of the Company, elected Mr. Grzegorz Kiełpsza as Chairman of the Supervisory Board and Mr. Marek Moczulski as Vice Chairman of the Supervisory Board.

4.6.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE SUPERVISORY BOARD

The Supervisory Board acts pursuant to the provisions of the Code of Commercial Companies and Partnerships, the Articles of Association and unclassified and publicly available Supervisory Board Bylaws, approved by the Supervisory Board's resolution, that set forth its organisation and manner of operation, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Supervisory Board is a permanent supervisory body of the Company for all areas of its operation.

The Supervisory Board adopts resolutions or issues opinions in the matters reserved for the Supervisory Board under the Company's Articles of Association and in the manner provided for in the Articles of Association or relevant legal regulations.

The Supervisory Board held its meetings regularly. The meetings were attended by the Members of the Management Board. In 2022 the Supervisory Board held 15 sessions. The Management Board provided the

Supervisory Board with exhaustive information on all important matters concerning the operations of the Company.

The Supervisory Board complied with the requirement of having among its members at least two Independent Members in line with the criteria of independence set forth in the Company's Articles of Association.

Resolutions of the Supervisory Board concerning: (i) consent for the Company or a related entity of the Company to make any considerations on any account whatsoever for the benefit of the Members of the Management Board, (ii) consent for the Company or a related entity of the Company to conclude a material agreement with a related entity of the Company, a Member of the Supervisory Board or the Management Board, or entities related to such members, and (iii) the choice of a statutory auditor for the audit of the Company's financial statements, were all adopted upon

4.6.4 SUPERVISORY BOARD COMMITTEES

Two committees, the Audit Committee and the Remuneration Committee, were established within the structure of the Supervisory Board.

AUDIT COMMITTEE

In the period from 1 January 2022 until 31 December 2022 the Audit Committee was composed of the following members:

- Dorota Podedworna-Tarnowska – Chairwoman of the Audit Committee
- Mark Spiteri – Member of the Audit Committee
- Marek Moczulski – Member of the Audit Committee.

The Audit Committee is a permanent committee at the Supervisory Board. The Audit Committee is composed of at least three Members appointed by the Supervisory Board from amongst its Members, with at least two members of the Audit Committee, including the chairperson, also being an Independent Member of the Supervisory Board as defined in Art. 129 par. 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws 2017 item 1089) and paragraph 7.7 of the Company's Articles of Association, and at least one of whom should have expertise and qualifications in accountancy or financial audit. At least one Member of the Audit Committee must have expertise and qualifications in the market segment where the Company operates.

The statutory criteria of independence were met by the Chairwoman of the Audit Committee, Mrs. Dorota Podedworna-Tarnowska and the Member of the Audit Committee, Mr. Marek Moczulski.

the consent of the majority of the Independent Members of the Supervisory Board.

The remuneration of the Members of the Supervisory Board was determined in a transparent manner and did not constitute a considerable share in the Company's costs affecting its financial result. The amount of the remuneration was approved by a resolution of the General Shareholders' Meeting and was disclosed in the annual report and in 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 the year 2021.

The Annual General Shareholders' Meeting of the Company which was held on 30 June 2022 approved the report of activities of the Supervisory Board in 2021, prepared by the Supervisory Board in line with the Code of Best Practice for WSE Listed Companies.

All members of the Audit Committee have knowledge of and skills in accounting or auditing. Mrs. Dorota Podedworna-Tarnowska, Chairwoman of the Audit Committee, completed her tertiary education in finance and banking and holds the degree of doctor of economic sciences. In her professional work she makes use of her knowledge in such areas as economics, finance, accounting, auditing and the audit of financial statements. Mr. Marek Moczulski, Member of the Audit Committee completed post-graduate studies with specialisation in finance management. In his professional career he makes use of his knowledge in such areas as economics, finance, auditing and the audit of financial statements. A Member of the Audit Committee Mr. Mark Spiteri is a chartered accountant.

The knowledge and skills pertinent to the sector in which the Company operates are held by Mark Spiteri, Member of the Audit Committee, who employs his practical competencies in the management of property development projects and of the real estate market in his professional activities. He gained this experience when cooperating with developers and consulting companies.

The duties and competences of the Audit Committee are set forth in unclassified and publicly available Audit Committee Bylaws approved by the Supervisory Board.

The duties of the Audit Committee include, in particular (i) supervision of the Company's Management Board as regards the Management Board's compliance with relevant laws and other regulations, in particular the Accounting Act dated 29 September 1994, supervision of

the preparation of financial information by the Company, in particular in respect of the choice of the accounting policy adopted by the Company, supervision of the application and assessment of the consequences of new legal regulations, supervision of the information on the manner in which estimated items, forecasts etc., are presented in annual reports and supervision of compliance with the recommendations and findings of a statutory auditor appointed by the Supervisory Board, (ii) issuing recommendations to the Company's Supervisory Board concerning the appointment and dismissal of the statutory auditor, (iii) control of the independence and objectivity of the statutory auditor, in particular in respect of a possible replacement of the statutory auditor, and of their remuneration, (iv) verification of the statutory auditor's work.

In executing its duties, the Audit Committee works with the Supervisory Board, the Management Board, middle management and the external and internal audit unit.

The Vice President of the Management Board responsible for finance, Deputy Financial Director, Financial Controller and representatives of the external and internal audit teams may attend Audit Committee meetings, if invited. In 2022, the Audit Committee held 8 meetings.

The audit firm that audited the Company's financial statements provided permissible non-audit services to the Company in 2022. Independence of the audit firm was assessed, and the Audit Committee agreed to have these services provided by this firm.

Under the auditor selection policy in effect at the Company, the choice of the audit firm to carry out the audit is made by the Supervisory Board of Dom Development S.A., acting on the basis of a recommendation made by the Audit Committee. Moreover, transparent and non-discriminatory selection criteria were defined to be used to evaluate the bids submitted by audit firms, which the Audit Committee is guided by during the preparation of the recommendation and the Supervisory Board is guided by during the selection of the audit firm. These are:

- a) independence and impartiality of the audit firm as a prerequisite, assuming that the audit firm submits, by the date of the statutory audit of financial statements, written confirmation of its independence from Dom Development S.A. and the companies of Dom Development S.A. Capital Group once a year to the Audit Committee. The above-mentioned entity shall also discuss with the Audit Committee all risks to its independence as well as the measures used to mitigate those risks;
- b) the fee for the audit, which cannot be based on any form of contingency, this includes not being subject to the results of the audit and being dependent or contingent on the provision of additional non-audit

services for the audited company or an affiliated entity by the audit firm, an affiliated entity or a member of its network, and one of the basic criteria for the selection of an audit firm to statutory audit of financial statements is the quality and reliability of the services provided;

- c) experience gained and potential of the entity in the audit of statements of public interest entities and audit of the statements of entities with similar profile of activity, specifically in the property development or real estate sector;
- d) ability to conduct the audit throughout the country and to ensure the provision of services within the required scope;
- e) ability to monitor ongoing changes in legislation;
- f) checking the professional qualifications and experience of persons directly involved in the audit.

In accordance with the policy, as prevailing at the Company concerning permitted non-audit services rendered by an 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, no audit firm appointed for a statutory audit of financial statements, no entity affiliated with the audit firm or any member of the audit firm's network may provide directly or indirectly to Dom Development S.A. nor to its affiliated entities any prohibited services other than non-audit services nor services which are related to financial review, from the first day of the period covered by the audit to the release of the audit report. In the case of internal audit, risk management, or information system procedures, this restriction is effective in the financial year immediately preceding the audited period. The prohibited services are not the services listed in Article 136(2) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. Those services may be provided only insofar as such services are unrelated to the tax policy of Dom Development S.A. after the Audit Committee has assessed threats to independence and the safeguards applied, and after the consent of the Audit Committee is granted. Where the auditor or audit firm provides services for Dom Development S.A. or the Dom Development S.A. Capital Group companies for a period of at least three consecutive financial years, the total fee for such services will be limited to not more than 70% of the average fee paid in the subsequent three financial years for the audit of financial statements of Dom Development S.A. and consolidated financial statements of Dom Development S.A. Capital Group.

The recommendation of the Audit Committee of 25 April 2022 concerning the selection of the audit firm complies with the conditions set out in Article 130(2) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

REMUNERATION COMMITTEE

In the period from 1 January 2022 until 31 December 2022, the Remuneration Committee was composed of the following members:

- Marek Moczulski - Chairman of the Remuneration Committee
- Mark Spiteri - Member of the Remuneration Committee
- Krzysztof Grzyliński - Member of the Remuneration Committee.

The Remuneration Committee is a permanent committee at the Supervisory Board. It is composed of at least three members appointed by the Supervisory Board from amongst its members, with at least two members of the Remuneration Committee being Independent Members of the Supervisory Board within the meaning of paragraph 7.7 of the Articles of Association. The Supervisory Board appoints one member of the Remuneration Committee to the position of Chairman of the Remuneration Committee. This member serves concurrently as an Independent Member of the Supervisory Board within the

meaning of paragraph 7.7 of the Articles of Association. The Supervisory Board may dismiss any Member of the Remuneration Committee at any time.

The duties and competences of the Remuneration Committee are set forth in unclassified and publicly available Remuneration Committee Bylaws approved by the Supervisory Board.

The duties of the Remuneration Committee include, in particular (i) periodical assessment of the remuneration principles for the members of the Management Board and providing the Supervisory Board with relevant recommendations in this respect, (ii) preparation of suggestions as regards remuneration and additional benefits for individual members of the Management Board, including in particular benefits under executive share option schemes (options convertible into shares in the Company's share capital) to be reviewed by the Supervisory Board, (iii) submission of projects concerning the Company's remuneration policy.

The President of the Management Board and the HR Director may attend meetings of the Remuneration Committee, if invited. In 2022, the Remuneration Committee held 7 meetings.

4.7 REMUNERATION POLICY REPORT

4.7.1 REMUNERATION SYSTEM AT THE COMPANY

The purpose of the remuneration policy for members of the management and supervisory bodies, and for key managers at Dom Development S.A. is to support the Company's strategy and its short- and long-term objectives.

No significant changes in the implementation of the remuneration policy adopted by the Company on 31 August 2020 by the Annual General Shareholders Meeting of Dom Development S.A. took place at the Company in the financial year 2022.

The Remuneration Policy was prepared in line with Polish and European regulations concerning remuneration in public companies. Its objective is to provide transparent and clear rules for remunerating members of the Management Board and the Supervisory Board, and to support the Company's business strategy, taking into account the current business environment as well as the current market practice regarding remuneration in public companies.

In particular, the Remuneration Policy takes into account the need to:

- Contribute to the implementation of the Company's business strategy and the long-term interests of the Company, its shareholders, investors and stakeholders, and to support the sustainable development of the Company;
- Ensure transparency of the rules for remunerating Members of the Management Board by establishing a single remuneration title covering all the duties performed for the Company. The Members of the Management Board may concurrently serve on governing bodies in subsidiaries;
- Set the remuneration for Members of the Supervisory Board in a manner consistent with the remuneration practice throughout the Company and in the market;
- Ensure effective management of Remuneration Policy, and prevent conflicts of interest in this area.

4.7.2 TERMS AND AMOUNTS OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD

In accordance with the Articles of Association of the Company, the terms of contracts and remuneration for the President of the Management Board and the other Members of the Management Board is the responsibility of the Supervisory Board, upon the recommendation of the Remuneration Committee in this regard.

The Remuneration Committee reviews the remuneration principles for the members of the Management Board periodically and provides the Supervisory Board with relevant recommendations in this respect, suggests amounts of remuneration and additional benefits for individual members of the Management Board, in particular benefits under executive share option schemes (options convertible into shares in the Company's share capital) for individual Members of the Management Board, to be reviewed by the Supervisory Board.

Remuneration for the Members of the Management Board of the Company and key managers stems from the Remuneration Policy adopted and consists of a fixed part (base salary), a variable part based on results (bonus system) and fringe benefits. In 2022, the principles of the remuneration system were the same as these applied in the previous years, i.e., the remuneration was based on the incentive system linked to financial performance, business and financial objectives of the Company. The granting of the annual discretionary bonus was contingent on the degree of implementation of individual annual targets associated with the business objectives of the Company.

In 2022, the amount of remuneration (including bonuses) due or potentially due to individual members of the Companies management bodies for serving on these bodies at the Company and at its subsidiaries, was as follows:

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Fixed remuneration items	Variable remuneration items *	Non-pay benefits
for serving on the governing bodies of Dom Development S.A.			
Jarosław Szanajca	1 384	2 101	42
Małgorzata Kolarska	1 290	5 889	105
Leszek Stankiewicz	1 166	2 009	83
Mikołaj Konopka	258	839	-
Terry Roydon	72	1 605	-

*Variable remuneration based on the estimated calculation of the bonus for 2022 before the acceptance of the underlying financial statements.

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Entity name	Fixed remuneration items	Variable remuneration items	Non-pay benefits
for holding a position in the subsidiaries of the Company				
Jarosław Szanajca	Euro Styl S.A.	60	-	-
Jarosław Szanajca	Dom Development Wrocław Sp. z o.o.	60	-	-
Leszek Stankiewicz	Dom Construction Sp. z o.o.	60	-	-
Mikołaj Konopka	Euro Styl S.A.	651	1 719	25
Mikołaj Konopka	Euro Styl Construction Sp. z o.o.	6	-	-
Mikołaj Konopka	Euro Styl Development Sp. z o.o. in liquidation	6	-	-
Mikołaj Konopka	Euro Styl Montownia Sp. z o.o.	6	-	-
Mikołaj Konopka	GGI Dolne Miasto Sp. z o.o.	6	-	-
Mikołaj Konopka	Your Destination Sp. z o.o.	6	-	-

There was no distributions from profit, except for the dividend, to executives at the Company in 2022.

In addition to this, there are Management Option Programme at the Company which are described in detail in note 3.8 to this report and in note 7.44 to the Group's 2022 consolidated financial statements.

Information on the options granted to and exercised by the Members of the Management Board of Dom Development S.A. is shown in the table below.

SHARE OPTIONS GRANTED AND EXERCISED IN 2021	Options granted and non-exercised as of 1 January 2022 (number of shares)	Options granted in 2022 (number of shares)	Options exercised in 2022 (number of shares)	Closing stock price on the option exercise date*	Exercise price of 1 option	Option exercise date
Jarosław Szanajca	-	-	-	-	-	-
Małgorzata Kolarska	100 000	-	100 000	PLN 113.40	PLN 35.00	01.02.2022
Leszek Stankiewicz	-	250 000	50 000	PLN 95.30	PLN 50.00	28.12.2022
Janusz Zalewski	-	-	-	-	-	-
Mikołaj Konopka	150 000	-	50 000	PLN 113.40	PLN 50.00	01.02.2022
Terry Roydon	-	-	-	-	-	-

* Mrs. Małgorzata Kolarska and Mr. Mikołaj Konopka exercised options, i.e., they subscribed for shares on 1 February 2022, and Mr. Leszek Stankiewicz exercised options, i.e., he subscribed for shares on 28 December 2022.

4.7.3 NON-FINANCIAL COMPONENTS OF REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD AND KEY MANAGERS

The remuneration of the Members of the Management Board of the Company, the Members of the Supervisory Board of the Company and key managers at the Group

also consists of fringe benefits such as private health care or a company car that can also be used for private purposes.

4.7.4 LIABILITIES ARISING FROM RETIREMENT PENSIONS FOR FORMER MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE COMPANY

The Company has no liabilities arising from retirement pensions or similar benefits for its former management or supervisory executives.

4.7.5 AGREEMENTS WITH THE MEMBERS OF THE MANAGEMENT BOARD IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL

All members of the Company's Management Board have been remunerated on the basis of resolutions of the Supervisory Board.

None of the Company's Management Board members is entitled to compensation in the event of resignation from their function. In accordance with the resolutions of the

Supervisory Board, the following Management Board members: Jarosław Szanajca, Małgorzata Kolarska, Leszek Stankiewicz and Mikołaj Konopka, in the case of dismissal for reasons other than violation of their fundamental obligations or the lack of re-appointment for another term of office, are entitled to the payment of 6 months' remuneration.

4.7.6 AMOUNT OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

In 2022, the amount of remuneration paid, accrued or potentially accrued to individual members of the Company's supervisory bodies was as follows:

REMUNERATION AND BONUSES RECEIVED BY THE MEMBERS OF THE SUPERVISORY BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	in Dom Development S.A.	in other companies operating within the Group
Grzegorz Kiełpsz	625	-
Marek Moczulski	150	-
Janusz Zalewski	122	-
Mark Spiteri	127	-
Markham Dumas	110	-
Dorota Podedworna-Tarnowska	124	-
Krzysztof Grzyliński	131	-

In 2022, there were no distributions from profit to members of the supervisory bodies of the Company, except for the dividend.

4.7.7 ASSESSMENT OF THE REMUNERATION POLICY OPERATION

The Management Board of the Company is of the opinion that Members of the Management Board and the Supervisory Board of the Company were remunerated in compliance with the Remuneration Policy, and having the remunerations of Board Members tied to economic

performance, while meeting business objectives, is the strong foundation for maintaining the viability of the company and the long-term increase in value for shareholders.

4.8 SHAREHOLDING OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

TOTAL NUMBER AND NOMINAL VALUE OF ALL SHARES IN THE COMPANY AS WELL AS THE SHARES AND STOCKS IN THE COMPANIES OPERATING WITHIN THE GROUP HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

	AS AT 31 DECEMBER 2022			CHANGE FROM 31 DECEMBER 2021		
	Shares	Nominal value of the shares (in PLN '000)	Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska*)	403 544	404	-	403 544	100 000	(100 000)
Leszek Stankiewicz**) ***)	-	-	250 000	250 000	-	250 000
Mikołaj Konopka*)	138 981	139	100 000	238 981	50 000	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-

SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Janusz Zalewski	300 000	300	-	300 000	-	-
Marek Moczulski	-	-	-	-	-	-
Mark Spiteri	900	1	-	900	-	-
Markham Dumas	-	-	-	-	-	-
Krzysztof Grzyliński	-	-	-	-	-	-
Dorota Podedworna-Tarnowska	-	-	-	-	-	-

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

***) On 5 October 2022, Mr. Leszek Stankiewicz took up 250 000 share options in Dom Development S.A., concerning 250 000 Share in Dom Development S.A., as described in 7.29.

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

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group,

except for in Dom Land Sp. z o.o., in which Jarosław Szanajca, Grzegorz Kiełpsz and Mark Spiteri held 20% of the shares each at 31 December 2022.

4.9 MANAGEMENT OPTION PROGRAMMES

4.9.1 EXISTING EMPLOYEE SHARE SCHEMES

INFORMATION ON THE AGREEMENTS THAT ARE KNOWN TO THE COMPANY AND THAT WERE CONCLUDED IN THE LAST FINANCIAL YEAR WHICH MAY RESULT IN FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY THE CURRENT SHAREHOLDERS

There are two management option programmes in place at the Company.

On 29 November 2019, the Supervisory Board of the Company adopted resolution no. 02/11/19 concerning the approval of the provisions of the Management Option Programme IV for Mikołaj Konopka, Member of the Management Board of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. ("Programme V"). In accordance with the Programme V, Mr. Mikołaj Konopka received one-off options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zloty only) per share. The exercise of these options is limited to 50 000 shares in any 12 month consecutive period, starting from 1 January 2020, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2029.

On 4 October 2022, the Supervisory Board of the Company adopted resolution no. 01/10/22 concerning the approval of the provisions of the Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – Financial Director of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. "Programme VII"). In accordance with the Programme VII, Mr. Leszek Stankiewicz received one-off options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zloty only) per share. The exercise of these options shall be limited to 50 000 shares in calendar year, starting from 2022, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2032.

Detailed information on the Management Option Programmes is in the Consolidated Financial Statements of the Group for 2022, in note 7.44.

4.9.2 EMPLOYEE SHARE SCHEME CONTROL SYSTEM

The management option programmes in place at the Company were adopted by the Company's General Meeting of Shareholders which also authorised the

Supervisory Board of the Company to adopt specific rules for the implementation of the schemes.

On 30 August 2022, the Company's Management Board was authorised by the General Shareholders' Meeting of the Company to increase its share capital within the authorised capital and to issue warrants allowing subscription for shares by the participant in Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A. concerning 250 000 Shares in Dom Development S.A. and by the

participant in Management Option Programme VII for Leszek Stankiewicz, Vice President of the Management Board – Financial Director of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. The Management Board adopts a resolution concerning the increase of the share capital upon the consent of the Supervisory Board.

4.10 APPLICATION OF THE DIVERSITY POLICY IN RELATION TO THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the opinion of the Management Board of the Company, the composition of the Management Board and the Supervisory Board of Dom Development S.A provided the diversity of age, education and professional experience necessary to achieve a multidimensional perspective supporting the activities of and supervision over the Company.

In 2022, the Company's Management Board was composed of 5 members: 4 men and 1 woman. 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. includes 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. Their track record and broad perspective allow the Management Board to make strategic decisions effectively.

In order to safeguard the development of the Company and of the Group, the Management Board has emphasised the development of key managers and its

diversity. The directors and vice-directors of the individual divisions and departments include women and men of different educational backgrounds, professional experience and age.

The Supervisory Board of the Company includes persons with experience in various industries, also in 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 Kiełpsz, the Chairman of the Supervisory Board and 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., Mr. Marek Moczulski and Mr. Krzysztof Grzyliński), with a high degree of proven competence in business and financial reporting, who guarantee the highest standard of supervision over the Company. Such diversity provides a wide perspective on the operation of the Management Board of the Company and the development paths undertaken. As at 31 December 2022, the Company's Supervisory Board was composed of 6 men and 1 woman.

4.11 INTERNAL CONTROL AND RISK MANAGEMENT

The Management Board of the Company is responsible for the internal control system within the Group and its effectiveness as regards the preparation of financial statements.

The effectiveness of the Group's internal control and risk management systems in financial reporting is ensured through clear division of duties and competences in the process of preparing financial information.

Accounting books are kept and financial reporting is performed by highly qualified financial and accounting teams, both at the Company and companies operating within the Group. The Group's consolidated financial statements are prepared by highly qualified employees from the finance and accounting division.

The effectiveness of internal controls and the quality of the accounts are ensured, inter alia, by the appropriate allocation of competences and responsibilities within the teams and by the assignment of relevant authorisations in the IT systems used by the Group.

There are also independent teams within the Group that are responsible for budgeting and management reporting processes.

The Group's finance and accounting system is a source of data for both financial statements and consolidated financial statements. It is also a source of information for the Group's management reporting, the financial part of which is structured in a manner which provides the management staff with relevant management information. Both statutory accounts and management

reports are prepared on the basis of the accounting policy adopted by the Group (in compliance with the International Financial Reporting Standards).

Operational quantitative forecasts and financial forecasts are incorporated in the monthly financial and operational management reports, in addition to historic financial data sourced from the accounting books. These reports are scrutinised by middle and executive management of individual organisational units of the Group and by the Management Board of the Company. As regards closed reporting periods, the Group's financial results are scrutinised versus budgets and forecasts. In view of the specific nature of the industry, we analyse not only the aggregated groups of costs and revenues, but also the financial and operating data for the respective property development projects are analysed separately.

Any identified deviations are appropriately verified and clarified, and any errors, if any, where possible, are corrected in the Group's books on an ongoing basis.

Both managerial and statutory reporting takes place under supervision of the financial controller and the Vice-President of the Management Board - Chief Financial Officer.

Verification of the Group's financial statements is performed by an independent statutory auditor.

In accordance with the standards adopted by the Group, the Group's financial statements are always audited by a recognized, highly qualified statutory.

The so-called Audit Life Cycle has been developed in the Company. This is a cyclical schedule of communication between the Management Board, the statutory auditor and the Audit Committee of the Supervisory Board. The purpose of this schedule is to ensure appropriate interaction and communication between the Audit Committee and the statutory auditor.

The fundamental activity adopted by the Group so as to reduce its exposure to market risks is the proper assessment and control of potential and existing development projects based on investment models and decision-making procedures developed in the Company.

The basis for calculating the cost of products sold, due to the accounting policy applied in this respect, is not only the costs recorded in the books, but also the detailed development project budgets prepared in accordance

with the Group's best knowledge and experience. The budgets for all development projects are updated at least once every three months, during the execution of the projects. This process is governed by the formalised rules in place at the Group, and is scrutinised by the management boards of the companies concerned, as well as the Management Board of the Company.

Moreover, it is relevant in the process of consolidation to eliminate intra-group sales, with particular regard to accurate assessment, and then elimination of the margin realised on such sales by the Group's construction companies.

There has been a formalised risk management procedure in operation within the Company since 2000. Under this procedure the risk is managed through the identification and assessment of risk areas for all aspects of the activities in which the Company and the Group are involved, together with defining activities required to reduce or eliminate such risks (including through a procedures and internal audit system). Risk management also covers the accuracy and quality of data having a bearing on the accuracy and quality of the financial statements.

The Company has an in-house internal audit unit, which carries out internal audits mainly of processes relating to risks identified in the said risk management procedure. The activities of the internal audit unit are subject to regular supervision of the Audit Committee. The findings of internal audits are reported to the Audit Committee and to experts appointed by this Committee.

The structure of the Group has significantly evolved in recent years. Both the scale of activities and the geographical diversification of the Group increased. In response to those changes, the Company's Management Board decided to implement the compliance and internal audit systems in all Group's companies by the end of 2024, under the DOM 2030 Strategy resulting from its ESG activities.

4.12 MATERIAL LEGAL PROCEEDINGS

As at 31 December 2022 the companies belonging to the Group were not a party to any material court proceedings.

4.13 AUDITOR

INFORMATION ON THE AGREEMENT FOR THE AUDIT AND REVIEW OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS CONCLUDED WITH THE AUTHORISED AUDITOR

On 25 April 2022, in accordance with the powers granted under article 7.12.3 of the Company's Articles of Association and the applicable regulations and professional standards, the Supervisory Board of the Company on the basis of the recommendation made by the Company's Audit Committee, contained in its Resolution 01/04/22 dated 25 April 2022, selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) with its registered office in Warsaw, to audit the annual financial statements of Dom Development S.A. for the year ended 31 December 2022 and the consolidated financial statements of the Dom Development S.A. Capital Group for the year ended 31 December 2022, and to review the condensed financial statements of Dom Development S.A. for the period of six months ended 30 June 2022 and the condensed consolidated financial statements of the Dom Development S.A. Capital Group, prepared for the period of six months ended 30 June 2022.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw at 11 Polna St., is registered as an entity licensed to audit financial statements under reg. No. 144.

The agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw was concluded on 10 August 2021 for the period necessary to carry out the review and audit the said financial statements.

The Company had previously used the services of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2002 and 2011 and of certain companies affiliated with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2013 and 2014 and legal services in 2012-2015. The audit firm in charge of auditing the Company's financial statements for 2022 and the Group's consolidated financial statements for 2022 also provided in 2022

permissible non-audit services, as contracted by the Company.

The financial statements for 2018, 2019, 2020, 2021 and 2022 were audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and other PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. related companies.

Information on remuneration due to the audit firm for 2022 and 2021 is presented in note 7.52 to the Group's Consolidated Financial Statements for the year 2022.

In accordance with the statement of the Supervisory Board of the Company, the Company's Management Board reports that:

- the selection of the audit firm to conduct the audit of annual consolidated financial statements for the year 2022 has been carried out in line with laws, including the provisions on selection of and the selection procedure for an audit firm
- the audit firm and the members of the team performing the assignment fulfilled the prerequisites for preparing an impartial and independent audit report concerning the annual consolidated statements in accordance with applicable laws, professional best practice and the rules of professional conduct
- the existing provisions related to the rotation of the audit firm and the key statutory auditor and the compulsory withdrawal periods are respected
- the Company has a policy in place regarding the choice of the audit firm and the policy in respect of the provision of additional non-audit services, including services conditionally exempted from the prohibition of the provision thereof by the audit firm, to the Company by the audit firm, an affiliate of the audit firm or a member of its professional network.

5 APPROVAL BY THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. OF THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES OF THE COMPANY AND ITS CAPITAL GROUP IN 2022



This Management Board's report of activities of Dom Development S.A. and its Capital Group in 2022 was prepared and approved by the Management Board of the Company on 15 March 2023.

The Management Board of the Company represents that this Report of activities of Dom Development S.A. and its Capital Group in 2022 presents a true view of the development, achievements and situation of the Company, including the description of key threats and risks.

Jarosław Szanajca

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

Leszek Stankiewicz

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

Małgorzata Kolarska

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

Mikołaj Konopka

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

Terry R. Roydon

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