DOM DEVELOPMENT S.A. CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS

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

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

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

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

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

Jarosław Szanajca
President of the Management Board

Leszek Stankiewicz
Vice President of the Management Board

Małgorzata Kolarska
Vice President of the Management Board

Mikołaj Konopka
Member of the Management Board

Terry R. Roydon
Member of the Management Board

2 CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.12.2022	31.12.2021
Fixed Assets			
Intangible assets	**7.6**	20 535	20 193
Tangible fixed assets	**7.7**	47 113	35 266
Deferred tax assets	**7.21**	52 721	31 583
Long-term receivables	**7.8**	8 817	11 499
Investment property		22 887	-
Other long-term assets		23 235	11 652
TOTAL FIXED ASSETS		**175 308**	**110 193**
Current assets			
Inventory	**7.9**	3 442 969	3 025 168
Trade and other receivables	**7.10**	87 679	66 685
Other current assets	**7.11**	7 549	5 174
Income tax receivables	**7.32**	3 052	822
Short-term financial assets	**7.12**	91 163	62 560
Cash and cash equivalents	**7.13**	304 236	607 041
TOTAL CURRENT ASSETS		**3 936 648**	**3 767 450**
TOTAL ASSETS		**4 111 956**	**3 877 643**

EQUITY AND LIABILITIES	Note	31.12.2022	31.12.2021
Shareholders' equity			
Share capital	**7.14**	25 548	25 398
Share premium	**7.15**	264 208	258 358
Other capital (supplementary capital)		670 640	626 738
Reserve capital from valuation of cash flow hedges		16 444	7 647
Reserve capital on account of the obligation to redeem non-controlling interests		-	(10 568)
Reserve capital from reduction of share capital		510	510
Unappropriated profit (loss)		435 864	332 367
Equity attributable to the shareholders of parent company		**1 413 214**	**1 240 450**
Non-controlling interests		59	8 728
TOTAL SHAREHOLDERS' EQUITY		**1 413 273**	**1 249 178**
Long-term liabilities			
Loans, long-term portion	**7.18**	-	31 414
Bonds, long-term portion	**7.19**	260 000	310 470
Deferred tax provision	**7.21**	34 005	26 952
Long-term provisions	**7.22**	36 032	26 573
Lease liabilities, long-term portion	**7.24**	30 321	21 014
Other long-term liabilities	**7.23**	80 005	106 260
TOTAL LONG-TERM LIABILITIES		**440 363**	**522 683**
Short-term liabilities			
Trade payables, tax and other liabilities	**7.25**	407 542	345 021
Loans, short-term portion	**7.18**	59 177	-
Bonds, short-term portion	**7.19**	50 000	51 263
Accrued interest on loans and bonds	**7.20**	2 550	1 598
Lease liabilities, short-term portion	**7.24**	78 964	69 474
Corporate income tax payables	**7.32**	75 919	46 915
Short-term provisions	**7.26**	32 842	35 996
Deferred income	**7.27**	1 551 326	1 555 515
TOTAL SHORT-TERM LIABILITIES		**2 258 320**	**2 105 782**
TOTAL LIABILITIES		**2 698 683**	**2 628 465**
TOTAL EQUITY AND LIABILITIES		**4 111 956**	**3 877 643**

All amounts in PLN '000.

3 CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31.12.2022	Year ended 31.12.2021
Sales revenue	**7.34**	2 419 308	1 897 491
Cost of sales	**7.34**	(1 663 537)	(1 272 307)
Gross profit on sales	**7.34**	**755 771**	**625 184**
Selling costs	**7.35**	(76 536)	(67 062)
General administrative expenses	**7.35**	(157 321)	(126 842)
Other operating income	**7.37**	18 130	5 648
Other operating expenses	**7.38**	(38 505)	(23 875)
Operating profit		**501 539**	**413 053**
Financial income	**7.39**	23 291	6 175
Financial costs	**7.40**	(12 210)	(13 743)
Profit before tax		**512 620**	**405 485**
Income tax	**7.32**	(102 323)	(80 233)
Net profit from continued operations		**410 297**	**325 252**
Net profit from discontinued operations *)		**-**	**-**
Net profit		**410 297**	**325 252**
Net profit attributable to:			
Shareholders of the parent company		410 264	327 130
Non-controlling interests		33	(1 878)
Earnings per share attributable to shareholders of the parent company			
Basic (in PLN)	**7.31**	**16.07**	**12.89**
Diluted (in PLN)	**7.31**	**16.04**	**12.81**

*) in 2022 and 2021, the Group did not discontinue any of its operations.

All amounts in PLN ‘000 unless stated otherwise.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31.12.2022	Year ended 31.12.2021
Net profit	**410 297**	**325 252**
Other comprehensive income:		
Net change to cash flow hedges	10 861	13 874
Items to be accounted for in the income statement	**10 861**	**13 874**
Items not to be accounted for in the income statement	-	-
Other net comprehensive income / (loss), before tax	**10 861**	**13 874**
Income tax on other net comprehensive income to be accounted for in the income statement	(2 064)	(2 636)
Other net comprehensive income	**8 797**	**11 238**
Total net comprehensive income	**419 094**	**336 490**
Net comprehensive income attributable to:		
Shareholders of the parent company	419 061	338 368
Non-controlling interests	33	(1 878)

All amounts in PLN '000.

5 CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31.12.2022	Year ended 31.12.2021
Cash flow from operating activities			
Profit before tax		**512 620**	**405 485**
Adjustments:			
Depreciation		16 507	15 264
(Profit)/loss on foreign exchange differences		1 205	(1)
(Profit)/loss on investments		1 440	3 863
Interest cost/(income)		8 960	14 050
Cost of the valuation of management option programmes		5 393	1 701
Changes in the operating capital:			
Changes in provisions		13 209	13 780
Changes in inventory		(191 939)	(367 781)
Changes in receivables		(11 444)	(11 681)
Changes in short-term liabilities, excluding loans and bonds		23 716	(31 120)
Changes in prepayments and deferred income		(56 162)	430 979
Other adjustments		(1 316)	345
Cash flow generated from operating activities		**322 189**	**474 884**
Interest received		8 201	87
Interest paid		(17 130)	(12 340)
Income tax paid		(109 677)	(68 907)
Net cash flow from operating activities		**203 583**	**393 724**
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		2 584	754
Proceeds from borrowings granted		-	41 024
Other proceeds / (expenses) from financial assets		24 000	-
Borrowings granted		(412)	(51 017)
Acquisition of intangible and tangible fixed assets		(29 327)	(14 146)
Acquisition of financial assets and additional contributions to the capital		(212 635)	(43 066)
Net cash flow from investing activities		**(215 790)**	**(66 451)**
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	**7.14**	8 500	7 500
Proceeds from contracted loans	**7.18**	113 409	60 869
Proceeds from commercial papers issued	**7.19**	-	110 014
Repayment of loans and borrowings	**7.18**	(87 591)	(90 445)
Redemption of commercial papers	**7.19**	(56 298)	(139 682)
Dividends paid	**7.17**	(268 258)	(253 984)
Payment of lease liabilities		(360)	(168)
Net cash flow from financing activities		**(290 598)**	**(305 896)**
Increase / (decrease) in net cash and cash equivalents		**(302 805)**	**21 377**
Cash and cash equivalents – opening balance	**7.13**	**607 041**	**585 664**
Cash and cash equivalents – closing balance	**7.13**	**304 236**	**607 041**

All amounts in PLN '000.

6 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

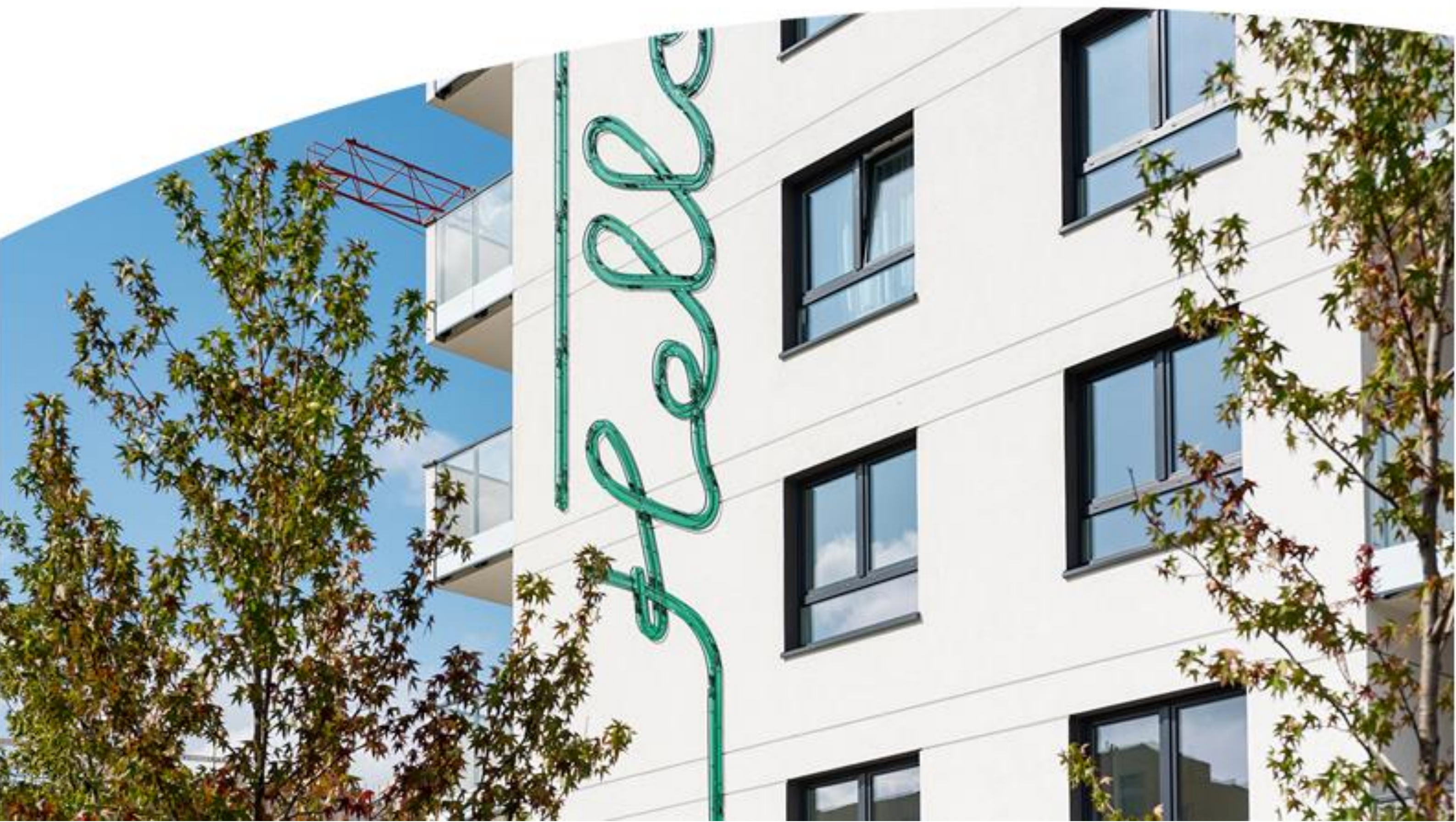
	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1.1.2022	**25 398**	**258 358**	**626 738**	**510**	**(10 568)**	**7 647**	**332 367**	**1 240 450**	**8 728**	**1 249 178**
Share capital increase by exercising share options (note 7.14 and 7.15)	150	5 850	-	-	-	-	-	**6 000**	-	**6 000**
Profit transfer to supplementary capital (note 7.17)	-	-	38 509	-	-	-	(38 509)	**-**	-	**-**
Dividends to shareholders (note 7.17)	-	-	-	-	-	-	(268 258)	**(268 258)**	-	**(268 258)**
Creation of reserve capital from the valuation of the share options (note 7.43)	-	-	5 393	-	-	-	-	**5 393**	-	**5 393**
Non-controlling and reserve capital from the acquisition of a subsidiary (note 7.1)	-	-	-	-	10 568	-	-	**10 568**	(8 702)	**1 866**
Net profit for the reporting period	-	-	-	-	-	-	410 264	**410 264**	33	**410 297**
Other net comprehensive income	-	-	-	-	-	8 797	-	**8 797**	-	**8 797**
Total net comprehensive income	**-**	**-**	**-**	**-**	**-**	**8 797**	**410 264**	**419 061**	**33**	**419 094**
Increase / (decrease) in equity capital	**150**	**5 850**	**43 902**	**-**	**10 568**	**8 797**	**103 497**	**172 764**	**(8 669)**	**164 095**
Balance as at 31 December 2022	**25 548**	**264 208**	**670 640**	**510**	**-**	**16 444**	**435 864**	**1 413 214**	**59**	**1 413 273**

All amounts in PLN '000.

	Share capital	Share premium	Other capital (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital on account of the obligation to redeem non-controlling interests	Reserve capital from valuation of cash flow hedges	Unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2021	**25 218**	**251 038**	**614 804**	**510**	**-**	**(3 591)**	**269 454**	**1 157 433**	**38**	**1 157 471**
Share capital increase by exercising share options	180	7 320	-	-	-	-	-	**7 500**	-	**7 500**
Profit transfer to supplementary capital	-	-	10 233	-	-	-	(10 233)	**-**	-	**-**
Dividends to shareholders (note 7.17)	-	-	-	-	-	-	(253 984)	**(253 984)**	-	**(253 984)**
Creation of reserve capital from the valuation of the share options (note 7.43)	-	-	1 701	-	-	-	-	**1 701**	-	**1 701**
Non-controlling interests and reserve capital from the acquisition of a subsidiary	-	-	-	-	(10 568)	-	-	**(10 568)**	10 568	**-**
Net profit for the reporting period	-	-	-	-	-	-	327 130	**327 130**	(1 878)	**325 252**
Other net comprehensive income	-	-	-	-	-	11 238	-	**11 238**	-	**11 238**
Total net comprehensive income	**-**	**-**	**-**	**-**	**-**	**11 238**	**327 130**	**338 368**	**(1 878)**	**336 490**
Increase / (decrease) in equity capital	**180**	**7 320**	**11 934**	**-**	**(10 568)**	**11 238**	**62 913**	**83 017**	**8 690**	**91 707**
Balance as at 31 December 2021	**25 398**	**258 358**	**626 738**	**510**	**(10 568)**	**7 647**	**332 367**	**1 240 450**	**8 728**	**1 249 178**

All amounts in PLN '000.

7 ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



7.1 GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP AND THE GROUP

GENERAL INFORMATION ABOUT THE PARENT COMPANY OF THE DOM DEVELOPMENT S.A. CAPITAL GROUP

Name:	Dom Development S.A.
Registered office:	Plac Piłsudskiego 3, 00-078 Warszawa, Polska
Legal form:	Spółka Akcyjna (public limited company)
Country of registration:	Poland
Registered address of the office:	Plac Piłsudskiego 3, 00-078 Warszawa
Principal place of business:	Poland

The parent company of Dom Development S.A. Capital Group ("the Group") is the public limited company Dom Development S.A. ("the Company" / "the parent company") entered into the National Court Register under number 0000031483, maintained by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

According to the Polish Classification of Business Activity the Company's scope of activity is the development of building projects – PKD 4110Z. The Company conducts its activities mainly in Warsaw.

The Company is a majority-owned subsidiary of Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.14). As at 31 December 2022 the parent company Dom Development S.A. was controlled by Groupe Belleforêt S.à r.l. which held 55.41% of the Company's shares. The ultimate parent company of the Dom Development S.A. Group is SCOP 2003 Trust, an entity established under the laws of England and Wales. SCOP 2003 Trust is the sole shareholder of SCOP Luxembourg 2007 S.à r.l., which in turn is the majority shareholder of Groupe Belleforêt S.à r.l.

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

GENERAL INFORMATION ABOUT THE GROUP

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 31 December 2022 is presented in the table below:

COMPANY	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
Subsidiaries				
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Wrocław sp. z o.o.	Poland	100%	100%	full consolidation
Dom Land sp. z o.o.	Poland	-	-	full consolidation
Euro Styl S.A.*)	Poland	100%	100%	full consolidation
Euro Styl Development sp. z o.o. w likwidacji [in liquidation] *) **)	Poland	100%	100%	full consolidation
Mirabelle Investments sp. z o.o.	Poland	100%	100%	full consolidation
Dom Construction sp. z o.o.	Poland	100%	100%	full consolidation
Sento S.A. **)	Poland	100%	100%	full consolidation
Dom Development Kraków sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Kraków 12 sp. z o.o. ***)	Poland	100%	100%	full consolidation
Issogne Sp. z o.o.	Poland	100%	100%	full consolidation

*) Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, with non-controlling interests held by Euro Styl Development Sp. z o.o. w likwidacji [in liquidation]. As a result of the acquisition of both these companies, Dom Development. S.A. has full control over the Euro Styl S.A. Capital Group.

**) The subsidiaries of Euro Style S.A., Sento S.A. and Dom Development Kraków sp. z o.o. are also included in the consolidation.

***) The company's previous name was Buma Development 12 sp. z o.o.

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

Dom Development Grunty sp. z o.o. is fully consolidated (with 46% share in the share capital held by the parent company) as its financial and operational policy is managed by members of the management board nominated by Dom Development S.A. The area of activities of this subsidiary is the purchase of real estate to be further developed by the Group.

The Company does not have a stake in Dom Land Sp. z o.o., but it controls this company through the persons holding office in the management board of the company. Dom Land sp. z o.o. holds 54% shares in Dom Development Grunty sp. z o.o.

All companies operating within the Group conduct business activities in the territory of Poland under the Code of Commercial Companies, with the unlimited duration.

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

MATERIAL CHANGES TO THE GROUP STRUCTURE, INCLUDING AS A RESULT OF A MERGER, ACQUISITION OR SALE OF THE COMPANIES OPERATING WITHIN THE CAPITAL GROUP, LONG-TERM INVESTMENTS, DEMERGER, RESTRUCTURING OR DISCONTINUATION OF ACTIVITIES.

In 2022, the Group expanded its activities in the Cracow market through the establishment of Dom Development Kraków Sp. z o.o. as described below, the acquisition of BUMA Group companies and the acquisition of all non-controlling interests in Sento S.A.

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

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

Dom Development Kraków Sp. z o.o. was created in order to concentrate our property development operations on the Cracow market within a single business entity. Already in the first half of 2022, the Company has started the process of merging the acquired property development companies of the BUMA Group (whose acquisitions are described below) and the Sento Group with Dom Development Kraków Sp. z o.o. By 31 December 2022, the merger of Buma Development 8 Sp. z o.o., Buma Development 20 Sp. z o.o., Buma Development 21 Sp. z o.o., Buma Development 22 Sp. z o.o., Buma Development Sp. z o.o. and Buma Management Sp. z o.o. (as the acquired companies) with Dom Development Kraków Sp. z o.o. (as the acquiring company) was completed. Dom Development Kraków Sp. z o.o. also acquired part of the shares in Sento S.A. (as described below). The process of merging further Group companies on the Cracow market with Dom Development Kraków Sp. z o.o. is also continued by the Group after the balance sheet date.

- Acquisition of BUMA Group companies

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

This acquisition was intended to expand Dom Development SA Group's development activities in the Cracow market, where the Group was already active through Sento Group, which was acquired in mid-2021, and to ensure long-term growth in the Company's consolidated income and profits.

Prior to the Transaction, neither the Company nor the Group held any shares in the BUMA Group companies mentioned above.

The Transaction’s value, according to the final purchase price (determined on 15 July 2022 through the signing of a statement by the parties to the agreement confirming the amount of the final sale price), was PLN 204.2 million, which consisted of the total sale price of the shares in the above mentioned entities, amounting to PLN 146.1 million (of which the price for the shares acquired directly by the Company was PLN 121.2 million and the price paid by Dom Construction Sp. z o.o. amounted to PLN 24.9 million), and PLN 58.1 million for the subrogation of loans extended by the Seller to the companies acquired under the Transaction. The assets of the companies subject to the Transaction include. i.a., investment land in Cracow with the potential to develop 1 370 units, projects under construction with 224 units, and PLN 51.4 million in cash, with the PLN 1.9 million debt under bank loans.

VALUES OF IDENTIFIABLE ASSETS AND LIABILITIES AT THE ACQUISITION DATE, AT THEIR FAIR VALUE	
Assets:	
Fixed assets excluding deferred tax assets	5 144
Deferred tax assets	4 727
Inventory	222 617
Short-term financial assets (funds in open-end escrow accounts)	245
Cash and cash equivalents and other short-term financial assets	51 424
Other current assets	16 097
Total	**300 254**
Liabilities:	
Deferred tax provision	19 478
Loans, long-term portion	59 392
Other long-term liabilities and provisions	11 597
Loans, short-term portion	625
Other short-term liabilities and provisions	42 715
Deferred income	20 361
Total	**154 168**
Net assets at fair value	**146 086**

CASH INFLOW IN THE SHARE PURCHASE TRANSACTION	
Cash acquired by the Group (including restricted cash)	51 424
Cash paid for shares (of the final sale price)	(146 086)
Cash paid for the subrogation of loans granted by the Seller to the companies acquired as a result of the Transaction (under the sale agreement)	(58 085)
Net cash outflow	**(152 747)**

Acquisition costs

The acquisition costs of PLN 3 614 thousand, which were incurred by the Group in connection with the aforementioned Transaction, were charged directly to the consolidated income statement under “Other operating expenses”.

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

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

Final settlement of the purchase price of 77% of shares in Sento S.A.

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

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

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

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

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

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

GROUP'S INTEREST IN THE SHARE CAPITAL OF SENTO S.A.	
Group's interest in the share capital of Sento S.A. as at 1 January 2022	77%
Group's interest in the share capital of Sento S.A. as at 31 December 2022	100%

Acquisition of a new share issue in Sento S.A.

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

Put and call share options of minority shareholders of Sento S.A.

The agreement to acquire 77% of the shares in Sento S.A. entered into in 2021 provided that the remaining 23% of the shares (the "Remaining Shares") controlled by the persons managing this company (the "Shareholders") were subject to put and call options. In connection with the above-described acquisition of the remaining 23% of shares in Sento S.A., a memorandum of understanding was concluded whereby the rights to exercise these options by minority shareholders expired together with the waiver of any claims by them.

On the basis of an agreement concluded with the minority shareholder Reno Sp. z o.o., the Company undertook to pay Reno Sp. z o.o. a consideration of PLN 3 902 thousand in exchange for the waiver of the claim arising from the put option offer.

The put option included the Company's obligation to buy back non-controlling interests. The obligation to redeem non-controlling interests requires to be recognised as liability as at 1 July 2021 in accordance with IAS 32. This liability was recognised in the balance sheet as the acquisition of non-controlling interests was to be paid for either in cash (if the Company exercises the Bad Leaver call option) or by issuing own equity instruments by the Company (if the Bad Leaver call option is not exercised) with the “fixed for fixed” condition not satisfied. This liability was measured, as at the date of initial recognition, i.e., the date control of Sento was acquired, at PLN 10 568 thousand.

The effect of the aforementioned agreements signed with minority shareholders was the expiry of the put option, which translated into the release of the reserve for the obligation to buy back non-controlling interests, as shown in the table below.

RESERVE CAPITAL AND OBLIGATION TO REDEEM NON-CONTROLLING INTERESTS IN SENTO S.A. (LIQUIDATION)	
Reserve capital on account of the obligation to redeem non-controlling interests	10 568
Other long-term liabilities (Liability on account of the obligation to redeem non-controlling interests)	(10 568)

Save for the aforementioned transactions, within the twelve-month period ended 31 December 2022, the Group did not make any other material changes in the structure of investing in subsidiaries, associates and jointly controlled entities.

7.2 BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Russian invasion of Ukraine launched on 24 February 2022 is a factor significantly destabilising the economic environment throughout the region. The Company and its subsidiaries operate exclusively in Poland. The Company's Management Board believes that the war in Ukraine may mostly affect the demand for dwellings, construction costs, and the availability of subcontractors. As at the date of the preparation of this consolidated financial statements all of the Group's development projects were progressing according to the approved budgets planned and the material and financial schedule. The Company's Management Board continuously monitors the situation and analyses its potential impact from the perspective of individual projects, the Group as a whole, and its long-term objectives. In the opinion of the Management Board of the Company, as at the date of approval of these consolidated financial statements all the prerequisites have been fulfilled for the going concern assumption in the foreseeable future.

The functional currency of the parent company and other companies incorporated in these consolidated financial statements is Polish zloty PLN. Financial data included in the consolidated financial statements are expressed in thousands of PLN unless stated otherwise. Financial data included in the consolidated financial statements are expressed in thousands of PLN unless stated otherwise.

The principles of measurement of assets, liabilities and financial result presented in the additional information to the consolidated financial statements are consistent with the accounting principles adopted by the parent company.

7.3 COMPLIANCE STATEMENT

Polish law requires the Group to prepare its consolidated financial statements in accordance with the International Financial Accounting Standards (IFRS) adopted by the European Union (EU). Having considered the process of IFRS introduction that takes place in the EU and the activities of the Group, in the context of accounting policies applied by the Group there are no differences in IFRS that have been put into force and IFRS that have been endorsed by the EU for the financial year ended 31 December 2021.

These consolidated financial statements were prepared in accordance with all applicable IFRSs that have been adopted by the European Union.

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

Certain companies operating within the Group keep their books of accounts in accordance with accounting policies (principles) specified in the Accounting Act dated 29 September 1994 ("the Accounting Act") as amended and the regulations issued based on that Act ("Polish Accounting Standards"). The consolidated financial statements incorporate certain adjustments, not included in the books of account of such companies operating within the Group, which were made in order to align the financial statements to IFRS.

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

- Annual improvements to IFRS 2018 - 2020 introduce improvements to the following standards: IFRS 1 *first-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial instruments*, IAS 41 *Agriculture*, and examples illustrating IFRS 16 *Leases*. The amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement.

- Amendments to IFRS 3 "Business Combinations". The amendments to this Standard published in May 2020 are intended to update the relevant references to the IFRS Conceptual Framework, without making any substantive changes to the accounting of mergers.

- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. The amendments to IAS 37 provide clarifications regarding the costs that an entity is to consider when assessing whether a contract is an onerous contract.

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

- Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or jointly controlled entity. They remove the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-cash assets sold or contributed to an associate or a jointly controlled entity constitute a business. If the non-cash assets constitute a business the investor discloses a full gain or loss on the transaction. If the assets cannot be classified as a business the investor recognises the gain or loss only in the scope of the shares of other investors therein. The approval of this amendment has been postponed by the EU as at the date of these consolidated financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements*. The IASB published amendments to IAS 1 which clarify the presentation issue of long-term and short-term liabilities. The published amendments are effective for financial statements for the periods beginning on or after 1 January 2024. These amendments have not been endorsed by the EU as at the date of these consolidated financial statements,
- Amendments to IAS 1 *Presentation of Financial Statements* and the IFRS Advisory Council’s guidance on disclosure of accounting policies in practice. The amendment to IAS 1 requires disclosure of material information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in the absence of such information, users of financial statements would not be able to understand other material information in the financial statements. Moreover, the Advisory Council's guidance on the application of the materiality concept have also been amended to provide guidance on the application of the concept of materiality to disclosures of accounting policies. The amendment is effective from 1 January 2023.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In 2021, the Council published an amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors in the Definition of Estimates. This amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. The amendment is effective from 1 January 2023.
- Amendments to IAS 12 “Income Taxes”. The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to these amendments to the standard, there were uncertainties as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g., the initial recognition of a lease) that has no impact on current tax settlements necessitates the recognition of deferred tax balances or whether the so-called initial recognition exemption applies, which states that deferred tax balances are not recognised if the recognition of an asset or liability has no impact on the accounting or tax outcome at the time of that recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences. The amendments are effective for financial statements for the periods beginning on or after 1 January 2023.
- Amendments to IFRS 16 “Leases”. In September 2022 the Board amended IFRS 16 “Leases” by supplementing the requirements for subsequent measurement of the lease liability for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale. The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a way that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from “lease payments” under IFRS 16. These amendments are effective from 1 January 2024. At the date of these consolidated financial statements, the amendments have not yet been approved by the European Union.

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

7.4 MATERIAL ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of Dom Development S.A. and its subsidiaries prepared for the year ended 31 December 2022. The financial statements of the subsidiaries, after giving consideration to the adjustments made to achieve conformity with IFRS, are prepared for the same reporting period as those of the parent company, using consistent accounting policies, and based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All significant intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate an impairment.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is exercised by the parent company when the parent company holds, directly or indirectly, through its subsidiaries, more than half of the votes at the shareholders' meeting of that subsidiary, unless it is possible to prove that such holding does not represent control. Control is also exercised if the Company has the power to govern the financial or operating policy of a subsidiary.

Changes in the ownership interest of the parent company which do not result in the loss of control over a subsidiary are accounted for as equity transactions. In such cases, the Group adjusts the carrying value of the controlling interests and non-controlling interests in order to reflect the relative changes in the interests in the subsidiary. All differences between the value of the adjustment to the non-controlling interests and the fair value of the amount paid or received, are accounted for as the shareholders' equity and attributed to the owners of the parent company.

INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Investments in associates and jointly controlled entities are accounted for using the equity method. Associates and jointly controlled entities are entities in which the parent company has, either directly or through its subsidiaries, significant influence and which are not its subsidiaries. The financial statements of the associates and jointly controlled entities are the basis for valuation of shares held by the parent company using the equity method. The reporting periods applied by the associates and the parent company are the same. These entities apply accounting policies as defined in the Accounting Act. Relevant adjustments are made to align financial data of the associates and jointly controlled entities with IFRS applied by the Group, before the share in their net assets is calculated. Investments in the associates and jointly controlled entities are disclosed in the balance sheet at cost plus post-purchase changes in the parent's share in the associates' and the entities' net assets, less any impairment losses. The consolidated income statement reflects the parent's share in the results of the associated and jointly controlled entities. A carrying value adjustment may also be required due to a change in proportion of the share in the associated or the jointly controlled entity, resulting from changes in other comprehensive income of this entity. The Group's share in these changes is disclosed in other comprehensive income of the Group.

Impairment assessment of the investment in associates and jointly controlled entities takes place when there are reasons indicating that such impairment occurred or when impairment write down made in the past years is no longer required.

TANGIBLE FIXED ASSETS

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

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

INVENTORY

Finished goods

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

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

Work in progress

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

Inventory impairment test

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

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

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

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

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

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

a) all future phases of the project are treated as a single project for the purposes of impairment review,

b) each phase of the project, in which sales and construction have already begun, is separated from the rest of the (construction) project and is considered separately for the purposes of impairment review.

COSTS OF EXTERNAL FINANCING

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

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

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

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

TRADE AND OTHER RECEIVABLES

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

BANK DEPOSITS WITH A MATURITY OVER THREE MONTHS

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

CASH AND CASH EQUIVALENTS

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

INTEREST-BEARING LOANS, BORROWINGS AND COMMERCIAL PAPERS

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

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

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

TRADE PAYABLES, TAX AND OTHER LIABILITIES

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

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

PROVISIONS

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

REVENUE RECOGNITION

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

Sale of products

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

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

Sale of services

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

FOREIGN CURRENCY TRANSLATION

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

TAXES

Current tax

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

Deferred tax

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

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

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

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

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

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

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

DIVIDENDS

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

EARNINGS PER SHARE

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

LEASE

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

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

Right-of-use of office space and serviced apartments

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

Rights of perpetual usufruct of land

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

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

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

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

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

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

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

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

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

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

7.5 KEY FIGURES BASED ON PROFESSIONAL JUDGEMENT AND BASIS FOR ESTIMATES

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

BUDGETS OF THE DEVELOPMENT PROJECTS

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

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

RECOGNITION OF REVENUE FROM THE SALE OF PRODUCTS

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

SEASONALITY

The operating activity of the Group is not subject to any major seasonality.

7.6 INTANGIBLE ASSETS

INTANGIBLE ASSETS	Other intangible assets	Computer software	Trademark	Intangible assets under implementation process	Total
GROSS VALUE					
Balance as at 1 January 2021	**8 761**	**21 794**	**6 990**	**54**	**37 599**
Additions, acquisitions of companies	30	4	-	-	34
Additions, other	1 068	14	-	7 299	8 381
Transfers	(1 261)	8 289	-	(7 028)	-
(Decrease)	(2)	-	-	-	(2)
Balance as at 31 December 2021	**8 596**	**30 100**	**6 990**	**326**	**46 012**
Additions, acquisitions of companies	**38**	**107**	**-**	**-**	**145**
Additions, other	1 006	-	-	5 487	6 493
Transfers	-	5 499	-	(5 499)	-
(Decrease)	-	(104)	-	-	(104)
Balance as at 31 December 2022	**9 640**	**35 602**	**6 990**	**314**	**52 546**
ACCUMULATED DEPRECIATION					
Balance as at 1 January 2021	**6 622**	**8 254**	**4 893**	**-**	**19 769**
Additions, acquisitions of companies	7	4	-	-	11
Additions, other	1 304	3 339	1 398	-	6 041
(Decrease)	(1 337)	1 335	-	-	(2)
Balance as at 31 December 2021	**6 596**	**12 932**	**6 291**	**-**	**25 819**
Additions, acquisitions of companies	21	107	-	-	128
Additions, other	1 116	4 353	699	-	6 168
(Decrease)	-	(104)	-	-	(104)
Balance as at 31 December 2022	**7 733**	**17 288**	**6 990**	**-**	**32 011**
NET VALUE					
as at 31 December 2021	**2 000**	**17 168**	**699**	**326**	**20 193**
as at 31 December 2022	**1 907**	**18 314**	**-**	**314**	**20 535**

Intangible assets are depreciated throughout their estimated economic useful lives, which is 2-5 years on average. The value of the Euro Styl trademark, which was acquired and measured at the time of purchase of the Euro Styl S.A. Capital Group in 2017, is amortised over a period of 5 years and has been recognised as item trademark.

There are no intangible assets with an undefined useful life.

As at 31 December 2022 there were no circumstances that would require the Group to create revaluation write downs for its intangible assets. No collaterals have been established on intangible assets.

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

7.7 TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	Right-of-use of office space	Land and buildings	Vehicles	Equipment and other tangible fixed assets	Total
GROSS VALUE					
Balance as at 1 January 2021	**38 456**	**1 033**	**11 520**	**15 853**	**66 862**
Additions, acquisitions of companies	-	346	681	375	1 402
Additions, other	1 619	92	2 612	2 603	6 926
(Decrease)	(252)	(83)	(2 064)	(375)	(2 774)
Balance as at 31 December 2021	**39 823**	**1 388**	**12 749**	**18 456**	**72 416**
Additions, acquisitions of companies	-	16	366	1 722	2 104
Additions, other	16 401	1 470	5 758	1 200	24 829
(Decrease)	-	(362)	(3 694)	(2 424)	(6 480)
Balance as at 31 December 2022	**56 224**	**2 512**	**15 179**	**18 954**	**92 869**
ACCUMULATED DEPRECIATION					
Balance as at 1 January 2021	**10 248**	**212**	**7 990**	**10 280**	**28 730**
Additions, acquisitions of companies	-	152	360	210	722
Additions, other	5 313	116	1 755	2 857	10 041
(Decrease)	(252)	(18)	(1 811)	(262)	(2 343)
Balance as at 31 December 2021	**15 309**	**462**	**8 294**	**13 085**	**37 150**
Additions, acquisitions of companies	-	2	327	1 364	1 693
Additions, other	5 975	531	2 176	2 567	11 249
(Decrease)	-	(190)	(2 226)	(1 920)	(4 336)
Balance as at 31 December 2022	**21 284**	**805**	**8 571**	**15 096**	**45 756**
NET VALUE					
as at 31 December 2021	**24 514**	**926**	**4 455**	**5 371**	**35 266**
as at 31 December 2022	**34 940**	**1 707**	**6 608**	**3 858**	**47 113**

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

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

No collaterals have been established on fixed assets.

7.8 LONG-TERM RECEIVABLES

LONG-TERM RECEIVABLES	31.12.2022	31.12.2021
Receivables from sale of financial assets	3 414	5 630
Refundable deposits	3 689	1 830
Borrowings granted	-	1 997
Other long-term receivables	1 714	2 042
Total	**8 817**	**11 499**

All these receivables are denominated in PLN.

There is no need to create a write down revaluating the value of long-term receivables.

7.9 INVENTORY

INVENTORY	31.12.2022	31.12.2021
Advances on deliveries	**101 606**	**216 621**
including: at purchase prices/production costs	101 606	216 621
write down to the net realisable value	-	-
Semi-finished goods and work in progress	**3 054 616**	**2 549 641**
including: at purchase prices/production costs	3 026 982	2 519 135
rights of perpetual usufruct of land (lease)	68 539	58 828
write down to the net realisable value	(40 905)	(28 322)
Finished goods	**286 747**	**258 906**
including: at purchase prices/production costs	292 976	265 335
write down to the net realisable value	(6 229)	(6 429)
Total	**3 442 969**	**3 025 168**

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

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

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

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

PREPARATORY WORKS

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

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

COST OF PREPARATORY WORKS	01.01.-31.12. 2022	01.01.-31.12. 2021
Preparatory works	2 297	1 446

7.10 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	31.12.2022	31.12.2021
Trade receivables	31 553	36 862
Receivables from related entities	-	-
Tax receivables	44 109	18 501
Other receivables	12 017	11 322
Total	**87 679**	**66 685**

The tax receivables incorporate VAT receivables

The Group made receivables revaluation write downs, which have been disclosed under “Other operating costs”.

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

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2022	31.12.2021
Up to 3 months	28 520	32 575
From 3 to 6 months	720	2 018
From 6 months to 1 year	1 672	1 280
Over 1 year	8 192	6 963
Gross trade receivables	**39 104**	**42 836**
Receivables revaluation write downs	(7 551)	(5 974)
Net trade receivables	**31 553**	**36 862**

The write downs fully relate to overdue trade receivables.

CHANGE IN THE WRITE DOWNS FOR TRADE AND OTHER RECEIVABLES	01.01.-31.12. 2022	01.01.-31.12. 2021
Opening balance	**5 974**	**4 898**
Increments, including:	1 662	1 118
Revaluation write down in the Sento Group at the time of acquisition	-	50
Other increments	1 662	1 068
(Decrease)	(85)	(42)
Closing balance	**7 551**	**5 974**

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

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

7.11 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS	31.12.2022	31.12.2021
Accrued costs	7 419	5 174
Accrued financial income on deposits	130	-
Total	**7 549**	**5 174**

7.12 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS	31.12.2022	31.12.2021
Bank deposits with a maturity over three months	-	-
Cash in open-end residential escrow accounts	69 594	40 991
Other short-term financial assets	21 569	21 569
Total	**91 163**	**62 560**

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

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

7.13 CASH AND CASH EQUIVALENTS

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

CASH AND CASH EQUIVALENTS	31.12.2022	31.12.2021
Cash in hand and at bank	36 747	600 214
Short-term deposits	267 489	6 797
Other	-	30
Total	**304 236**	**607 041**

7.14 SHARE CAPITAL

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

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

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

EXERCISE OF COMPANY'S SHARE OPTIONS

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

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

- Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board - Chief Executive Director, concerning 500 000 shares in Dom Development S.A., and
- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.43).

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

On 1 February 2022:

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

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

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

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

Exercise of share options which have not been registered by the competent court by 31 December 2022

On 19 December 2021, the Management Board resolved to increase Company's share capital by issuing 50 000 series AG ordinary bearer shares. The issue price for the new series AG shares was PLN 50.00 per share.

The AG series shares were issued in a private placement addressed to Mr. Leszek Stankiewicz, Vice President of the Management Board as a participant in Management Options Programme VII (as described in detail in note 7.43). On 29 December 2022, the Management Board resolved to allocate the aforementioned shares to Mr. Leszek Stankiewicz.

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

SHARE CAPITAL STRUCTURE FOR THE COMPANY AS AT 31 DECEMBER 2022

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

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

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

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

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

*) Shareholding by PTE Allianz Polska S.A. has been presented as per the latest notice dated 5 January 2023 and includes shares held by Allianz OFE, Allianz DFE and Drugi Allianz OFE. (Also see note 7.49 *Material post-balance sheet events*)

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

	AS AT 31.12.2022				CHANGE FROM 31.12.2021	
	Shares	**Nominal value of 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, respectively, for 100 000 and 50 000 shares in Dom Development S.A. in the exercise of the Company's share options.

**) On 5 October 2022, Mr. Leszek Stankiewicz subscribed for 250 000 share options of Dom Development S.A., as described in note 7.49.

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

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

7.15 SHARE PREMIUM

In the twelve-month period ended 31 December 2022, the value of the item *Share premium* changed by PLN 5 850 thousand as a result of the increase of the share capital, described in note 7.14.

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

7.16 ADDITIONAL INFORMATION ON SHAREHOLDERS' EQUITY

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

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

7.17 DIVIDEND AND PROFIT DISTRIBUTION

The Annual General Meeting of the Company resolved on 30 June 2022 to allocate the 2021 net profit of the Company to:

- payment of dividend to the shareholders of the Company in the amount of PLN 268 258 431.00, which corresponds to PLN 10.50 per share

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

The 2020 dividend in the amount of PLN 268 258 431.00 (i.e., PLN 10.50 per share) was paid on 16 August 2022.

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

Dividends:	current year	previous year
Dividends are recognised as distributions to owners per share (in PLN)	10.50	10.00

7.18 LOANS

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

On 25 January 2022, Dom Development Kraków 21 Sp. z o.o. Sp. k. (former name: Sento 21 Sp. z o.o. Sp. k) resigned from the available credit limit up to the amount of up to PLN 32 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 1 project and a VAT loan of up to PLN 2 000 thousand to finance output VAT liabilities accrued in connection with supplies of goods and services, which were costs of the SenToTu, stage 1 project, granted by VeloBank S.A. (former name: Getin Noble Bank S.A.) under an agreement dated 25 March 2020.

On 6 July 2022, Dom Development Kraków 21 Sp. z o.o. Sp. k. resigned from the available credit limit up to the amount of up to PLN 43 500 thousand to partially finance and refinance the net costs of the SenToTu, stage 2 (phases 1 and 2) project and a VAT loan of up to PLN 1 500 thousand to finance output VAT liabilities accrued in connection with supplies of goods and services, which were costs of the SenToTu, stage 2 (phases 1 and 2) project, granted by VeloBank S.A. under an agreement dated 9 April 2021.

On 18 July 2022, Dom Development Kraków 12 Sp. z o.o. (former name: Buma Development 12 Sp. z o.o.) resigned from the investor loan of up to PLN 38 500 thousand granted to finance and refinance the net costs related to the construction of two residential buildings as part of the "Przestrzenie Banacha" Stage II housing project (up to PLN 37 392 thousand), as well as to repay the interest due and to refinance the fees and commissions on the above-mentioned loan and the working capital loan which was granted for the financing of VAT (up to PLN 1 108 thousand), under an agreement with PKO Bank Polski S.A. dated 23 December 2020.

On 18 July 2022, Dom Development Kraków 12 Sp. z o.o. resigned from a revolving working capital loan in the amount of PLN 1 000 thousand granted to finance the value added tax (VAT) charged on the net costs related to the construction of two residential buildings as part of the "Przestrzenie Banacha" Stage II housing project under an 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 concluded between Bank Millennium S.A. and Dom Development S.A. As a result of the signed annex, the availability period of the credit limit was extended until 17 December 2023 and the amount of the credit limit was reduced, which now amounts to PLN 40 million.

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

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

LOANS DUE WITHIN	**31.12.2022**	**31.12.2021**
Less than 1 year	59 177	-
More than 1 year and less than 2 years	-	10 250
More than 2 years and less than 5 years	-	21 164
Over 5 years	-	-
Total loans	**59 177**	**31 414**
including: long-term	-	31 414
short-term	59 177	-

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

BANK LOANS AS AT 31.03.2022						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000	PLN	59 177	PLN	26.02.2023
mBank	Warsaw	200 000	PLN	-	PLN	29.01.2027
Millennium	Warsaw	40 000	PLN	-	PLN	17.12.2023
Total bank loans				**59 177**	**PLN**	

CORE DETAILS CONCERNING CREDIT LINES HELD BY THE COMPANY

- Loan at PKO BP

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

- Loan at mBank

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

- Loan at Millennium Bank

Revolving loan up to PLN 40 000 thousand. As at 31 December 2022 Dom Development S.A. has not drawn any funds from the said credit limit.

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

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

7.19 BONDS

BONDS	31.12.2022	31.12.2021
Nominal value of the bonds issued, long-term portion	260 000	310 470
Nominal value of the bonds issued, short-term portion	50 000	51 263
Nominal value of the bonds issued	**310 000**	**361 733**

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

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

CORE DETAILS CONCERNING THE BONDS ISSUED

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

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

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

- Bonds repaid by Dom Development S.A.

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

- Bonds repaid by Sento S.A.

On 8 March 2022 Sento S.A. made an early redemption, at the company's request, of all Series GF14 Bonds. The Company was entitled to carry out an early redemption of the Bonds at its own request in accordance with § 4(11) of the Terms and Conditions of Issuance of the Series GF14 Registered Bonds of Sento S.A. dated 8 June 2017. The early redemption of the Bonds was carried out in accordance with the terms and conditions of issuance of the Bonds.

On 1 June 2022, Sento S.A. redeemed 600 series GF12 registered bonds with a nominal value of PLN 1 000 each and a total nominal value of PLN 600 thousand, falling on that date.

Sento S.A. also made an early redemption, at the company's request, of all Series GF20 Bonds on 31 October 2022. The Company was entitled to carry out an early redemption of the Bonds at its own request in accordance with § 4(11) of the Terms and Conditions of Issuance of the Series GF20 Registered Bonds of Sento S.A. dated 09 February 2018. The early redemption of the Bonds was carried out in accordance with the terms of issuance of the Bonds.

BONDS ISSUED AS AT 31.12.2022

Series	Issuer	Issue date	Amount	Currency	Maturity date
DOMDET2091023	Dom Development S.A.	09.10.2018	50 000	PLN	09.10.2023
DOMDET3121224	Dom Development S.A.	12.12.2019	50 000	PLN	12.12.2024
DOMDET4250925	Dom Development S.A.	25.09.2020	100 000	PLN	25.09.2025
DOMDET5120521	Dom Development S.A.	12.05.2021	110 000	PLN	12.05.2026
Total			**310 000**	**PLN**	

7.20 ACCRUED INTEREST ON LOANS AND BONDS

ACCRUED INTEREST ON LOANS AND BONDS	31.12.2022	31.12.2021
Accrued interest on bonds	2 550	1 598
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	**2 550**	**1 598**

7.21 DEFERRED TAX ASSETS AND PROVISIONS

DEFERRED TAX ASSETS AND PROVISIONS	Balance sheet 31.12.2022	Balance sheet 31.12.2021	Income statement / Statement of comprehensive income 01.01-31.12. 2022	Income statement / Statement of comprehensive income 01.01-31.12. 2021
Deferred tax provision				
Foreign exchange differences	29	-	29	-
Accrued interest	604	386	218	369
Discounting of liabilities	3 292	2 098	1 194	841
Difference between the tax and accounting result on products sold, including provisions for costs	50 273	34 142	16 131	(38 247)
Capitalised financial costs	4 053	3 187	866	(824)
Valuation of financial assets	3 983	1 745	2 238	1 745
Lease	-	3	(3)	23
Trademark	-	133	(133)	(265)
Other	144	125	19	-
Total deferred tax provision	**62 378**	**41 819**	**20 559**	**(36 358)**
Deferred tax assets				
Foreign exchange differences	258	-	258	-
Difference between the tax and accounting result on products sold, including provisions for costs	21 336	692	20 644	692
Inventory revaluation	8 956	7 050	1 906	(216)
Receivables revaluation write downs and other provisions	1 158	768	390	134
Provision for employee benefits	9 539	5 146	4 393	(2 193)
Provision for other costs	22 196	14 589	7 607	4 096
Elimination of margin on intragroup transactions	11 785	14 303	(2 518)	4 680
Cost of subsidiary acquisition	1 318	1 088	230	-
Financial costs	584	17	567	17
Discounting of receivables	249	772	(523)	772
Valuation of financial assets	-	-	0	(875)
Tax loss possible to be settled	3 553	546	3 007	(1 041)
Other	162	1 479	(1 317)	1 182
Total deferred tax assets	**81 094**	**46 450**	**34 644**	**7 248**
Change in the provision for deferred tax resulting from the acquisition of subsidiaries determined at the date of acquisition.	**-**	**-**	**18 725**	**11 337**
Deferred tax expense concerning income statement	**-**	**-**	**(34 874)**	**(57 579)**
Deferred tax expense concerning other net comprehensive income	**-**	**-**	**2 064**	**2 636**
Deferred tax asset shown in the balance sheet	**52 721**	**31 583**	**-**	**-**
Deferred tax provision shown in the balance sheet, net	**34 005**	**26 952**	**-**	**-**

7.22 LONG-TERM PROVISIONS

LONG-TERM PROVISIONS	31.12.2022	31.12.2021
Provision for repair costs, long-term portion	35 481	26 180
Provision for retirement benefits	551	393
Total	**36 032**	**26 573**

LONG-TERM PROVISIONS – CHANGES	01.01.-31.12. 2022	01.01.-31.12. 2021
Opening balance	**26 573**	**22 419**
Provisions created in the financial year	13 593	5 648
Provisions used/reversed in the financial year	(4 134)	(1 494)
Closing balance	**36 032**	**26 573**

7.23 OTHER LONG-TERM LIABILITIES

OTHER LONG-TERM LIABILITIES	31.12.2022	31.12.2021
Guarantee retentions, long-term portion	50 483	64 251
Liability on account of the obligation to redeem non-controlling interests	-	10 568
Other	29 522	31 441
Closing balance	**80 005**	**106 260**

7.24 LEASE LIABILITIES

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

- liabilities on account of the right of use of office space and serviced apartments

- liabilities on account of perpetual usufruct right of land.

Note 7.4 *Material accounting policies* describes in detail lease-related accounting policies, specifically, it explains the classification of such liabilities as long- or short-term.

LEASE LIABILITIES	31.12.2022	31.12.2021
Lease liabilities, short-term portion, including:	**78 964**	**69 474**
Liabilities on account of perpetual usufruct right of land	70 387	63 126
Liabilities on account of the right of use of office space and serviced apartments	8 577	6 220
Other	-	128
Lease liabilities, long-term portion, including:	**30 321**	**21 014**
Liabilities on account of the right of use of office space and serviced apartments	30 321	20 783
Other	-	231
Total	**109 285**	**90 488**

As estimated by the Management Board based on property development projects planned on specific land to which the Group held the perpetual usufruct right as at 31 December 2022, out of PLN 70 387 thousand of the land-related lease liabilities recognised as short-term:

- PLN 4 943 thousand is payable by the Group within 12 months following the balance sheet date,

- PLN 9 717 thousand is payable by the Group later than 12 months following the balance sheet date,

- PLN 55 727 thousand is to be transferred to the respective buyers of units.

7.25 TRADE PAYABLES, TAX AND OTHER LIABILITIES

TRADE PAYABLES, TAX AND OTHER LIABILITIES	31.12.2022	31.12.2021
Trade payables, including guarantee retentions (short-term portion)	197 054	198 557
Tax liabilities	5 459	12 092
Accrued costs	178 386	119 046
Company Social Benefits Fund	417	420
Other liabilities	26 226	14 906
Total liabilities	**407 542**	**345 021**
Accrued costs structure:	**178 386**	**119 046**
- estate construction costs	127 007	90 120
- employee costs	40 121	13 235
- rent for office space	1 308	1 642
- other	9 950	14 049

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

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

GUARANTEE RETENTIONS	31.12.2022	31.12.2021
Guarantee retentions, short-term portion	42 292	32 411
Guarantee retentions, long-term portion	50 483	64 251
Total guarantee retentions	**92 775**	**96 662**

7.26 SHORT-TERM PROVISIONS

SHORT-TERM PROVISIONS	31.12.2022	31.12.2021
Provision for repair costs, short-term portion	11 180	9 331
Retirement provision	102	146
Provision for disputes	21 560	26 519
Total	**32 842**	**35 996**

SHORT-TERM PROVISIONS – CHANGES	01.01.-31.12. 2022	01.01.-31.12. 2021
Opening balance	**35 996**	**26 626**
Provisions created in the financial year	14 482	17 615
Provisions used/reversed in the financial year	(17 636)	(8 245)
Closing balance	**32 842**	**35 996**

7.27 DEFERRED INCOME

DEFERRED INCOME	31.12.2022	31.12.2021
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	1 551 326	1 554 711
Other	-	804
Total	**1 551 326**	**1 555 515**

7.28 BENEFITS AFTER EMPLOYMENT

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

7.29 FINANCIAL ASSETS AND LIABILITIES

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

FINANCIAL ASSETS AND LIABILITIES	31.12.2022	31.12.2021
FINANCIAL ASSETS		
Long-term receivables	8 817	11 499
Trade and other receivables	43 570	48 184
Receivables from related entities	-	-
Total borrowings and receivables	**52 387**	**59 683**
Other	-	30
Financial assets valued at their fair value through the income statement (designated for trading)	**-**	**-**
Cash in hand and at bank	36 747	600 214
Short-term deposits	267 489	6 797
Short-term financial assets	91 163	62 560
Maximum credit risk exposure	**447 786**	**729 284**
FINANCIAL LIABILITIES		
Loans	59 177	31 414
Own bonds issued	312 550	363 331
Trade payables, accrued and other liabilities	481 671	438 769
Lease liabilities	109 285	90 488
Financial liabilities valued at amortised cost	**962 683**	**924 002**

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

7.30 FINANCIAL RISK MANAGEMENT

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

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

MARKET RISK

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

The market risk generally incorporates risks such as:

- currency risk
- interest rate risk

Currency risk

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

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

Interest rate risk

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

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

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

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

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

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

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

VARIABLE INTEREST RATE INSTRUMENTS	31.12.2022	31.12.2021
Financial assets	395 399	669 571
Financial liabilities	371 727	394 745
Net total	**23 672**	**274 826**

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

Analysis of financial result sensitivity to interest rate change

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

INTEREST RATE SENSITIVITY	Income statement Increase by 100 bp	Income statement Decrease by 100 bp	Net assets Increase by 100 bp	Net assets Decrease by 100 bp
31.12.2022				
Variable interest rate assets	1 068	(1 068)	1 068	(1 068)
Variable interest rate liabilities *)	(1 004)	1 004	(1 004)	1 004
Net sensitivity	**64**	**(64)**	**64**	**(64)**
31.12.2021				
Variable interest rate assets	1 808	(1 808)	1 808	(1 808)
Variable interest rate liabilities *)	(1 066)	1 066	(1 066)	1 066
Net sensitivity	**742**	**(742)**	**742**	**(742)**

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

CREDIT RISK

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

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

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

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

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

The ageing structure of trade receivables has been presented in note 7.10 *Trade and other receivables*.

LIQUIDITY RISK

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

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

MATURITY STRUCTURE FOR LIABILITIES	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
31.12.2022					
Loans	59 188	59 188	-	-	-
Own bonds issued	347 129	7 363	56 769	62 251	220 746
Trade and other payables	481 671	396 239	5 427	44 055	35 950
Lease liabilities *)	109 285	9 324	4 381	12 240	83 340
Total	**997 273**	**472 114**	**66 577**	**118 546**	**340 036**
31.12.2021					
Loans	35 825	1 257	1 257	33 311	-
Own bonds issued	413 102	8 749	58 703	63 862	281 788
Trade and other payables	438 769	315 088	17 421	51 535	54 725
Lease liabilities	90 488	3 131	3 131	11 395	72 831
Total	**978 184**	**328 225**	**80 512**	**160 103**	**409 344**

*) Lease liabilities are for more than 5 years.

The Group manages its liquidity mostly by:

- short-, medium- and long-term planning of cash flow; detailed short-term plans are updated at least once a month,
- selection of appropriate financing sources on the basis of analysis of the Group needs and the market,
- day-to-day monitoring of ratios resulting from agreements with banks,
- diversification of financing sources for the conducted development activity,
- co-operation with stable and reputable financial institutions.

Capital management

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

For the years ended 31 December 2022 and 2021 the return on equity (calculated as net profit to the annual average value of shareholders' equity) amounted to 30.8% and 26.9%, respectively. In that period, the average weighted cost of interest on the Group's debt amounted to 4.34% in 2022 and 2.56% in 2021.

As at 31 December 2022 and 2021 the net financial leverage ratio (calculated as the loans and bonds payable less cash and cash equivalents and short-term financial assets divided by equity) amounted to (1.7)% and (21.9)% respectively.

The companies operating within the Group are not a subject to any external capital requirements, except for the legal regulations of the Code of Commercial Companies.

7.31 EARNINGS PER SHARE

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.-31.12. 2022	01.01.-31.12. 2021
BASIC EARNINGS PER SHARE		
Profit for calculation of the basic earnings per share	410 264	327 130
The weighted average number of ordinary shares for the calculation of basic earnings per share	25 523 354	25 374 258
Basic earnings per share (in PLN)	**16.07**	**12.89**
DILUTED EARNINGS PER SHARE		
Profit for calculation of the diluted earnings per share	410 264	327 130
Potential diluting shares related to the Management Share Option Programmes	54 796	160 519
The weighted average number of ordinary shares for the calculation of diluted earnings per share	25 578 150	25 534 776
Diluted earnings per share (in PLN)	**16.04**	**12.81**

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

7.32 INCOME TAX

INCOME TAX	01.01.-31.12. 2022	01.01.-31.12. 2021
Current income tax	(137 197)	(137 812)
Deferred income tax	34 874	57 579
Total	**(102 323)**	**(80 233)**

The corporate income tax payables of the Group's companies were PLN 75 919 thousand as at 31 December 2022 and PLN 46 915 thousand as at 31 December 2021. At the same time, the corporate income tax receivables of the Group's companies were PLN 3 052 thousand as at 31 December 2022 and PLN 822 thousand as at 31 December 2021.

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

RECONCILIATION	01.01.-31.12. 2022	01.01.-31.12. 2021
Gross profit before tax	**512 620**	**405 485**
As per 19% tax rate	97 398	77 042
Permanent differences not subject to the current and deferred tax in the financial statements (except for cost of the management options)	4 010	2 868
Tax effect of management options permanently not being a tax deductible cost	1 025	323
Other	(110)	-
Actual income tax expense	**102 323**	**80 233**
Effective tax rate	**19.96%**	**19.79%**

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

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

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

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

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

7.33 SEGMENT REPORTING

The operations of the Company are generally in a single segment and involve mainly the development and sale of residential and retail (commercial) units and related support activities. The Company operates only in the Warsaw market, while Dom Development S.A. Capital Group with the Company as the parent, also operates on the Tricity and Wroclaw markets, and in the Cracow market since 1 July 2021. The operations on the Wroclaw, Tricity and Cracow markets are carried out through the Group's subsidiaries.

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

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

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

Financial data grouped together on the basis of the geographical location of the Group's real property development projects

FIGURES FOR THE TWELVE-MONTH PERIOD ENDED 31.12.2022	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	1 405 532	177 085	530 768	305 923	**2 419 308**
Gross profit on sales, before the allocation of purchase price *)	494 212	47 218	205 842	54 316	**801 588**
Allocation of purchase price of acquired companies **)			(2 341)	(43 476)	**(45 817)**
Gross profit on sales after the allocation of purchase price	**494 212**	**47 218**	**203 501**	**10 840**	**755 771**
Selling costs, and general administrative expenses					(233 857)
Other operating income and expenses, net					(20 375)
Operating profit					**501 539**
Financial income and costs, net					11 081
Profit before tax					**512 620**
Income tax					(102 323)
Net profit					**410 297**

FIGURES FOR THE TWELVE-MONTH PERIOD ENDED 31.12.2021	Warsaw segment	Wroclaw segment	Tricity segment	Cracow segment	Total
Sales revenue	1 238 317	208 882	406 778	43 514	1 897 491
Gross profit on sales, before the allocation of purchase price *)	435 392	52 771	143 139	11 399	642 701
Allocation of purchase price of acquired companies **)	-	-	(4 937)	(12 580)	(17 517)
Gross profit on sales after the allocation of purchase price	**435 392**	**52 771**	**138 202**	**(1 181)**	**625 184**
Selling costs, and general administrative expenses					(193 904)
Other operating income and expenses, net					(18 227)
Operating profit					**413 053**
Financial income and costs, net					(7 568)
Profit before tax					**405 485**
Income tax					(80 233)
Net profit					**325 252**

*) for the Tricity and Cracow markets, the gross profit on sales results from financial data of Euro Styl S.A. Capital Group, Sento S.A. Capital Group and BUMA Group companies respectively. The gross profit for these markets does not include additional cost, allocated in the consolidation, of the acquisition of these capital groups resulting from the measurement of their inventories at fair value as at the acquisition date (see also the comment below).

**) the additional cost resulting from the allocation of the Euro Styl S.A. Capital Group, Sento S.A. Capital Group and BUMA Group companies acquisition prices. This cost is the difference between the carrying value of these capital groups' inventory and the fair value assessed as at the date when the they were purchased by the Company. This cost in the consolidated financial statements is adequately recognised as production cost of products sold that was accounted for in the income statement in the specific financial period.

7.34 SALES REVENUE AND COST OF SALES

ANALYSIS OF SALES REVENUE AND COST OF SALES	01.01.-31.12. 2022	01.01.-31.12. 2021
Sales of finished goods	2 133 912	1 861 335
Sales of services	90 789	27 918
Sales of goods (land)	194 607	8 238
Sales revenue, total	**2 419 308**	**1 897 491**
Cost of finished goods sold	(1 430 657)	(1 244 302)
Cost of services sold	(82 254)	(21 312)
Cost of goods sold	(138 242)	(8 683)
Inventory write down to the net realisable value	(12 384)	1 990
Cost of sales, total	**(1 663 537)**	**(1 272 307)**
Gross profit on sales	**755 771**	**625 184**

7.35 COSTS BY TYPE

OPERATING COSTS	01.01.-31.12. 2022	01.01.-31.12. 2021
Cost of sales	(1 663 537)	(1 272 307)
Selling costs	(76 536)	(67 062)
General administrative expenses	(157 321)	(126 842)
Total	**(1 897 394)**	**(1 466 211)**
Costs by type		
Depreciation	(17 530)	(16 080)
Cost of materials and energy	(718 322)	(882 014)
External services	(1 679 638)	(1 306 250)
Taxes and charges	(11 720)	(14 247)
Payroll costs	(154 611)	(129 169)
Other expenses	(6 842)	(4 973)
Goods and materials sold	(135 440)	(8 721)
Change in inventory of products and work in progress	786 755	888 302
Cost of services and products for own use	39 954	6 941
Total	**(1 897 394)**	**(1 466 211)**

7.36 PAYROLL COSTS AND EMPLOYMENT

PAYROLL COSTS (including the executives)	01.01.-31.12. 2022	01.01.-31.12. 2021
Payroll costs		
Payroll costs, including:	132 146	112 188
- cost of share-based payments (note 7.44)	*5 393*	*1 701*
Social security and other benefits	22 465	16 981
Payroll costs, total	**154 611**	**129 169**

AVERAGE EMPLOYMENT (including the executives)	01.01.-31.12. 2022	01.01.-31.12. 2021
Individual personnel categories (number of staff)	**532**	**482**
White-collar workers	525	479
Blue-collar workers	7	3

7.37 OTHER OPERATING INCOME

OTHER OPERATING INCOME	01.01.-31.12. 2022	01.01.-31.12. 2021
Revenues from contractual penalties, arrangements and compensations	3 327	1 824
Reversal of provision for costs and claims	12 649	2 528
Profit on disposal of non-financial fixed assets	546	-
Other	1 608	1 296
Total	**18 130**	**5 648**

7.38 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	01.01.-31.12. 2022	01.01.-31.12. 2021
Provision for and costs of penalties and arrangements	866	602
Donations	2 262	866
Provision for other costs	6 563	10 675
Bad debt written down	2 321	1 094
Cost of repairs and defects (including change in provision)	13 974	6 611
Costs of discontinued projects	-	763
Cost of subsidiary acquisition	6 436	2 291
Costs of waiving claims arising from put options on the Company's shares *)	3 902	-
Other	2 181	973
Total	**38 505**	**23 875**

*) See note 7.1 and note 7.43

7.39 FINANCIAL INCOME

FINANCIAL INCOME	01.01.-31.12. 2022	01.01.-31.12. 2021
Interest on bank deposits	12 664	1 342
Revenue from discounting receivables and payables	9 679	4 551
Other interest	700	282
Other	248	-
Total	**23 291**	**6 175**

7.40 FINANCIAL COSTS

FINANCIAL COSTS	01.01.-31.12. 2022	01.01.-31.12. 2021
Interest on loans and bonds (non-capitalised part of interest)	510	2 994
Other interest	1 742	2 183
Commissions and fees	5 045	1 094
Cost from discounting receivables and payables	1 077	3 950
Lease financial costs	1 278	1 147
Foreign exchange differences	1 013	77
Valuation of financial instruments (CAP options)	-	636
Loss on investments sold	1 318	-
Other	227	1 662
Total	**12 210**	**13 743**

7.41 INTEREST COST

INTEREST COST	01.01.-31.12. 2022	01.01.-31.12. 2021
Financial costs (interest) capitalised under work in progress	17 762	12 414
Financial costs (interest) disclosed in the income statement	2 252	5 177
Total interest costs	**20 014**	**17 591**

*) The financial costs incurred as a result of the financing of real estate development projects are generally capitalised as work in progress and relate to the costs of interest, commissions and fees on bonds and loans taken for the execution of the projects.

7.42 TRANSACTIONS WITH RELATED ENTITIES

In the twelve-month periods ended 31 December 2022 and 2021, the Group was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

DOM DEVELOPMENT S.A. AS BUYER OF GOODS OR SERVICES:			
Counterparty	**Transaction description**	**01.01.-31.12. 2022**	**01.01.-31.12. 2021**
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 with an annex	3 162	2 138
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 with annexes	1 678	1 567
M & M Usługi Doradcze M. Kolarski	Consulting services	197	149
Technical infrastructure consultancy Rafał Kierski	Cooperation agreements	1 380	2 165

DOM DEVELOPMENT S.A. AS SELLER OF GOODS OR SERVICES:			
Counterparty	**Transaction description**	**01.01.-31.12. 2022**	**01.01.-31.12. 2021**
Groupe Belleforêt S.à r.l	Other	-	11

DOM DEVELOPMENT S.A. AS GRANTOR OF ADVANCES:			
Counterparty	**Transaction description**	**01.01.-31.12. 2022**	**01.01.-31.12. 2021**
Woodsford Consulting Limited	(Net) prepayments for consulting services	-	580
Hansom Property Company Limited	(Net) prepayments for consulting services	-	1 120

DOM DEVELOPMENT S.A. AS DIVIDEND PAYER:			
Counterparty	**Transaction description**	**01.01.-31.12. 2022**	**01.01.-31.12. 2021**
Groupe Belleforêt S.à r.l	Dividend paid	148 637	141 559

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company	Receivables from related entities		Liabilities to related entities	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
Hansom Property Company Limited	-	1 120	135	143
Woodsford Consulting Limited	-	580	211	-
Technical infrastructure consultancy Rafał Kierski	492	492	-	1 740

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

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

7.43 COMPANY'S SHARE OPTIONS

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

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

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

In connection with the settlement with the Bad Lever, which held the largest shareholding (directly and indirectly), equity settled share base payments have lapsed, so in accordance with IFRS 2 the transaction was recognised as neutral to the Group's equity and result.

As described in note 7.1, in March 2022, the disposal of shares in Sento S.A. by the existing minority shareholders (to whom the above-mentioned options applied) to Dom Development Kraków Sp. z o.o. and Sento S.A. itself took place, with a waiver of all their claims. The settlement of option acquisitions/expirations with shareholders other than the Bad Leaver represents an immaterial transaction.

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

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

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

INCENTIVE PLAN – MANAGEMENT OPTION PROGRAMMES

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

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

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

Active management option programmes at 31 December 2022

- Management Option Programme V

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

- Management Option Programme VII

On 4 October 2022 the Supervisory Board of the Company, acting on the basis of the authorization granted to it by the Ordinary General Shareholders' Meeting of the Company, adopted a resolution on the acceptance of the Rules for Management Option Programme VII for Mr. Leszek Stankiewicz, Vice President of the Management Board - Chief Financial Officer, concerning 250 000 shares of Dom Development S.A. ("Programme VII") Under Programme VII, Mr. Leszek Stankiewicz received a one-off award of options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 50 000 shares in any 12 month consecutive period, starting from 1 January 2022, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2032.

Grant of new share options under the management option programme

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

Exercise of share options under the management option programme

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

Details of the AE and AF share issues are further described in note 7.14.

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 2 March 2021. They were admitted and listed on the WSE Main Market on 10 June 2022.

On 19 December 2021, the Management Board resolved to increase Company's share capital by issuing 50 000 series AG ordinary bearer shares. The issue price for the new series AG shares was PLN 50.00 per share.

The AG series shares were issued in a private placement addressed to Mr. Leszek Stankiewicz, Vice President of the Management Board as a participant in Management Options Programme VII (as described in detail in note 7.15). On 29 December 2022, the Management Board resolved to allocate the aforementioned shares to Mr. Leszek Stankiewicz.

As at 31 December 2021 these shares were not registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register . These shares were registered by the aforesaid court on 26 January 2023.

Expiry of share options under the management option programme

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

SHARE OPTIONS ALLOCATED AND EXERCISABLE AS AT THE RESPECTIVE BALANCE SHEET DATES AND CHANGES DURING THE PRESENTED PERIODS:

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

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

COST OF COMPANY'S SHARE OPTIONS ACCOUNTED FOR IN THE INCOME STATEMENT AND THE SHAREHOLDERS' EQUITY

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

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

REMUNERATION FOR KEY EXECUTIVES	01.01.-31.12. 2022	01.01.-31.12. 2021
MANAGEMENT BOARD		
Remuneration	19 193	14 871
Non-pay benefits	255	360
Total remuneration	**19 448**	**15 231**
SUPERVISORY BOARD		
Remuneration	1 389	1 309

The above table takes into account the value of remunerations (including bonuses) for holding positions in the Company's corporate bodies and in the corporate bodies of the Group's subsidiaries.

The above table excludes the cost of the management option programme, which amounted to PLN 5 393 thousand and PLN 1 701 thousand for the years ended 31 December 2022 and 2021 respectively.

The composition of the Management Board and the Supervisory Board as at 31 December 2022 has been presented in note 7.47.

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

All members of the Company's Management Board are remunerated on the basis of the 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 non re-appointment for another term of office, are entitled to the payment of 6 months' remuneration.

7.45 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	31.12.2022	31.12.2021
Guarantees	21 359	17 324
Sureties	6 571	15 605
Total	**27 930**	**32 929**

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

COLLATERALS FOR LIABILITIES	31.12.2022	31.12.2021
Promissory notes, including:		
- promissory notes as other security	5 900	3 400
- promissory notes as a security for lease agreements	-	-
Total	**5 900**	**3 400**

7.46 MATERIAL COURT CASES AS AT 31 December 2022

As at 31 December 2022 the companies operating within the Group were not a party to any material court cases.

7.47 CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE GROUP PARENT COMPANY

MANAGEMENT BOARD

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

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

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

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

SUPERVISORY BOARD

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

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

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

In connection with the expiry of the mandates of the members of the Supervisory Board of Dom Development S.A. on 30 June 2022, Groupe Belleforêt S.à r.l. spółka z ograniczoną odpowiedzialnością with its registered office in Luxembourg, acting pursuant to clause 7.4 of the Articles of Association of Dom Development S.A., as of 30 June 2022 appointed Mr. Janusz Zalewski as Member and Vice Chairman of the Supervisory Board of the Company and Mr. Grzegorz Kiełpsz, Mr. Markham Dumas and Mr. Mark Spiteri as Members of the Supervisory Board. Furthermore, on 30 June 2022 the Ordinary General Meeting of Shareholders of Dom Development S.A. appointed Ms. Dorota Podedworna-Tarnowska, Mr. Marek Moczulski and Mr. Krzysztof Grzyliński to the Company's Supervisory Board. All Supervisory Board members were appointed for a joint three-year term. On 30 June 2022, the Supervisory Board of the Company, acting on the basis of clause 7.1. of the Company's Articles of Association, appointed Mr. Grzegorz Kiełpsz as Chairman of the Supervisory Board and Mr. Marek Moczulski as Vice Chairman of the Supervisory Board.

7.48 ADDITIONAL INFORMATION ON THE OPERATING ACTIVITY OF THE GROUP

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

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

PROJECT	COMPANY	LOCATION	NUMBER OF APARTMENTS AND RETAIL UNITS
Apartamenty Solipska, stage 1	Dom Development S.A.	Warsaw	96
Apartamenty Solipska, stage 2	Dom Development S.A.	Warsaw	91
Dom na Służewcu	Dom Development S.A.	Warsaw	108
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 2	Dom Development S.A.	Warsaw	172
Dzielnica Mieszkaniowa Metro Zachód, stage 11 phase 1	Dom Development S.A.	Warsaw	148
Konstelacja buildings C1, C2	Euro Styl S.A.	Tricity	82
Osiedle Perspektywa, stage 3	Euro Styl S.A.	Tricity	204
Osiedle Zielna, stage 2	Dom Development Wrocław Sp. z o.o.	Wroclaw	146
Osiedle przy Malborskiej, stage 1	Dom Development Kraków Sp. z o.o.	Cracow	90
Q1 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**1 137**
Apartamenty Białej Koniczyny, stage 1	Dom Development S.A.	Warsaw	129
Apartamenty Koło Parków	Dom Development S.A.	Warsaw	133
Osiedle Jagiellońska	Dom Development S.A.	Warsaw	134
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 3	Dom Development S.A.	Warsaw	71
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 4	Dom Development S.A.	Warsaw	**) 85
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 5	Dom Development S.A.	Warsaw	**) 44
Dzielnica Mieszkaniowa Metro Zachód, stage 4 phase 6	Dom Development S.A.	Warsaw	**) 125
Osiedle Perspektywa, stage 4	Euro Styl S.A.	Tricity	102
LAS	Euro Styl S.A.	Tricity	60
Widoki, stage 1	Euro Styl S.A.	Tricity	92
Osobowicka 114	Dom Development Wrocław Sp. z o.o.	Wroclaw	88
Górka Narodowa, stage 3 phase 1	Dom Development Kraków Sp. z o.o.	Cracow	136
Q2 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**1 199**
Osiedle Przystanek Międzylesie, stage 1	Dom Development S.A.	Warsaw	110
Nowodworska 43	Dom Development Wrocław Sp. z o.o.	Wroclaw	36
DOKI – buildings C and D	Euro Styl S.A.	Tricity	181
Konstelacja, building C3	Euro Styl S.A.	Tricity	31
Q3 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**358**
Górka Narodowa, stage 3 phase 2	Dom Development Kraków Sp. z o.o.	Cracow	108
Dzielnica Mieszkaniowa Metro Zachód, stage 5 phase 1-4 ***	Dom Development S.A.	Warsaw	397
Q4 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**505**
SUMMARY: UNITS WITH CONSTRUCTION STARTED IN 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**3 199**
	DOM DEVELOPMENT S.A.	Warsaw	1 843
	EURO STYL S.A.	Tricity	752
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wroclaw	270
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	334

*) Projects attributed to Euro Styl S.A. also include projects carried out by entities in the Euro Styl S.A. Capital Group. The Group also counts the projects in Rumia and Jastarnia as part of the Tricity market.

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

***) The Group has contracted the construction of 397 units to an institutional PRS investor (Private Rental Sector)

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

PROJECT	COMPANY	MARKET	NUMBER OF APARTMENTS AND RETAIL UNITS
Osiedle Perspektywa, stage 1 phase 3	Euro Styl S.A.	Tricity	70
Osiedle Beauforta, building 10	Euro Styl S.A.	Tricity	32
Nasze Miejsce, building C	Euro Styl S.A.	Tricity	34
Zielony Południk, buildings 18, 19	Euro Styl S.A.	Tricity	44
Zielony Południk, buildings 20, 21	Euro Styl S.A.	Tricity	44
Q1 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**224**
Osiedle Wilno V, stage 2	Dom Development S.A.	Warsaw	213
Stacja Grochów, stage 2	Dom Development S.A.	Warsaw	106
Apartamenty Służewiec	Dom Development S.A.	Warsaw	37
Osiedle Beauforta, buildings 21-22	Euro Styl S.A.	Tricity	70
Osiedle Beauforta, buildings 23-24	Euro Styl S.A.	Tricity	51
Osiedle Przy Błoniach, building B1	Euro Styl S.A.	Tricity	65
Zielony Południk, building 14	Euro Styl S.A.	Tricity	50
Nasze Miejsce, building A	Euro Styl S.A.	Tricity	46
Osiedle Zielna, stage 1	Dom Development Wrocław Sp. z o.o.	Wroclaw	160
Osiedle Komedy, stage 2	Dom Development Wrocław Sp. z o.o.	Wroclaw	101
Q2 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**899**
Stacja Grochów, stage 4	Dom Development S.A.	Warsaw	159
Osiedle Wilno IV, stage 3	Dom Development S.A.	Warsaw	154
Rezydencja Stanisława Augusta	Dom Development S.A.	Warsaw	125
Zielony Południk, building 15	Euro Styl S.A.	Tricity	48
Zielony Południk, buildings 16, 17, 22, 23	Euro Styl S.A.	Tricity	90
Q3 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**576**
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 1	Dom Development S.A.	Warsaw	145
Dzielnica Mieszkaniowa Metro Zachód, stage 3 phase 2	Dom Development S.A.	Warsaw	153
Osiedle Wilno IV, stage 5	Dom Development S.A.	Warsaw	158
Osiedle Urbino, stage 1	Dom Development S.A.	Warsaw	124
Osiedle Przy Błoniach B2	Euro Styl S.A.	Tricity	45
Dynamika A-B	Euro Styl S.A.	Tricity	90
Perspektywa, stage 2 (bldg. FGH)	Euro Styl S.A.	Tricity	252
DOKI - task 1 (A)	Euro Styl S.A.	Tricity	93
Montownia	Euro Styl S.A.	Tricity	116
Apartamenty Ołtaszyn	Dom Development Wrocław Sp. z o.o.	Wroclaw	158
Osiedle Komedy 3	Dom Development Wrocław Sp. z o.o.	Wroclaw	127
Przestrzenie Banacha (GN A2 A3)	Dom Development Kraków Sp. z o.o.	Cracow	134
SenToTu B2 (GN2)	Dom Development Kraków Sp. z o.o.	Cracow	106
SenToTu B3 (GN2)	Dom Development Kraków Sp. z o.o.	Cracow	84
Q4 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**1 785**
SUMMARY: UNITS WITH CONSTRUCTION COMPLETED IN 2022	**DOM DEVELOPMENT S.A. CAPITAL GROUP**		**3 484**
	DOM DEVELOPMENT S.A.	Warsaw	1 374
	EURO STYL S.A.	Tricity	1 240
	DOM DEVELOPMENT WROCŁAW SP. Z O.O.	Wroclaw	546
	DOM DEVELOPMENT KRAKÓW SP. Z O.O.	Cracow	324

INFORMATION ON DELIVERIES OF RESIDENTIAL AND RETAIL UNITS BY THE COMPANIES OF THE GROUP FOR THE PERIOD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022:

NUMBER OF APARTMENTS AND RETAIL UNITS DELIVERED			
COMPANY	**LOCATION**	**2022**	**2021**
Dom Development S.A	Warsaw	1 921	1 798
Euro Styl S.A.	Tricity	1 078	972
Dom Development Wrocław Sp. z o.o.	Wroclaw	390	470
Dom Development Kraków Sp. z o.o.	Cracow	277	92
TOTAL		**3 666**	**3 332**

7.49 MATERIAL POST-BALANCE SHEET EVENTS

SIGNATURE OF THE BOND ISSUE PROGRAMME AGREEMENT

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

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

- be issued

(a) as prescribed in Article 33(1) of the Bonds Act of 15 January 2015 (the "Bonds Act"), i.e., in a public offering of securities as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"), save for the obligation to publish a prospectus in accordance with Article 1(4)(a) or Article 1(4)(b) of the Prospectus Regulation; or

(b) as prescribed in Article 33(2) of the Bonds Act, i.e., in an offering other than the public offering of securities referred to in the Prospectus Regulation, addressed only to one investor;

- be ordinary unsecured bearer bonds;
- have maturity of up to 60 (sixty) months;
- bear interest at a fixed or variable rate;
- be dematerialised (registered) on the issue date in the securities depository operated by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) under a condition that they are placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange) or registered in such a depository through an issuing agent and placed on the market in an alternative trading system operated by Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange) within a specified period from the issue date.

The Issue Agreement provides for the possibility of concluding a guarantee agreement for each series of bonds issued under the Programme. Based on the said guarantee agreement mBank S.A. may undertake to subscribe for a specific bond series under the Programme on the terms set out in such agreement.

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

CONCLUSION OF ANANNEX TO THE LOAN AGREEMENT

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

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

The agreement's term has been extended to 26 February 2027.

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

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

REGISTRATION OF AG SHARES

On 26 January 2023, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register registered AG-series shares issued through a private placement to Mr. Leszek Stankiewicz, a participant in Managerial Option Programme VII (as further described in Note 7.43).

EXERCISE OF COMPANY'S SHARE OPTIONS

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

- Management Option Programme V for Mikołaj Konopka, Member of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.43).
- Management Option Programme VII for Małgorzata Kolarska, Vice President of the Management Board, concerning 250 000 shares in Dom Development S.A. (see note 7.43).

7.50 APPROVAL OF THE FINANCIAL STATEMENTS FOR 2021

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

7.51 FORECASTS

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

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

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

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

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

SERVICES	01.01.-31.12. 2022	01.01.-31.12. 2021
Parent company	**420**	**355**
- Financial statements audit	260	235
- Review of semi-annual financial statements	130	90
- Assessment of the report on remuneration for management board and supervisory board for the years 2021-2022	30	30
Subsidiaries of the Capital Group	**523**	**383**
- Financial statements audit	423	328
- Review of semi-annual financial statements	100	55
- Other services	-	-
Total	**943**	**738**

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

7.53 SELECTED FINANCIAL DATA TRANSLATED INTO EURO

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

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET	31.12.2022 in EUR '000	31.12.2021 in EUR '000
Total current assets	839 388	819 118
Total assets	876 768	843 076
Total shareholders' equity	301 344	271 596
Long-term liabilities	93 896	113 642
Short-term liabilities	481 528	457 838
Total Liabilities	575 424	571 480
PLN/EURO exchange rate as at the balance sheet date	***4.6899***	***4.5994***

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT	01.01-31.12.2022 in EUR '000	01.01.-31.12.2021 in EUR '000
Sales revenue	516 031	414 526
Gross profit on sales	161 204	136 578
Operating profit	106 977	90 235
Profit before tax	109 341	88 582
Net profit	87 515	71 055
Average PLN/EURO exchange rate for the reporting period	***4.6883***	***4.5775***