DUNA HOUSE HOLDING NYRT.

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2021

DUNA HOUSE
GROUP

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Consolidated balance sheet

data provided in thousands HUF, unless indicated otherwise

ASSETS	*Notes*	31.12.2021	31.12.2020 (Restated)
Long-term assets			
Intangible assets	*5*	334,794	16,455
Right-of-use	*6*	347,380	267,132
Investment property	*4*	1,849,500	1,868,721
Land and buildings	*3*	409,070	424,103
Machinery and equipment	*3*	22,840	316,122
Goodwill	*7*	1,775,523	1,730,986
Investments in associated companies and joint ventures	*8*	214,342	427,667
Financial instruments	*9*	62,412	72,706
Deferred tax assets	*10*	228,219	174,248
Total long-term assets		**5,244,080**	**5,298,140**
Current assets			
Inventories	*11*	7,418,870	7,235,809
Trade receivables	*12*	2,102,051	887,556
Amounts owed by related undertakings	*13*	166,792	120,484
Other receivables	*14*	1,137,555	1,083,514
Actual income tax assets		46,077	39,465
Cash and cash equivalents	*15*	5,226,528	6,169,525
Restricted cash	*15*	1,270,504	732,626
Total current assets		**17,368,377**	**16,268,979**
Total Assets		**22,612,457**	**21,567,120**

Consolidated balance sheet

data provided in thousands HUF, unless indicated otherwise

LIABILITIES	*Notes*	31.12.2021	31.12.2020 (Restated)
Equity			
Registered capital	*16*	171,989	171,989
Treasury shares repurchased	*17*	(243,406)	(193,614)
Capital reserve	*16*	1,544,146	1,526,164
Exchange reserves	*18*	112,494	83,340
Profit reserve	*16*	5,400,252	5,318,283
Total equity of the parent company		**6,985,475**	**6,906,162**
Non-controlling ownership interest	*19*	(64,013)	(64,163)
Total equity:		**6,921,462**	**6,841,999**
Long-term liabilities			
Long-term loans	*20*	0	0
Deferred tax liabilities	*22*	219,025	186,162
Other long-term liabilities		0	0
Bonds payable	*21*	6,909,514	6,944,849
Lease liabilities	*6*	372,250	159,889
Total long-term liabilities		**7,500,789**	**7,290,900**
Current liabilities			
Short-term loans and borrowings	*20*	4,373,387	4,850,460
Accounts payable	*23*	1,321,060	858,967
Liabilities to related undertakings	*24*	17,950	22,042
Other liabilities	*25*	2,383,395	1,563,368
Short-term liabilities from leases	*6*	76,667	122,966
Actual income tax liabilities		17,747	16,418
Total current liabilities		**8,190,206**	**7,434,221**
Total liabilities and equity		**22,612,457**	**21,567,120**

Consolidated result and comprehensive income statement
data provided in thousands HUF, unless indicated otherwise

	Notes	01.01.2021-31.12.2021	01.01.2020 - 31.12.2020 (Restated)
Net sales revenues	*26*	14,461,930	9,067,335
Other operating income	*27*	298,345	133,018
Total income		**14,760,275**	**9,200,353**
Variation in self-manufactured stock	*28*	(411,014)	(1,574,750)
Consumables and raw materials	*29*	261,572	324,784
Goods and services sold	*30*	2,217,319	2,269,289
Contracted services	*31*	8,966,933	5,532,375
Personnel costs	*32*	841,216	817,970
Depreciation and amortisation		187,507	97,770
Depreciation on right-of-use	*6*	134,782	139,256
Other operating charges	*33*	866,513	272,856
Operating costs		**13,064,828**	**7,879,549**
Operating profit/loss		**1,695,447**	**1,320,804**
Financial revenues	*34*	225,562	147,642
Financial expenses	*35*	(291,685)	(163,739)
Profit of participations valued with the equity method	*8*	156,676	310,478
Profit/Loss before taxation		**1,786,000**	**1,615,185**
Income taxes	*36*	311,831	279,226
Taxed profit		**1,474,169**	**1,335,958**
Other comprehensive income	*37*	**25,554**	**8,764**
Total comprehensive income		**1,499,723**	**1,344,723**
From taxed profit			
Attributable to the parent company		**1,470,419**	**1,333,505**
Attributable to external shareholders		**3,751**	**2,454**
Of the total comprehensive income			
Attributable to the parent company		**1,499,573**	**1,346,083**
Attributable to external shareholders		**150**	**(1,361)**
Income per share (HUF)	*38*		
Basis		41.3	37.6
Diluted		41.2	37.5

The notes provided on pp. 9-75 constitute an integral part of the Consolidated Financial Statements

Statement of changes in the consolidated equity

	Notes	Registered capital	Treasury shares repurchased	Capital reserve	Profit reserve	Exchange reserves	Total equity of the parent company	Non-controlling ownership interest	Total equity
Balance as at 31 December 2019		**171,989**	**(176,916)**	**1,499,706**	**4,045,277**	**70,762**	**5,610,818**	**(62,802)**	**5,548,016**
Dividends	*16*				(60,500)		**(60,500)**		**(60,500)**
Purchase of treasury shares	*17*		(16,698)				**(16,698)**		**(16,698)**
Employee and management share schemes	*17*			26,458			**26,458**		**26,458**
Corrections	*39*				(10,044)	29,217	**19,173**	6,452	**25,625**
Total comprehensive income					1,343,550	(16,639)	**1,326,911**	(7,813)	**1,319,098**
Balance as at 31 December 2020		**171,989**	**(193,614)**	**1,526,164**	**5,318,283**	**83,340**	**6,906,162**	**(64,163)**	**6,841,999**
Dividends	*16*				(1,388,450)		**(1,388,450)**		**(1,388,450)**
Purchase of treasury shares	*17*		(49,792)				**(49,792)**		**(49,792)**
Employee and management share schemes	*17*			17,982			**17,982**		**17,982**
Total comprehensive income					1,470,419	29,154	**1,499,573**	150	**1,499,723**
Balance as at 31 December 2021		**171,989**	**(243,406)**	**1,544,146**	**5,400,252**	**112,494**	**6,985,475**	**(64,013)**	**6,921,462**

The notes provided on pp. 9-75 constitute an integral part of the Consolidated Financial Statements

Consolidated Cash Flow Statement

data provided in thousands HUF, unless indicated otherwise

	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020 (Restated)
OPERATING CASH FLOW			
Taxed profit		1,474,169	1,335,958
Adjustments:			
Financial results	34-35	66,122	16,098
Reporting year depreciation and depreciation on right-of-use assets		322,290	237,026
Deferred taxes	10	(21,108)	60,656
Revaluation of investment property	27	(68,655)	(30,800)
Share scheme	17	17,983	26,458
Changes to goodwill exchange differences		(35,964)	(29,217)
Shares measured with the equity method	8	(156,676)	(310,478)
Changes in the revaluation reserve and non-controlling shares		29,304	11,218
Tax payable	36	284,947	248,387
Changes in working capital			
Changes in inventories	11	(183,061)	(1,727,411)
Changes in accounts receivable, other receivables and related receivables	12-14	(1,690,288)	140,735
Changes in accrued and deferred assets	14	(162,433)	(93,501)
Changes in accounts payable and related liabilities	23-24	454,265	65,224
Other current liabilities and accruals and deferrals	25	709,424	90,712
Changes in accrued and deferred liabilities	25	(20,605)	4,574
Income tax paid		(205,321)	(248,556)
Net operating cash flow		***814,393***	***(202,917)***
Investment cash flow			
Tangible and intangible assets purchased	3-5	(202,256)	(195,832)
Sale of tangible assets	3-5	92,600	83,000
Sale of instruments held for sale		0	0
Purchase price supplement		(8,573)	0
Purchase of other invested assets		10,293	13,115
Dividend from affiliated undertakings		370,000	0
Acquisition/Disposal of subsidiaries (excluding acquired liquid assets)		0	(339,800)
Net investment cash flow		***262,064***	***(439,517)***
Financing cash flow			
Bank loans/(repayment)	20	(477,073)	(1,530,350)
Capital contribution/ (Purchase of Treasury shares)	16-17	(49,792)	(16,698)
Changes in right-of-use and lease liabilities	6	(2,670)	(128,580)
Dividend payments	16	(1,388,462)	(68,890)
Bond issues	21	(199,706)	6,889,368
Interest received (paid)	34-35	(20,743)	(59,226)
Net financing cash flow from investment activities		***(2,138,446)***	***5,085,623***
Net change in cash and cash equivalents		(1,061,988)	4,443,189
Balance of cash and cash equivalents as at the beginning of the year		6,169,525	1,627,726
Exchange rate differences in liquid assets		118,991	98,610
Balance of cash and cash equivalents as at the end of the year	15	**5,226,528**	**6,169,525**

The notes provided on pp. 9-75 constitute an integral part of the Consolidated Financial Statements

1. General

1.1 Introduction to the company

The Duna House Holding Nyrt. - hereinafter referred to as “Company” or “Group” - was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 280 real estate offices and more than 5,000 real estate agents and credit consultants.

It is a strategic objective of Duna House Group to extend its expertise to the Central-European region and to become a major international actor. A transaction as a result of which Duna House Group, Hungary is now the sole owner of Metrohouse, the largest Polish real estate agency was closed in April 2016. Metrohouse was consolidated into the Duna House Group on 1 April 2016. On 2 September 2016 the Company acquired 80% participation in the Czech Duna House Franchise s.r.o and, through it, in two of its subsidiaries, Center Reality s.r.o and Duna House Hypotéky s.r.o.; on 6 November 2018, it acquired the Polish loan brokerage company Gold Finance Sp. z.o.o.; and on 7 January 2020 it acquired the Polish loan brokerage company Alex T. Great Sp. z.o.o.

On 10 December 2021, the Company entered into a binding Investment Contract for the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The transaction was successfully closed on 13 January 2022. The Group plans to consolidate the Italian subsidiaries with a starting date of 1 January 2022.

The effects of COVID-19
The COVID-19 pandemic had a negative effect on the Group’s markets and operations only in the second quarter of 2020. Its effects were negligible in 2021.

The Company’s registered seat is at H-1016 Budapest, Gellérthegy u. 17.

Principal activities:
- selling and operating franchise systems
- real estate agency services
- financial products brokerage
- insurance brokerage
- real estate appraisal services and the mediation thereof
- energy certification services and the mediation thereof
- real estate management
- buying and selling of own real estate
- residential real estate fund management
- real estate development

Subsequent to the registration on 1 February 2017 of an equity increase, Medasev Holding Kft. (H-1016 Budapest, Gellérthegy utca 17., company registration number: 01-09-209753) holding a 77.72% stake is now the largest shareholder of Duna House Holding Nyrt. is now the largest shareholder of Duna House Holding Nyrt.

Owner's name	Ownership share as at 31 December 2021	Ownership share as at 31 December 2020
Medasev Holding Kft.	77.72%	77.72%
AEGON Magyarország Befektetési Alapkezelő Zrt.	7.49%	6.69%
Employees	1.76%	1.72%
Treasury shares repurchased	1.79%	1.48%
External investors	11.24%	12.39%
Total	**100%**	**100%**

The Company is operated by the Board of Directors. The controlling tasks over the operation of the Company are performed by the Supervisory Board.

1.2 Basis of the financial statements

i) Approval and declaration on compliance with the International Financing Reporting Standards

The annual consolidated financial statements were approved by the Board of Directors on 4 April 2022. The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

From 1 January 2005 the amended Hungarian Accounting Act permits Groups to prepare their consolidated financial statements according IFRS, announced in a Regulation in the Official Journal of the European Union. At the moment there is no difference between the Group IFRS and IFRS policies accepted by the EU according to the EU in acting processes and the activities of the Group. The disclosures in the financial statements comply with the requirements of the individual standards.

The consolidated financial statements are presented in Hungarian forints, rounded to HUF thousands, unless otherwise indicated.

ii) Basis of the financial statements

The consolidated financial statements were prepared on the basis of the standards issued and effective before 31 December 2021 and according to the IFRIC interpretations.

The financial statements were prepared on the basis of the historical cost principle, except when the IFRS requires the use of a different valuation principle than the one stated in the accounting policy. The financial year is identical with the calendar year.

iii) Basis of the valuation

In the case of consolidated financial statements, the valuation is based on the original historical cost, except for the assets and liabilities for which the relevant International Reporting Standard requires or permits valuation at fair value.

While preparing the financial statements in compliance with IFRS the management must apply a professional judgement, estimates and assumptions, which have an impact on the applied accounting policy and on the amounts of assets and liabilities, revenues and expenses stated in the financial statements. The estimates and related assumptions are based on historical experience and numerous other factors, which may be deemed reasonable under the given circumstances and the result of which is the basis of the estimated book value of the assets and liabilities that cannot be defined clearly from other sources. The actual results may be different from these estimates.

The estimates and underlying assumptions are regularly reviewed. The modification of accounting estimates is presented in the period of the modification of the estimate when the modification relates only to the particular year or during the period of the modification and in the subsequent periods when the modification affects both the current and future years.

2. Accounting policy

Below we present the major accounting policies that were applied by preparing the consolidated financial statements. The accounting policies were applied consistently for the periods covered by these consolidated financial statements. The most important accounting principles applied during the preparation of the financial statements were as follows:

2.1 Main components of the accounting policy

2.1.1 **Basis of consolidation**

Subsidiaries
The consolidated annual financial statements include Duna House Holding Nyrt. and the subsidiaries controlled by it. In general, control means that the Group holds, either directly or indirectly, more than 50% of the votes of the particular company and enjoys the advantages of its activities through an influence on its financial and operational activates.

The acquisition accounting method is applied to the acquired business shares. This method uses the values at the time of the acquisition based on the market values of the assets and liabilities at the time of the acquisition, i.e., when control is obtained. The cost of acquisition equals the total of the consideration plus the total non-controlling shares in the acquired business. The companies acquired or sold during the year are included in the consolidated financial statements from or to the date of the respective transaction.

The transactions, balances and profits as well as non-realised profits between the companies involved in the consolidation are eliminated. During the preparation of the consolidated annual financial statements the similar transactions and events are recorded according to consistent accounting principles.

The equity and profit shares of non-controlling shareholders are presented in separate rows in the balance sheet and in the income statement. In terms of business combinations the non-controlling shares are presented either at fair value or as the value of the amount from the fair value of the net assets of the acquired company relating to the controlling shareholders. The valuation method is selected individually for each business combination. As regards the Group, non-controlling shares in the case of all past acquisitions are determined as the amount per non-controlling shareholders. Following the acquisition the share of the non-controlling shareholders equals the originally taken value, modified by the amount of changes in the equity of the acquired company relating to non-controlling shareholders. The non-controlling shareholders have a share of the interim total comprehensive income even if it leads to a negative balance of their shares.

All changes in the participations of the Group in subsidiaries that do not lead to the loss of control are recognised as capital transactions. The participation of the Group and non-controlling shareholders is modified to make sure that they reflect the changes in the participations held in the subsidiaries. The amount modifying the participation of non-controlling shareholders and the difference between the received or paid consideration is recognised in the equity as the shareholder value.

2.1.2 **Reporting currency and FX balances**

In view of the content and circumstances of the underlying business events the functional currency of the parent company and reporting currency of the Group is the Hungarian forint.

Initially, the foreign currency transactions not recorded in HUF were recorded at the exchange rate, valid on the date of execution of such transactions. The receivables and liabilities recorded in foreign currencies were converted into HUF at the exchange rate of the cut-off date, irrespective whether or not the recovery of the asset was doubtful. The resulting exchange rate differences are shown in the income statement among the financial revenues or financial expenses.

The financial statements were prepared in Hungarian forints (HUF), rounded to the nearest one thousand, except otherwise indicated. The consolidated financial statements were prepared in Hungarian forint, which is the presentation currency of the Group.

The transactions executed in foreign currencies are recognised in the functional currency, applying the exchange rate of the reporting currency to the foreign currency, effective on the date of the transaction, to the amount stated in the foreign currency. In the comprehensive income statement the exchange rate differences that result from the use of an exchange rate other than the exchange rate applied during the settlement of the monetary items, at the initial presentation during the period or in the previous financial statements are stated either as revenues or as expenses during the period when they occurred. The monetary assets and liabilities defined in foreign currencies are converted at the exchange rate of the functional currency effective at the end of the reporting period. The items defined in foreign currencies and valued at fair value are converted at the exchange rate effective at the time of establishment of the fair value. The exchange rate differences between trade receivables and trade payables are included in the income from business activities, while the exchange rate differences of loans are shown in the rows of the revenues or expenses of financial transactions.

2.1.3 **Sales revenue**

The revenues from sales transactions are shown when the respective conditions of the supply contracts are met, taking into account the remarks below. The net sales revenues are exclusive of the value added tax. All revenues and expenses are recognised in the respective period in compliance with the principle of matching. There are practically two sources of sales revenues. The revenues directly relating to ad hoc assignments and the monthly recognition of regular services. The market changes have a greater impact on the former, while the latter are more stable sources of revenues, because they are related to longer-term contracts and are affected considerably only by major market fluctuation (franchise fees, trail commission).

In Hungary, financial institutions divide the agent fee payable by them into acquisition and maintenance commission. The acquisition commission is payable to an intermediary in relation to a new contract, while trail commission is payable for the continuation of the contract for a certain period. In the case of a trail (maintenance) commission the financial partners apply somewhat different settlement principles but, according to the currently effective legislation, in the case of an exposure secured by a real property the trail commission must equal at least 20% of the total brokerage commission. The main objective of this type of commission is to make the broker interested in the repayment discipline of the borrowers for a long time. The factors affecting the amount of commission include the type of the mediated product and its tenor, the delay in the prepayment of the respective borrower and the continuation rate of the total active mediated loan portfolio. The Company uses a calculation model to estimate the trail commission for the loans contracted in the current year and loans disbursed in the current period and takes into account the commission during the period when the loan mediation transactions was executed. The calculation model estimates the schedule of the wear of the portfolio based on the empirical figures of the former years and gradually inserts the actual data into the model. Revenues are recognised in line with the IFRS 15 (revenues from client contracts) standard.

2.1.4 Real estate, machines, equipment

The tangible assets are stated at historical cost less accumulated depreciation. The accumulated depreciation includes the costs recognised as scheduled depreciation relating to the continuous use and operation of the asset as well as the costs of extraordinary depreciation, recognised due to a major damage or fault in the asset occurring as a result of an unexpected extraordinary event.

The historical cost of tangible assets consists of the purchased cost of the asset or, in the case of a capital investment of the Company, the incurred material and wage-type expenses and other direct expenses. The interest recognised on the loan taken for the investment into the tangible asset increases the historical cost of the asset until it reaches a condition suitable for ordinary use.

The book value of tangible assets is reviewed periodically in order to conclude whether or not the book value is higher than the fair market value of the asset, in which case extraordinary depreciation must be recognised until the asset reaches its fair market value. The fair market value of the asset is either the sales price or the value in use of the asset, whichever is higher. The value in use is the discounted value of the future cash flows generated by the asset.

The discount rate contains the interest rate before corporate taxation, taking into account the time value of money and the impact of other risk factors associated with the asset. If no future cash flow can be assigned to the asset separately, than the cash flow of that unit must be used, of which the asset is a part. The thus established impairment, extraordinary depreciation is shown in the income statement.

The costs of repair and maintenance as well as replacement of spare parts of tangible assets are charged to the maintenance expenses. The value added investments and refurbishment are capitalised. The historical cost and accumulated depreciation of assets sold, written down to zero or not in use are derecognised. Any possible profit or loss generated in that manner is part of the profit/loss of the current year.

The Company writes off the value of its assets with the straight-line method during the useful life of the assets. The life of assets by asset category is as follows:

Buildings	17-50 years
Machinery and equipment	3-7 years

The useful lives and depreciation methods are reviewed at once a year based on the actual economic benefit provided by the particular asset. If required, the modification is accounted against the profit/loss of the current year.

2.1.5 Impairment loss

The Group assesses at the end of each reporting period whether or not a change triggering impairment has occurred in relation to any asset. If such a change occurred, the Group estimates the estimated recovery value of the asset. The estimated recovery value of an asset or cash-generating unit is either the fair value less the costs of sales or the value in use, whichever is higher. The Group recognises impairment against the profit if the estimated recovery value of the asset is lower than its book value. The Group prepares the required calculations based on adequately discounting the long-term future cash flow plans.

2.1.6 Intangible assets

The individually purchased intangible assets are entered into the books at purchase price, while intangible assets acquire during business combination are entered into the books at fair value at the time of their acquisition. The assets are entered into the books when the use of the asset provably results in the influx of future economic goods and its cost can therefore be clearly identify.

Following the initial recognition the historical cost model applies to intangible assets. The lifetime of these assets is finite or cannot be defined. The assets of a finite lifecycle are depreciated with the straight-line method according to the best estimate for the lifetime. The depreciation period and the depreciation method are reviewed annually at the end of the financial year. The development costs of the intangible assets produced by the Company are capitalised if the capitalisation criteria laid down in the IAS 38 standard are fulfilled. The intangible assets are reviewed annually in terms of impairment on individual basis or at the level of the income generating unit.

The purchase costs of goods and software falling within the scope of trademarks, licences and industrial right protection are capitalised and written down with the straight-line method during their estimated useful life.

Rights and titles as well as software	3-6 years

2.1.7 Goodwill

Goodwill is the positive difference between the purchase value and fair value of the identifiable net assets of the acquired subsidiary on the date of acquisition. Goodwill is not depreciated but the Group reviews each year whether or not there are any signs indicating that the book value is unlikely to be recovered. The goodwill is stated at historical value less potential impairment.

2.1.8 Inventories

The inventories are stated at historical cost less impairment recognised on superfluous and obsolete stocks or at net realisable value, depending on which is lower. The inventory value is defined at the actual historical cost.

The historical cost of real estate development projects includes all the costs of purchasing, transforming, and any other direct costs incurred in order for the developed property to be completed. Real estate development projects are classified as qualifying assets in accordance with the IAS 23 Borrowing Costs standard as it necessarily takes a significant period of time to prepare them to be used or sold. Therefore, the borrowing costs of the loans for financing the projects are also considered in the cost of these inventories. However, the costs of loans – incurred at the financed party – granted for such purposes within the Group, as internal performance, are consolidated from the inventory value.

2.1.9 Receivables

The receivables are stated in the financial statements and nominal value less impairment recognised for estimated losses. In accordance with the requirements of the IFRS 9 standard, the Group uses the expected credit loss (ECL) model to estimate the expected amount of impairment.

2.1.10 Instruments classified as held for sale and liabilities directly linked to them

In accordance with the requirements of the IFRS 5 standard, non-current assets (or disposal groups) classified as held for sale are valued either at their carrying value or their fair value less costs of sales, whichever is lower.

2.1.11 Financial instruments

To establish the category of financial instruments, the Group determines whether the financial instrument is a debt instrument or equity investment. Equity investments have to be valuated at fair value against profit; however, the Group may decide to valuate at fair value the equity investments held for other than business purposes against other comprehensive results. If the given financial instrument is a debt instrument, the following points have to be taken into account when establishing the classification.

- The amortised historical cost - target - is the collection of contractual cash flows, which contains only the cash flows related to the payment of interests on capital and extended capital amounts.
- Fair value against other comprehensive profits - the purpose of holding - which realises its goal by way of the collection of contractual cash flows and the sale of financial instruments, and result in cash flows at times specified by the contractual conditions of the financial instrument, which are exclusively the payment of interests on capital and extended amounts of capital.
- Against fair value results - which do not belong to either of the two financial instrument categories or were designated as valuated at fair value against profit when they were first recognised.

Financial liabilities have to be valuated at their amortised historical cost value, with the exception of the financial liabilities that have to be valuated at fair value against profit or where the Group opted to valuated for fair valuation.

Financial instruments held for trading and derivatives have to be valued at fair value against profit. The Group may irrevocably designate a financial liability as valuated at fair value against profit at the time of its first recognition if:

- It does away with or significantly decreases an inconsistency in valuation or recognition, or
- A group of financial liabilities or a group of financial instruments and financial liabilities are handled at fair value, and their performance is valuated on the basis of fair value, in line with a documented risk management or investment strategy.

The subsequent valuation is based on the classification of the given financial instrument.

Valuation at amortised historical cost

Amortised historical cost is the original cost value of the financial instrument or liability decreased by the amount of capital redemption, increased or decreased by the accumulated amortisation of the difference between the original cost value and the value as at maturity, and decreased by the amount of depreciation due to impairment or uncollectibility. The effective interest method has to be applied to the interest rate, with the interest calculated in the profit.

The changes in the fair value of the asset has to be recognised in the profit only at the time of derecognition or re-classification.

Debt instruments valuated at fair value against other comprehensive profits

Such assets shall be valuated at fair value. Interest income, impairment, and differences in foreign currency exchange rates shall be recognised in the profits (similarly to the assets valuated at amortised historical cost). Changes in fair value shall be recognised against other comprehensive profits. When derecognising the asset, any accumulated profits or losses previously recognised against comprehensive profits have to be re-classified to profits. If the asset is re-classified or derecognised, the comprehensive changes in the fair value of equity previously recognised in other comprehensive profits have to be re-classified to profits so their effects on profits are the same as if the asset had been valuated at amortised historical cost from its original recognition.

Capital investments valuated at fair value against other comprehensive profits

Dividends shall be recognised only if: - the right therefor has been established - the economic benefits likely linked to the dividends will be collected, and its amount can be reliably measured.
Dividends due have to be recognised in the profit and loss, unless if the dividend clearly means a partial return on the costs of investment, in which case they have to be included in other comprehensive profits.

Changes in fair value shall be recognised in other comprehensive profits. The differences recognised due to changes in fair value may not be recognised against profits subsequently either, even if the asset becomes impaired or is sold.

Valuated at fair value against profit

The asset shall be valuated at fair value and changes in fair value shall be recognised against profits.

Fair value accounting

Based on the market prices recorded as at the balance sheet date without deducting transaction costs. If there is none, then the basis if the valid market value of instruments with the same fundamental properties, or the cash flows expected from the net assets that form the basis of investments.

Derecognition of financial instruments

Financial instruments are derecognised when the Group no longer has the rights embodied by the financial instrument in question (sale, all cash flow has taken place, transfer).

If the Group does not transfer and does not retain the risks and earning related to the financial instruments, but does maintain control of the instrument, the retained earning has to be recognised as an asset and the possible outflows stemming from the retained risks have to be recognised as liabilities.

The Group may remove a financial liability (or a part of a financial liability) from its report pertaining to its financial situation if, and only if, it has been terminated – i.e. when the Group has complied with the obligations specified in the contract or such obligations have been cancelled or have expired.

2.1.12 **Provisions**

The Group recognises provisions on its existing (legal or assumed) commitments resulting from historic events, which the Group is likely to have to settle and when the amount of the obligation can be reliably measured.

The amount recognised as provisions is the best estimate of the expense required on the balance sheet date to settle an existing obligation, taking into account the risks and uncertainties that characterise the obligation. If the provisions are calculated on the basis of the cash flow, likely to be required for the settlement of an existing obligation, the book value of the provisions equals the present value of those cash flows.

If another party is likely to reimburse the expenses required for the settlement of the provisions in part or in full, the receivable can be recognised as an asset when it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

The existing obligations arising from detrimental contracts are recognised as provisions. The Group deems a contract detrimental when the unavoidable costs of the fulfilment of the obligations arising from it exceed the economic benefits likely to occur as a result of the contract.

Restructuring provisions are recognised when the Group has prepared a detailed or formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The restructuring provisions include the direct expenses incurred in relation to restructuring and which are necessary for restructuring and do not relate to the continuous activity of the business unit.

2.1.13 **Investment property**

A property is recognised as an investment property when it is maintained by the business in order to earn an income from rent or an added value or both and not for sale, or manufacturing goods or to supply services. The Groups holds the investment properties primarily for the purpose of increasing the equity in the long term.

Initially, an investment property must be valued at historical cost, taking also account the transaction costs. The Group opted for the fair value model to recognise investment properties. The differences arising from the variation of fair value are recognised in the profit/loss of the current year against other operating income. There is no scheduled depreciation on investment properties.
The profit or loss arising from the variation of the fair value of investment properties is always recognised in the profit or loss of the period (in other operating revenues or other operating expenses row), in which it incurs. An investment property must be derecognised when sold or when the investment property is finally withdrawn from use and no future economic benefits can be expected from its sale. Any gain or loss arising from the derecognition or sale of investment properties must be recognised in the statement of income either as a revenue or as an expense during the respective period.

2.1.14 **Income taxes**

The income tax on consolidated profit before tax is based on the act on corporate and dividend tax law, regulations on the rate of local business tax and the tax and contribution liabilities set out in the act on innovation contributions. The full income tax liability contains tax components for the current year and deferred items. The Company also classifies the support provided for spectacular sports as corporate tax, because by content it considers it an income tax.

The tax liability for the current year is calculated on the basis of the taxable profit of the current year. The taxable profit is different from the profit before taxation recognised in the consolidated financial statements due to gains and losses not included in the tax base and due to items that are recognised in the taxable profit of other years. The current tax liability of the Group is calculated on the basis of the tax rate effective or announced by the balance sheet date (provided that the announcement is equivalent to entry into force). The deferred tax is calculated with the liability method.

Deferred tax occurs when there is a time difference in the recognition of an item in the annual report and in the financial statements prepared according to the tax law. A deferred tax asset and liability is established by applying the tax rates to the taxable income of the years when the difference caused by the time difference is likely to be recovered. The deferred tax liability and tax asset reflects the Group's estimate for the method of realisation of tax assets and liabilities prevailing on the balance sheet date.

A deferred tax asset is included in the balance sheet with respect to deductible time differences, tax benefits allowed to be carried forward and tax losses when it is likely that the Group will realise profit in the course of its future operations against which the deferred tax asset can be settled.

On each balance sheet date the Group takes into account the deferred tax assets not recognised in the balance sheet and the book value of the recognised tax assets. It enters into the inventory those assets not yet recognised in the balance sheet which may be recovered as a reduction of its future profit tax. On the contrary, the Group reduced its deferred tax assets to such an extent that its recovery is unlikely to be funded from taxed profit.

The current and deferred tax is recognised directly against the equity when it relates to items which were also recognised against equity in the same or a different period, also including modifications in the opening value of reserves due to any change made in the accounting policy with retroactive effect.

The deferred tax assets and liabilities can be offset against each other when the company has a right granted by the law to offset its actual tax assets and liabilities relating to the same tax authority against each other and when the Group intends to account for those assets and liabilities on net basis.

2.1.15 **Leasing**

Starting from 1 January 2019, the Company applies the rules of IFRS 16 to present its leased assets. The Company indicated assets leased for more than 12 months as part of operating and finance leasing as a right-of-use in its balance sheet for which, if the value is paid at a later date, it incurs no obligations. In its income statement, the Company accounts for depreciation on right-of-use and interest expenditures on its liabilities.

The Company is availing itself of the possibility of simplification offered by the amendment to the IFRS 16 standard passed in connection with the COVID-19 epidemic as regards the effects of rent concessions on leased assets. The Company applies the simplification to all assets that meet the requirements of IFRS point 16.46B.

2.1.16 Earning per share (EPS)

The earning/share is established on the basis of the Group's profit and the shares less the temporary average portfolio of repurchased own shares.

The diluted earning/share is calculated similarly to the earning/share. However, during the calculation all shares in distribution, suitable for dilution are taken into account, and the dividend that may be distributed on common shares is increased by the dividend and return on the convertible shares taken into account during the applicable period, modified by further income and expenses on conversion; the weighted average number of shares in distribution is increased by the weighted average number of further shares which would be in distribution if all convertible shares were converted.

2.1.17 Off-balance sheet items

The off-balance sheet liabilities are not included in the balance sheet or income statement that constitute parts of the consolidated financial statements unless they were acquired during business combinations. They are presented in the notes to the financial statement unless the possibility of outflow of sources representing economic benefits is remote and negligible. The off-balance sheet receivables are not included in the balance sheet or income statement constituting parts of the consolidated annual financial statements but if the influx of economic benefits is likely, they are presented in the notes to the financial statements.

2.1.18 Treasury shares repurchased

The nominal value of repurchased treasury shares is recognised separately within equity at historical cost in accordance with the requirements of the IAS 1 standard.

2.1.19 Dividends

The Company recognises dividend in the year when it is approved by the general meeting.

2.1.20 Profit/Loss on financial transactions

The financial profit/loss includes interest and dividend revenues and other financial expenses, the gains and losses of fair valuation of financial instruments and realised and unrealised exchange rate differences.

2.1.21 State aid

State aid is recognised when it is likely that the aid will be collected and the conditions of the disbursement of the aid have been fulfilled. When the aid is used to offset an expense, it must be recognised in the statement of income when the costs to be offset incurs (among the other revenues). When the aid relates to the purchase of assets, it is recognised as deferred revenue and is then recognised in profits in annual equal instalments during the useful life of the related asset.

2.1.22 Distribution of shares, option schemes

The Group distributes its own shares to certain employees within the framework of its employee share schemes. The detailed description of the benefit schemes can be found in Annex 19. These benefit schemes are recognised as equity-settled share-based payment.

Equity-settled share-based payments granted to employees and others providing similar services are valued at the fair value of the equity instruments on the grant date. The fair value of equity-settled share-based payments determined on the grant date is recognised using the straight-line method over the vesting period (adjusted for changes in estimates) based on the Group's estimate of the effectively vested equity instruments. At the end of each reporting period, the Group reviews the estimate of how many shares are expected to be vested under non-market vesting conditions. The Group recognises a change in the estimate in the income statement against equity.

2.1.23 **Restricted cash**

The Group records the amount of deposits that are secured as collateral for loans or required to perform certain activities among restricted cash.

2.1.24 **Events subsequent to the accounting reference date**

The events occurring after the end of the reporting period that provide additional information about the conditions prevailing at the end of the Group's reporting period (amending items) are all presented in the report. Those events occurring after the reporting period that do not modify the data of the report are presented in the notes to the financial statements when they are important.

2.2 Changes in the Accounting Policy

The Group prepared its financial statements in compliance with the provisions of all the standards and interpretations in force as at 31 December 2021.

2.2.1 **The new standards entering into effect on 1 January 2021 and applied by the Group:**

Amendments to the IFRS 16 standard – COVID-19-Related Rent Concessions (issued: 28 May 2020, valid for business years starting on 1 June 2020 and thereafter; the EU accepted the amendment). The Company is availing itself of the possibility of simplification offered by the amendment to the IFRS 16 standard passed in connection with the COVID-19 epidemic as regards the effects of rent concessions on leased assets. The Company applies the simplification to all assets that meet the requirements of IFRS point 16.46B.

2.2.2 The effects of the following standards that enter into effect on 1 January 2021 are not significant for the Group:

Interest rate benchmark reference reform, phase 2 – Amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 standards (issued: 27 August 2020, valid for business years starting on 1 January 2021 and thereafter; the EU accepted the amendments).

Delaying the introduction of IFRS 9 – Amendments to the IFRS 4 standard (issued: 25 June 2020, valid for business years starting on 1 January 2021 and thereafter; the EU accepted the amendments).

2.2.3 The following standards, amendments, and interpretations are not expected to have significant effects for the Group when they become applicable:

IFRS 17 Insurance Contracts (issued in May 2017; the EU has not yet accepted the new standard)

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (issued: 23 January 2020, valid for business years starting on 1 January 2023 and thereafter; the EU has not yet accepted the amendments).

Reference to the Conceptual Framework – IFRS 3 (issued: 14 May 2020, valid for business years starting on 1 June 2022 and thereafter; the EU accepted the amendments).

Proceeds before intended use – Amendments to the IAS 16 standard (issued: 14 May 2020, valid for business years starting on 1 January 2022 and thereafter; the EU accepted the amendments)

Onerous Contracts — Cost of Fulfilling a Contract – Amendments to IAS 37 (issued: 14 May 2020, valid for business years starting on 1 January 2022 and thereafter; the EU accepted the amendments)

Disclosure of Accounting Policies – Amendments to the IAS 1 and IAS 8 standards and to IFRS Practice Statement 2 (valid for business years starting on 1 January 2023 and thereafter; the EU accepted the amendments).

Definition of Accounting Estimates – Amendments to IAS 8 (valid for business years starting on 1 January 2023 and thereafter; the EU accepted the amendments).

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (valid for business years starting on 1 January 2023 and thereafter; the EU has not yet accepted the amendments).

Annual Improvements to IFRSs 2018-2020 in connection with IFRS 1, IFRS 9, IFRS 16, and IAS 41 (issued: 14 May 2020, valid for business years starting on 1 January 2022 and thereafter; the EU accepted the amendment).

2.3 Uncertainties

During the application of the accounting policy described in Section 2.1 estimates and assumptions must be applied for the establishment of the values of individual assets and liabilities at a particular time that cannot be clearly valued from other sources. The estimation process contains the decisions based on the last available information and relevant factors. These main estimates and assumptions affect the values of assets and liabilities, revenues and expenses recognised in the financial statements and the presentation of contingent assets and liabilities in the notes to the financial statement. The actual results may be different from the estimated data.

The estimates are regularly updated. If a change affects only the particular period, it should be taken into account during the period of the change occurring in the accounting estimates and if the change affects both periods, it must be taken into account in the period of the change as well as subsequent periods.

The main aspects of critical decisions adopted in terms of the uncertainties of estimates and accounting policy that have the greatest impact on the amounts presented in the consolidated financial statements are as follows:

2.3.1 **Impairment on goodwill**

In accordance with Section 2.1.7 of the significant counting principles, the Group tests each year whether or not any devaluation took place in goodwill. The recovery value of cash-generating units was defined on the basis of the calculation of the value in use. Estimates are indispensable for these calculations. In order to define the impartment loss of goodwill the value in use of those cash-generating units must be estimated to which the goodwill was assigned. In order to calculate the value in use it is absolutely necessary that the management estimate the future estimated cash flow of the cash-generating unit and the appropriate discount rate because the present value can be only be calculated from them.

2.3.2 **Impairment recognised on uncollectible and doubtful receivables**

In accordance with the IFRS 9 standard, the Group recognises impairment on uncollectible and doubtful receivables to cover the losses arising from the fact that customers cannot pay. The company uses the expected credit loss (ECL) model as the basis of measuring the appropriateness of impairment on uncollectible and doubtful receivables. When estimating expected losses, the Company takes all available information into account, including information external to the Company and internal information, as well as past experiences and forecasts for the future. When estimating credit risk, the Company applies the “default event” definition in line with its internal risk assessment policy and determines at least the probability of payment and default and the expected timing of cash flows. In line with the above requirements, if the timing of cash flows or the probability of their occurrence differs from the contract (including in the case of defaults), the Company accounts for impairment.

The expected credit losses of trade receivables are calculated using a provisioning matrix. The Company uses past experiences of credit losses from trade receivables to estimate the expected credit losses for trade receivables. The provisioning matrix defines different provisioning rates for each subsidiary based on past experiences. The impairment of trade receivables is accounted as an “other cost” and is backmarked among “other incomes.”

2.3.3 **Trail commission**

The Group recognises trail commission in compliance with Section 2.1.3. For the trail commission estimates the Group uses a number of variables, the changes in which represent uncertainties of estimates. The variables used for estimating the trail commission are reviewed whenever a report is prepared.

2.3.4 Investment property

The Group values investment properties at fair value, as that is the best estimate for individual investment properties. The fair value of investment properties may change significantly depending on the volatility of property prices and market demand/supply. The Group employs an independent valuer to establish fair value

2.3.5 Depreciation

Properties, machines and equipment and intangible assets are recognised at historical cost and are depreciated with the straight-line method during their useful life. The useful life of assets is defined on the basis of former experience relating to similar assets and estimated technological development as well as changes in the larger economic or industry factors. The estimated useful lives are reviewed annually.

2.4 Business combination details, enterprises involved in the consolidation

As a Subsidiary

	address:	31 December 2021	31 December 2020
Duna House Biztosításközvetítő Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Gold Finance Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	-
MyCity Residential Development Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	-
Duna House Franchise s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Duna House Hypoteky s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Center Reality s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%

As jointly managed undertakings

Hunor utca 24 Kft.	H-1016 Budapest, Gellérthegy u. 17.	50%	50%

The following were added to the Company's subsidiaries:

a) In 2021, Metrohouse Franchise S.A. established a subsidiary in Poland called Primse.com Sp.z.o.o. The new company provides sales services to real estate developers.

b) Pusztakúti 12. Kft established a subsidiary in Hungary called MyCity Panoráma Kft. in March 2021. The new company will develop the MyCity Panoráma project.

c) On 13 January 2022, the Company acquired a 70% ownership share in the company HGroup S.p.A., registered in Bergamo, Italy, which owns the following companies:

- Credipass S.r.l. (in which HGroup S.p.A owns a 94.78% share), which performs credit intermediary activities,
- Medioinsurance S.r.l. (in which HGroup S.p.A owns a 100.0% share), which performs insurance brokering activities, and
- Realizza S.r.l. (in which HGroup S.p.A owns an 82.0% share), which performs real estate agency activities, and
- Relabora S.r.l. (in which HGroup S.p.A owns a 74.0% share), which primarily deals with computer programming.

Chapter 2.4.1.19 presents the details of the acquisition of HGroup.

2.4.1 **Presentation of the subsidiaries involved in the consolidation**

2.4.1.1 **Duna House Franchise Kft.**

The subsidiary operates the Duna House Franchise Network. Its most important objective is to enter into contract with new franchise partners and to maintain and provide high-level support to existing partners. The Company provides access to a well-structured and formed system to franchise partners joining the Franchise Network. This system provides a recognised brand name, a single image, know-how and support in sales, marketing, information technology and other aspects of operation.

2.4.1.2 **REIF 2000 Kft.**

It is the largest franchise partner of the Duna House Franchise Network and currently operates 13 offices. The operation of own offices is important in the strategy of the Duna House Group as it contributes a great deal to obtaining a true picture of the situation of the real estate market and also helps assessing real estate market innovations and needs and their introduction in the network.

2.4.1.3 **Hitelcentrum Kft.**

It is a subsidiary of the Group that is engaged in financial intermediation. In line with the multiple agency contracts concluded with credit institutions, it offers a wide range of financial products to its customers, primarily in the purchase or sale of residential properties. At the moment, Hitel Centrum Kft. focuses mainly on the intermediation of housing loans and housing savings products. The service includes advice on the selection of the best available financial product and complex administration. Its services are free for customers, and are rewarded by credit institutions in the form of commission.

2.4.1.4 **Duna House Biztosításközvetítő Kft.**

In the framework of the intermediation of financial services this company pursues insurance brokerage activities.

2.4.1.5 **DH Projekt Kft.**

The Duna House Project emphasised the intermediation of traditionally new-built properties and specialised in providing complex analysis, preparation and project sales services to real estate developers. In accordance with market demand, since 2011 the new “banking real estate” activity has become increasingly important along with the core activity.

DH Project assists a number of financial institutions in selling their own real estate portfolio and, in cooperation with the financial institution and the bank, is also involved in the (joint) sale of properties in relation to which the debtor finds it difficult or is unable to repay the loan.

2.4.1.6 **Duna House Ingatlan Értékbecslő Kft.**

The Duna House Ingatlan Értékbecslő Kft. is a business founded in 2009 for the intermediation of real estate appraisal services to banks and other market actors. In most cases Duna House Ingatlan Értékbecslő Kft. performs organisation and quality assurance tasks, while valuation services are provided by experts, independent from the real estate brokerage network as sub-contractors.

2.4.1.7 **Energetikai Tanúsítvány Kft.**

The Group launched a subsidiary engaged in energy certificates at the end of 2011. The certification, which became mandatory by law, is a new service provided by Duna House to sellers and lessors. The certification network provides a fast and marketable solution across the country and consists of independent experts.

2.4.1.8 **Superior Real Estate Kft.**

The activities of the company between 2012 and 2014 included the sale and purchase and lease of owned properties that had residential functions. In 2015 the company changed its business activity to the operation of franchise offices owned by it.

2.4.1.9 **Home Management Kft.**

Home Management Kft. performs comprehensive management services in residential properties, primarily for foreign property owners. The following services are provided: letting, lease payment monitoring, collection, management of overheads, maintenance, accounting and owner representation. The DH Group outsources maintenance and other activities to sub-contractors.

2.4.1.10 **GDD Commercial Kft.**

The activities of the company include the sale and purchase and lease of owned properties that have business functions.

2.4.1.11 **SMART Ingatlan Kft.**

The company group operated the SMART Real Estate Franchise Network real estate brokerage until 31 December 2019, at which time the SMART networked merged with Duna House.

2.4.1.12 **Home Line Center Kft.**

The activity of the company is the sale and purchase as well as short-term and long-term lease of owned residential properties, which can be expanded with condominium management activity in the near future.

2.4.1.13 **Impact Alapkezelő Zrt.**

In its resolution H-EN-III-130/2016 of 20 April 2016, the Hungarian National Bank issued a licence to Impact Alapkezelő Zrt. for collective portfolio management activities which, in line with the above, extend to investment management, risk management and administrative tasks.

The primary objective of the fund management activity is to create (a) real estate investment fund(s) from (residential) properties situated in the territory of Hungary. The Company intends to manage private and public real estate funds investing into properties.

2.4.1.14 **MyCity Residential Development Kft. and its project companies**

MyCity has three subsidiaries and one jointly managed undertaking. The objective of these project companies is to implement real estate projects at various locations in Budapest as follows:
Pusztakúti 12 Kft. was registered by the Company Court of the Budapest-Capital Regional Court on 21 January 2016. The purpose of the project company is to construct and sell the 211-unit Forest-Hill and MyCity Panoráma residential park to be implemented in Budapest, district 3, Csillaghegy. On 22 March 2021, a new subsidiary called MyCity Panoráma Kft. was established to develop the MyCity Panoráma housing complex.

Reviczky 6-10 Kft. project company was established on 20 January 2016 to construct and sell the 86-unit Reviczky Liget residential park situated in Budapest, district 18, on the area bordered by Hengersor and Reviczky utca. After selling Reviczky Liget, it has performed general contracting activities for Pusztakúti 12. Kft. since January 2020.

Hunor utca 24. Kft. is a jointly managed company of MyCity Residential Development Kft. with a 50% ownership share. The purpose of this project company is to build a 105-unit residential park under the name of MyCity Residence in Budapest, district 3, on the area bordered by Hunor utca and Vörösvári út.

After the acquisition of control over MyCity, MyCity and MyCity's project companies (excluding Hunor utca 24. Kft.) were fully consolidated by DUNA HOUSE.
As a result of the full consolidation, the consolidated balance sheet contains, among others, bank loans related to inventories of significant amount as well as investment properties and their financing. The guarantees securing these bank loans are non-recourse guarantees, i.e. their enforceability does not extend beyond MyCity and its project companies.

2.4.1.15 **Akadémia Plusz 2.0 Kft.**

Founded in H1 2018, Akadémia Plusz 2.0 Kft. will be responsible for training linked to the Group's Hungarian real estate agency activity.

2.4.1.16 **Duna House Szolgáltatóközpont Kft.**

The company was formerly licensed as a money market broker. It currently provides central services to the Group's subsidiaries.

2.4.1.17 **Polish subsidiaries**

The Duna House Group entered the Polish market through the acquisition of Metrohouse Group in April 2016.

The holding company of Metro House Group is Metro House Franchise S.A, the 100% ownership of which was acquired by Duna House Holding Nyrt. in April 2016. Metrohouse Group operates its own and franchise office in large cities of Poland, including Warsaw, Krakow, Gdansk and Lodz. The offices are engaged in real estate brokerage services as well as intermediation of financial products, primarily mortgage loans.

As at the date of the acquisition, Metrohouse Franchise S.A. had four fully-owned subsidiaries. In order to improve the efficiency of the operation in Poland, MH Poludnie Sp. z o.o, MH Warszawa Sp z. o.o and MH Uslugi Wspolne S.A., all operating own estate agency offices, merged on 20 December 2017, with Metrohouse S.A. as their legal successor.

Metrohouse Franchise S.A. acquired 100% ownership of Gold Finance Sp. z.o.o on 6 November 2018 and of Alex T. Great Sp. z.o.o. on 7 January 2020. To increase operational efficiency, Metrofinance Sp. z. o.o merged with Gold Finance Sp. z. o.o, effective from 28 February 2019, after which Alex T. Great Sp. z.o.o. merged with Gold Finance Sp. z.o.o. on 4 May 2020.

Metrohouse Franchise S.A. founded Primse.com Sp. z. o.o owning 90% of its quota on 1 May 2021. The aim of Primse.com is to provide digital sales services to real estate developers.

2.4.1.18 **Czech subsidiaries**

The Czech Duna House Franchise s.r.o established in Prague and two of its subsidiaries, Center Reality s.r.o and Duna House Hypotéky s.r.o were acquired by the Duna House Group on 2 September 2016. Center Reality s.r.o currently operates a single own office, while Duna House Franchise s.r.o began to establish a franchise network in early 2018. Currently, Duna House Hypotéky s.r.o is not engaged in any operations.

2.4.1.19 **Italian subsidiaries**

On 10 December 2021, Duna House Holding Nyrt. entered into a binding Investment Contract for the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The transaction was closed on 13 January 2022. The Group consolidates HGroup with a starting date of 1 January 2022.

The initial accounting for HGroup group, as a business combination, is not yet complete at the date of the approval of these financial statements, as the basis for the financial settlement of the acquisition is the audited 2021 consolidated reports of the HGroup, which are not yet available. In absence of the accounting balance sheets, the Group is unable to perform the following disclosures required by IFRS 3:B64: presentation of acquired receivables, presentation of the amounts recognised for each major class of assets acquired and liabilities assumed at the acquisition date, presentation of provisions, contingent liabilities, and receivables, presentation of goodwill.

Presentation of the companies
The Bergamo-based Hgroup, through its subsidiary, Credipass, is Italy's second largest credit intermediary based on network size with almost 1,000 financial experts and 320 offices, and covers the entire country.

The HGroup SpA holding company has four subsidiaries, in which it owns various shares. The subsidiary Credipass is specialised in the brokering of financial products, thus primarily mortgage loans and a special loan product called CQS. The Group's other important activity is the provision of insurance brokerage through the company Medioninsurance Srl. Additionally, the Group has started developing its real estate agency activities via Realizza Srl. and also offers digital and non-digital "supplementary" services on the Italian market by way of its subsidiary Relabora Srl.

Presentation of the acquired ownership share

The following table contains the detailed ownership shares:

Company	HGroup S.p.A.'s ownership share in its subsidiaries	Duna House Group's share after the acquisition
HGroup S.p.A.	-	70.0%
Credipass S.r.l.	95%	66.3%
Medioinsurance S.r.l.	100%	70.0%
Relabora S.r.l.	74%	51.8%
Realizza S.r.l.	82%	57.4%

Presentation of HGroup group's financial figures

The Company has preliminary, non-audited financial information on the HGroup group's companies prepared according to Italian accounting standards, based on which HGroup sroup's EBITDA was EUR 3,955 thousand, equal to HUF 1,417.9 million in 2021 (calculated with the average EUR/HUF rate for 2021).

Presentation of the total value transferred and expected future payments

As at the closing of the transaction, the parties agreed on a consolidated expected EBITDA of EUR 4.5 million based on HGroup's 2021 performance. HGroup's preliminary value was thus determined based on the adjusted EBITDA (after the deduction of taxes and other items) and a multiplier of 10.5 to reach a total value of EUR 31.3 million. DHG purchased a total share of 70%. The 70% share will be paid in 4 instalments: DHG paid the first and largest, equal to 64% of the 70% share (44.8%) and a total of EUR 11.3 million, on 13 January 2022, at the time the acquisition was closed. The following table shows the details of this calculation:

thousand EUR	**First purchase price instalment**
Consolidated EBITDA	4,500
- Adjustments (24% tax, other items)	-1,517
Consolidated adjusted EBITDA	**2,983**
EV/EBITDA multiplier	***10.5x***
Enterprise Value	**31,322**
- Net Debt	-6,200
Equity value	**25,122**
Value of 70% share	**17,585**
x ratio of the 1st instalment	64%
First purchase price instalment	**11,254**

HGroup's preliminary Enterprise Value will be adjusted no later than the end of August 2022 based on the adjusted audited consolidated EBITDA and net debt of HGroup for 2021, which may decrease or even increase the first purchase price.

The sellers are entitled to further earn-outs on 30 June 2023, 30 June 2024, and 30 June 2025 based on the consolidated adjusted EBITDA for the previous year. The basis of the value of the various earn-outs is the enterprise value for the given year minus the fixed net debt position adjusted with the repaid owner's loan of EUR 1 million.
The amount of earn-out payments is surrounded by significant uncertainty as they depend on HGroup group's actual future EBITDA figures. As a preliminary estimate, the Group's management used a business plan specified in the purchase agreement that is decreased by 10-15% compared to the business plan defined by HGroup's own management. The following table presents the details of the expected earn-out payments:

thousand EUR	**2022**	**2023**	**2024**
HGroup Group's expected consolidated EBITDA	6,447	7,500	8,553
- Adjustments (24% tax)	-1,547	-1,800	-2,053
HGroup Group's expected consolidated adjusted EBITDA	**4 900**	**5,700**	**6,500**
EV/EBITDA multiplier	***10.5x***	***10.5x***	***10.5x***
Expected Enterprise Value	**51,450**	**59,850**	**68,250**
- Net debt	-5,200	-5,200	-5,200
Expected equity value	**46,250**	**54,650**	**63,050**
x 70% x 12% = 8.4%	8.4%	8.4%	8.4%
Expected earn-out	**3,885**	**4,591**	**5,296**

Based on the above, the following table presents the amounts of the expected payouts and the amount paid upon closing:

thousand EUR	**First purchase price instalment as calculated**	**Earn-out 2022**	**Earn-out 2023**	**Earn-out 2024**	**Total**
Expected payment obligation	**11,254**	**3,885**	**4,591**	**5,296**	**25,026**
Amount transferred to buyers upon closing	9,566				**9,566**
Amount transferred to escrow account upon closing	1,688	2,000			**3,688**
Amounts paid	**11,254**	**2,000**	**0**	**0**	**13,254**
Expected payment obligation	**0**	**1,885**	**4,591**	**5,296**	**11,772**

In addition to the first purchase price instalment (EUR 11,254 thousand), the Company paid an additional amount of EUR 2,000 thousand to an escrow account as partial cover for subsequent earn-out payments.

The Company has a call option for the purchase of the remaining 30% share package and the previous owners have a put option. The Company's call option can be exercised between 1 July 2025 and 1 July 2028. The formula for the optional purchase price: % of the applicable ownership share × (10.5 × consolidated adjusted EBITDA based on the average of the two years preceding the payment of the optional purchase price minus net debt).

3. Property, machinery and equipment

data in HUF thousands	Land and buildings	Machinery and equipment	Total
Gross value			
As at 31 December 2019	**591,821**	**367,854**	**959,675**
Expansion of the scope of consolidation			
Growth and reclassification	0	115,864	115,864
Decrease and reclassification	0	-44,377	-44,377
As at 31 December 2020	**591,821**	**439,342**	**1,031,163**
Expansion of the scope of consolidation			
Growth and reclassification	10,034	158,565	168,599
Decrease and reclassification	0	-445,756	-445,756
As at 31 December 2021	**601,855**	**152,151**	**754,006**
Accumulated depreciation			
As at 31 December 2019	**141,682**	**118,281**	**259,963**
Expansion of the scope of consolidation	0	0	0
Annual write-off	26,036	28,199	54,235
Decrease	0	-23,261	-23,261
As at 31 December 2020	**167,718**	**123,219**	**290,937**
Expansion of the scope of consolidation	0	0	0
Annual write-off	25,067	29,412	54,479
Decrease	0	-23,321	-23,321
As at 31 December 2021	**192,785**	**129,310**	**322,095**
Net book value			
As at 31 December 2019	**450,139**	**249,573**	**699,712**
As at 31 December 2020	**424,103**	**316,122**	**740,225**
As at 31 December 2021	**409,070**	**22,840**	**431,910**

4. Investment property

The Group records its investment property portfolio at fair value. The appraisal is based on the expert appraisal opinions of external independent real estate appraisers. The valuation methodology is the average of a market benchmark valuation and a market return approach. The appraiser reviews the entire portfolio biannually for 30 June and 31 December every year.

For the purposes of including the fair value of investment properties in the financial statements, the market values specified in the appraisal expert opinions are accepted without any changes. The fair value of investment properties qualifies as a level 3 assessment. For the comparative market valuation of properties, the appraisals are based on the actual transactions of properties most similar to the property in question, based on the average price per square metre. Changes in the average price per square metre effect the estimated market value of the properties.

The opening and closing balances of the fair value of investment properties is shown in the following table:

data in HUF thousands	**Total**
As at 31 December 2019	**1,836,000**
Expansion of the scope of consolidation	0
Growth and reclassification	84,921
Changes in the fair value	30,800
Decrease and reclassification	-83,000
As at 31 December 2020	**1,868,721**
Expansion of the scope of consolidation	0
Growth and reclassification	0
Changes in the fair value	68,655
Decrease and reclassification	-87,876
As at 31 December 2021	**1,849,500**
As at 31 December 2019	**1,836,000**
As at 31 December 2020	**1,868,721**
As at 31 December 2021	**1,849,500**

In 2020, the Group sold a piece of property in downtown Budapest for HUF 83.0 million and purchased three residential properties for a total of HUF 84.9 million. During the year, partly because of the drop in tourism numbers due to COVID-19, the Budapest real estate market experienced a slowdown in price increases; the Group managed to attain a mark-up of HUF 30.8 million in its real estate portfolio (1.7% of the portfolio value as at 31 December 2019).

Real estate prices continued to increase in 2021; the Group managed to attain a mark-up of HUF 68.7 million on its portfolio (3.7% of the portfolio value as at 31 December 2020). In the course of the year, two apartments and four parking lots were sold in a total value of HUF 87.9 million, in the interest of the commenced profile cleansing: the aim of the Group is to sell of its entire investment property portfolio.

5. Intangible assets

data in HUF thousands	**Total**
Gross value	
As at 31 December 2019	**357,030**
Expansion of the scope of consolidation	0
Growth and reclassification	28,841
Decrease and reclassification	-12,403
As at 31 December 2020	**373,468**
Expansion of the scope of consolidation	0
Growth and reclassification	468,024
Decrease and reclassification	-15,975
As at 31 December 2021	**825,517**
Accumulated depreciation	
As at 31 December 2019	**313,204**
Expansion of the scope of consolidation	0
Annual write-off	43,534
Decrease	275
As at 31 December 2020	**357,013**
Expansion of the scope of consolidation	0
Annual write-off	133,029
Decrease	681
As at 31 December 2021	**490,723**
Net book value	
As at 31 December 2019	**43,826**
As at 31 December 2020	**16,455**
As at 31 December 2021	**334,794**

In the course of 2021, the Group acquired intellectual property in the value of HUF 468.0 million, of which HUF 390.0 was recorded as own unfinished investments as at 31 December 2020.

6. Leases

	31.12.2021	31.12.2020
Right-of-use		
Land,and,buildings	300,564	205,186
Machinery,and,equipment	46,816	61,946
	347,380	**267,132**
Lease,obligations		
less,than,1,year,	76,667	122,966
between,1,and,5,years	372,250	159,889
more,than,5,years	0	0
	448,917	**282,855**
Depreciation,of,right-of-use,asset	-134,782	-139,256
Interest,expenditure	-15,178	-13,455
	-149,961	**-152,711**
Contracted,services	**133,030**	**149,047**
Impact,of,IFRS,16,on,profits	**-16,931**	**-3,663**

Impact,of,IFRS,16,on,lease,cash,flow	**31.12.2021**	**31.12.2020**
Profit/Loss,before,taxation	-16,931	-3,663
Depreciation	134,782	139,256
Interest,costs	-15,178	-13,455
Net,financing,cash,flow,from,business,activities	**102,673**	**122,138**
Amortisation,of,lease,obligations	-133,030	-149,047
Interest,paid	15,178	13,455
Net,financing,cash,flow,from,financial,activities	**-117,852**	**-135,592**

The Company has long term leases on offices and vehicles for its central administration, real estate brokerage activities, and credit intermediary activities. . The Company applies a 3.61% discount rate to calculate the present value of right-of-use and lease obligations.

The Company is availing itself of the possibility of simplification offered by the amendment to the IFRS 16 standard passed in connection with the COVID-19 epidemic as regards the effects of rent concessions on leased assets. The Company applies the simplification to all assets that meet the requirements of IFRS point 16.46B. The profit impac of the changes equal to HUF 1,173 thousand in 2020 and HUF 0 in 2021.

7. Goodwill

Every year, the Group has to examine whether goodwill suffered any impairment. The Group determines the recoverable amount based on value in use calculations. The method requires the estimation of future cash flows and the determination of discount rates for the calculation of cash flow present values. The Group used a weighted average cost of capital of 9.8% to discount cash flows.

The Company's Board of Directors has carried out a test of the value of the goodwill shown in the consolidated balance sheet of the acquired subsidiaries. According to the profit generating capacity of the companies concerned, there is no factor that would require the recognition any impairment on goodwill. The goodwill generated during the acquisition of foreign subsidiaries is converted at the exchange rate prevailing on the balance sheet date pursuant to IAS 21.47.

Goodwill was accounted for the following of the Company's profit producing units:

Company name	31 December 2021	31 December 2020 (Restated)	Restatement	31 December 2020
Metrohouse Franchise S.A.	813,930	813,930		813,930
Gold Finance Sp. z o.o.	243,948	235,375		235,375
Alex TG Sp. z o.o.	327,758	327,758	28,786	298,972
Center Reality s.r.o.	167,601	167,601		167,601
Home Management Kft.	18,500	18,500		18,500
Duna House Franchise s.r.o.	10,421	10,421		10,421
Accumulated conversion difference on the balance sheet date	193,365	157,401	432	156,970
Total	**1,775,523**	**1,730,986**	**29,217**	**1,701,769**

The Company's management has reviewed the value of goodwill as at 31 December 2020 and has corrected an error in connection with the PLN/HUF conversion in the acquisition of Alex TG.

To calculate the value in use of the profit-producing units, the Company has had 4-year cash flow plans drawn up based on the approved 2022 plans of the various units. The table below summarises the main assumptions:

	Metrohouse Franchise S.A.	Gold Finance Sp. z o.o.	Alex TG Sp. z o.o.	Center Reality s.r.o.	Duna House Franchise s.r.o.
2021					
Discount rate	10%	10%		10%	10%
Growth*	2%	2%		2%	2%
EBITDA margin	20%	6%		7%	10%
2020					
Discount rate	10%	10%		10%	10%
Growth*	2%	2%		2%	2%
EBITDA margin	37%	3%		5%	27%

*The growth rates of the profit-producing units refer only to the period not covered by the cash flow plan.

8. Investments in associated companies and joint ventures

The value of investments in associated companies and joint ventures reflects the consolidated value of the 50% share in Hunor utca 24. Kft. (MyCity Residential Development Kft's joint venture), valued with the equity method. The value of the share dropped by HUF 213.3 million between 1 January 2021 and 31 December 2021 due to the fact that Hunor utca 24. Kft paid a dividend of HUF 370.0 million to the Group.

Date	Text	Hunor u. 24. Kft.	Total
01.01.2020	Opening balance	117,189	**117,189**
31.03.2020	Participation from profit or loss	-12,891	**-12,891**
30.06.2020	Participation from profit or loss	-11,278	**-11,278**
30.09.2020	Participation from profit or loss	269,135	**269,135**
31.12.2020	Participation from profit or loss	65,512	**65,512**
31.12.2020	**Closing balance**	**427,667**	**427,667**
01.01.2021	Opening balance	427,667	**427,667**
31.03.2021	Participation from profit or loss	-346,037	**-346,037**
30.06.2021	Participation from profit or loss	16,708	**16,708**
30.09.2021	Participation from profit or loss	70,258	**70,258**
31.12.2021	Participation from profit or loss	45,746	**45,746**
31.12.2021	**Closing balance**	**214,342**	**214,342**

9. Financial instruments

The Company's financial assets were as follows:

	31 December 2021	31 December 2020
Deposit, security deposit	59,202	29,064
Opusse 138.000 bonds	0	40,351
Other long-term loans granted	3,210	3,291
Total	**62,412**	**72,706**

10. Deferred tax receivables

In the course of calculation of deferred tax the Group compares the value that can be taken into account for taxation to the book value by asset and liability. If the difference is a temporary difference, i.e., it will be offset within a foreseeable time, then it will take a deferred tax liability or asset, depending on the prefix. When an asset is recorded, the Group examines recovery separately. The Group calculates the deferred tax incurred in relation to Hungarian activities at 9% tax rate, because the actual tax impact of the temporary differences relating to the particular assets and liabilities will occur in a period when the corporate profit tax rate is likely to be 9%. 19% tax rate is applied to both the Hungarian and Czech operation.

The assets are supported by a tax strategy prepared by the management, which proves the recovery of the asset.

The following deductible and taxable discrepancies causing taxable tax differences were identified. The table shows the amount of the deferred tax asset remaining after the netting of the deferred tax liability at the level of the consolidated subsidiaries.

Deferred tax receivables	**31.12.2021**	**31.12.2020**
Due to taxation in accordance with the cash accounting principle	142,268	61,893
Losses carried forward	35,827	79,139
Impairment loss of receivables	29,944	29,450
Due to consolidation-related exclusions and accounting	17,183	0
Provisions	2,092	2,551
Property, machinery and equipment, investment property and other	905	1,215
Total	**228,219**	**174,248**

The maximum deferred tax losses affecting Polish operations that can be used in a business year against future positive tax bases are the following.

Maximum available tax loss amount (PLN)

Year of use	Metrohouse Franchise S.A.	Metrohouse S.A.	Primse.com Sp. z o.o.	Total (PLN)	Total (HUF thousand)	Distribution between years
2021	0	0	0	0	0	0%
2022	487,085	788,614	0	1,275,699	102,439	79%
2023	0	0	0	0	0	0%
2024	0	0	0	0	0	0%
2025	0	0	336,623	336,623	27,031	21%
Total	**487,085**	**788,614**	**336,623**	**1,612,322**	**129,469**	**100%**

Of the Czech companies, Center Reality s.r.o accounted for deferred tax assets of HUF 1,957 thousand, which was attributable to deferred tax losses of approximately CZK 0.7 million incurred by the company. Pursuant to the Czech corporate tax law, tax losses may be carried forward for five years.

11. Inventories

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Real estate development projects under construction	7,407,313	7,190,243	116,959	7,073,284
Marketing tools	11,557	10,349		10,349
Real estate purchased for resale	0	33,280		33,280
Mediated services	0	1,937		1,937
Total	**7,418,870**	**7,235,809**	**116,959**	**7,118,850**

The book value of inventories is mainly determined on the basis of the historical cost of residential properties under construction in MyCity project companies. A return on these stocks is expected in 2022-2023, in line with the project's handover schedule. The amount of HUF 116,959 thousand is the capitalisation of the interest accrued in the moratorium.

There was a total of HUF 5,420,000 thousand mortgage of Takarékbank Zrt. registered in the land registry secured with alienation and debit ban on the value of the real estate development projects under construction recognised as inventory (including plots and building structures) as at 31 December 2021.

12. Trade receivables

	31.12.2021	31.12.2020
Trade receivables	2,265,180	1,137,883
Impairment loss of receivables	-163,129	-250,327
Total	**2,102,051**	**887,556**

	31.12.2021	31.12.2020
Impairment of trade receivable opening values	**250,327**	**264,910**
Increase	37,711	64,743
Bad debts (derecognition)	0	-43,758
Decrease	-124,910	-35,568
Impairment changes on trade receivables in the target year	-87,199	-14,583
Impairment of trade receivable closing values	**163,129**	**250,327**

13. Amounts owed by related undertakings

	31.12.2021	31.12.2020
Medasev Holding Kft.	10,080	
Duna House Magyar Lakás Ingatlanalap [Duna House Hungarian Apartment Real Estate Fund]	151,809	
Parent company	**161,889**	**0**
The business units with joint control or significant influence over the business unit	**0**	**0**
Subsidiaries	**0**	**0**
Affiliated undertaking	**0**	**0**
Loan receivables from Hunor utca 24. Kft.	4,161	67,538
Trade receivables Hunor utca 24. Kft.	13	4,164
Additional payment Hunor utca 24. Kft.	0	48,650
Joint ventures	**4,175**	**120,352**
Other	728	132
Other related parties	**728**	**132**
Total	**166,792**	**120,484**

The total value of related receivables decreased significantly in the current period, amounting to HUF 15.0 million as at the end of 2021. The loan provided to Medasev Holding Kft. equals HUF 10.8 million, the annual interest of which is the respective National Bank of Hungary (MNB) base interest rate plus 5.0%. The loan receivable against the jointly managed Hunor utca 24. Kft amounted to another HUF 4.2 million.

14. Other receivables

	31.12.2021	31.12.2020
Trail commission	657,673	541,250
Advances paid	307,235	341,576
Other receivables (taxes)	22,784	55,082
Accrued incomes	74,972	30,621
Collateral	30,000	30,000
Short-term loans	17,175	39,065
Rental fee paid as attorney deposit	13,969	14,469
Other receivables	5,751	18,088
Security deposit	3,219	8,266
Prepaid expenses	1,867	210
Duty receivable from lawsuits	1,730	3,707
Assigned receivables	1,180	1,180
Total	**1,137,555 ,**	**1,083,514**

The given advance and deposit lines are predominantly advances paid to trade payables for ongoing residential property development projects, and consists of the amount of deposits and, to a lesser extent, of the deposits given to the lessor in connection with vehicle leasing.

The trail commission is the maintenance commission of long-term mediated loans. Although the settlement principles are slightly different by financial partner, in general it may be stated that the purpose of this type of commission is to make sure that the amount of the accountable intermediary commission is proportionate to the actual tenor of the mediated financial product.

The factors affecting the amount of commission include the type of the mediated product and its tenor, the delay in the prepayment of the respective borrower and the continuation rate of the total active mediated loan portfolio.

The rise in trail commissions was caused by the increase in the volume of brokered loans.

15. Cash and cash equivalents

	31.12.2021	31.12.2020
Bank account balance – available	5,220,931	6,165,563
Bank account balance – restricted	1,270,504	732,626
Cash	5,597	3,962
Total	**6,497,032**	**6,902,151**

Regarding the aggregate bank account balance, HUF 1,270.5 million is only available subject to the following restrictions:

Affected by restrictions		Reason for restriction
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 1,159,304 thousand	Security interest in collateral securing the repayment of the loans granted by Takarékbank Zrt. in connection with the Forest Hill residential development, with collateral including down payments, earnest money and purchase price by clients paid into a separate blocked bank account and available only for the re- and pre-payment of the loans. The prepayment of both loans is only allowed from the third working day from the notification to this effect by Takarékbank Zrt.
Impact Asset Management Zrt.	HUF 110,700 thousand	Pursuant to Section 16 (3) and (7) of Act XVI of 2014 on collective investment forms and its managers and on the amendment of certain financial laws, in order to be able to ensure continuous operation and protect investors, Impact Asset Management Zrt. must, at all times, have solvency capital invested in liquid assets or assets that can be converted into immediately available liquid assets in an amount that covers the risk posed by its activity at all times.
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 1,270,504 thousand**	

Since 7 December 2017, the Company has been managing its bank accounts linked to its operations in Hungary under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit of HUF 100 million is available to back the cash pool system, which amount is suited to the needs of regular operations and can be used to satisfy any transitional additional financing needs. No amounts were used from this overdraft facility as at the end of the reporting period.

16. Subscribed capital and profit reserve

The Company's share capital is HUF 171,989 thousand, which consists of 34,387,870 dematerialized ordinary shares of HUF 5 face value each and 1,000 preferential shares of HUF 50 face value each.

In 2020, the Company implemented a stock split. As of 5 August 2020, as value date, the 3,438,787 dematerialized ordinary shares of HUF 50 face value each were converted to 34,387,870 dematerialized ordinary shares of HUF 5 face value each As a result of this transformation, each dematerialized ordinary share with a face value of HUF 50 was replaced by 10 ordinary shares with a face value of HUF 5 each.

The following table presents the number and face value of the shares issued by the Company:

	2021		2020	
Class of shares	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
"A" ordinary share, face value of HUF 5	34,387,870	171,939	34,387,870	171,939
"B" employee preferential share, face value of HUF 50	1,000	50	1,000	50
Total	**34,388,870**	**171,989**	**34,388,870**	**171,989**

	2021		2020	
"A" ordinary share, face value of HUF 5	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
1 January	**34,387,870**	**171,939**	**34,387,870**	**171,939**
Shares issued	0	0	0	0
31 December	**34,387,870**	**171,939**	**34,387,870**	**171,939**

	2021		2020	
"B" employee preferential share, face value of HUF 50	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
1 January	**1,000**	**50**	**1,000**	**50**
Shares issued	0	0	0	0
31 December	**1,000**	**50**	**1,000**	**50**

A right of preferential dividend is associated with the employee shares issued by the Company. If the general meeting orders dividend payment for a particular year, the employee shares with preferential dividend give a right to dividend prior to the ordinary shares in the amount of 6% of the profit after tax stated in the consolidated annual report prepared according to IFRS (adjusted with the impact of the valuation of investment properties and the revaluation of participations involved in the consolidation with the equity method).

The employee shares shall carry no rights to dividends other than as specified above. In particular, the employee shares do not entitle their holders to dividends in excess of the above amount, or entitle their holders to dividends if, for the financial year concerned, the profit after tax according to the consolidated annual financial statement drawn up on the basis of IFRS is negative.

The preferential right attached to employee shares is not cumulative, and the date of dividend payments is set by the Board of Directors.

The maximum payable dividend for preferential shares was taken into account during the EPS calculation.

On 14 January 2021, the Company's Board of Directors decided, in its competence as general meeting, to pay an interim dividend to ordinary shareholders of HUF 450.5 million (HUF 13.1 per share), within the meaning of Government Decree 484/2020 of 10 November on the second phase of protective measures applicable during the time of emergency on the basis of Government Decree 3/2021 of 8 January. Dividend payments were started on 24 February 2021. Due to the treasury shares owned by the Company, the interim dividend paid was HUF 13.3 per share.

On 20 April 2021, the Company's Board of Directors decided, in its competence as general meeting, to approve the payment of dividends of HUF 1,388,449 thousand, in line with the provisions of Government Decree 102/2020 of 20 April. In line with the above, holders of preferred shares are entitled to an amount equal to 6% of the taxed profit less the 2021 revaluation of investment property and the revaluation of the ownership shares involved in the consolidation with the equity method (i.e. HUF 60,499 thousand); HUF 1,328,000 thousand was paid to holders of ordinary shares (HUF 38.8 per share). The amount of the dividend decided on, decreased by the value of the interim dividend paid on 24 February 2021, was paid on 15 June 2021. Due to the treasury shares owned by the Company, the dividend paid in addition to the interim dividend was HUF 25.9 per share.

Dividend calculations	**2021**	**2020**
Dividend for series "A" ordinary shares, based on a general meeting decision	-1,328,000	0
Dividend for series "B" employee preferential shares, based on a general meeting decision	-60,449	-60,500
Total dividends allocated	**-1,388,449**	**-60,500**
Deducted PIT	0	0
Dividends allocated based on PIT	**-1,388,449**	
Q1	-450,537	0
Q2	-877,375	0
Q3	-88	0
Dividends paid for series "A" ordinary shares	**-1,328,000**	**0**
Q1	-15,125	-23,515
Q2	-15,112	-15,125
Q3	-15,112	-15,125
Q4	-15,112	-15,125
Dividends paid for series "B" employee shares	**-60,462**	**-68,890**
Total dividends paid	**-1,388,462**	**-68,890**

Dividends on ordinary shares was paid in a lump sum; dividends on preferential employee shares is paid in four equal instalments quarterly.

17. Treasury shares

The Company intends to transfer its own shares to its directors and employees within the framework of its remuneration policy. The Company operates two share-based benefit schemes, which are detailed below.

Management option scheme

In 2018, Duna House Holding Nyrt. launched a two-year option scheme to provide long-term incentives for Group managers and key employees, which was repeated in 2019 and 2020. The Company granted option rights for 312,000 ordinary shares with a face value of HUF 5 each per scheme.

The management option scheme launched in 2021 specified a framework amount instead of numbers: HUF 20 million per participant would be made available for five participants with the scheme's future call price.

Employee 2019 scheme

At the general meeting held on 18 December 2018, the Company's "Employees 2019" share scheme was approved, under which all Hungarian employees of the Group employed since 1 April 2018 will receive shares in the amount of their average wage of 2018 if the performance conditions are met. As part of the programme, the Company granted a total of 49,450 ordinary shares with a face value of HUF 5 each to its employees in the months of May and June 2019.

Employee 2020 scheme

At the general meeting held on 18 April 2019, the Company's "Employees 2020" share scheme was approved, under which all employees that are employed in Hungary by the Group since 1 April 2019 will receive shares in the amount of their average wage of 2019 if the performance conditions are met in 2021. As part of the programme, the Company granted a total of 40,306 ordinary shares with a face value of HUF 5 each to its employees in the month of May 2021.

Employee 2021 scheme

At the general meeting held by the Board of Directors on 17 April 2020, the Company's "Employees 2021" share scheme was approved, under which all employees that are employed in Hungary by the Group since 1 April 2020 will receive shares in the amount of their average wage of 2020 if the performance conditions are met in 2022.

Employee 2022 scheme

At the general meeting held by the Board of Directors on 20 April 2021, the Company's "Employees 2022" share scheme was approved, under which all employees that are employed in Hungary by the Group since 1 April 2021 will receive shares in the amount of their average wage of 2021 if the performance conditions are met in 2023.

The Board of Directors in the competence of the General Meeting on 20 April 2021 decided to acquire a total of 1,500,000 ordinary shares with a nominal value of HUF 5 each belonging to "A" series, with a purchase price of minimum HUF 50, but not exceeding HUF 800 each.

Number of treasury shares	**31.12.2021**	**31.12.2020**
Start of the period	**507,830**	**455,240**
Purchase of shares	147,147	52,590
Provided in the framework of the Management option scheme	-	-
Provided in the framework of the Employee scheme	-40,306	-
End of the period	**614,671**	**507,830**

<u>Fulfilment of the performance condition</u>

A condition for the mutual success of the **Employees 2021** and **Management Option Scheme 2020/2022** is that the Company's 2021 consolidated sales revenue exceeds the Company's consolidated sales revenue for the 2019 business year. The results on which the employee stock ownership plans are based are summarised in the following table, based on **which the performance condition <u>has been met</u>**.

	31.12.2021	**31.12.2019**
Consolidated sales revenue	**14,461,930**	**7,891,743**

18. Exchange reserves

The balance of the conversion reserve at the end of the year (HUF 112,494 thousand) equals the amount of the conversion difference recognised in compliance with the IAS 21 standard with the involvement of the foreign subsidiaries of the Duna House Group in the consolidation.

19. Non-controlling ownership interest

In this balance sheet row 20% of the equity of the Czech Duna House Franchise s.r.o, 10% of the equity of Primse.com Sp.zo.o, and the equity of the minority shareholders holding 1% of Duna House Hypotéky s.r.o are presented. The balance also contains the conversion difference allocated to minority shareholders in relation to the operation of those companies.

20. Long and short-term loans

The Group had no long-term loans as at the end of 2020 and 2021

Short-term loans

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Pusztakúti 12. Kft. (Takarékbank)	4,373,387	4,850,460	120,552	4,729,908
Total	**4,373,387**	**4,850,460**	**120,552**	**4,729,908**

Pusztakúti 12. Kft.: Takarékbank

Pusztakúti 12. Kft. and Takarékbank Zrt. entered into a long-term loan contract for HUF 4,000,000 thousand on 19 July 2017 in order to implement Forest Hill residential development, which was increased by the parties on a number of occasions, finally to HUF 5,420,000 thousand. According to the contract, the amounts drawn down from the credit limit are amortised in one amount at the end of their maturity and will be due on 31 January 2021; however, they are subject to the loan moratorium passed and extended on a number of occasions in response to the COVID-19 epidemic, meaning the repayment will foreseeably be due in July 2022. Pusztakúti 12. Kft has the possibility to prepay the loan, which it started to do in line with the schedule of handing over the apartments in the project and the receipt of their full purchase prices.

Repayment schedule of the Takarékbank loan:	Repayment plan
2022	4,373,387
Total	**4,373,387**

21. Bonds payable

	31 Dec 2021	31 Dec 2020
Bond issues	6,889,368	6,889,368
Capitalised interest (with the effective interest rate method)	20,146	55,481
Bonds payable	**6,909,514**	**6,944,849**

On 2 September 2020, the company issued bonds with the name "Duna House NKP Bond 2030/I" in a total value of HUF 6.6 billion. The average issue value of the bonds is 104.6955% of their face value. The bonds have a fixed-rate interest, the coupon is set at 3%, and the term is 10 years. The average yield realised by the issuance was 2.3477 percent and the total proceeds were HUF 6.9 billion. The Company used the issuance to refinance its loans used for other than financing projects, and planned to use the remainder to finance additional acquisitions. On 15 September 2020, the Company provided early repayment for the bank loan of its subsidiary Alex T. Great Sp. z. o.o, and on 2 October 2020 placed the entire amount owed to Raiffeisen Bank Zrt., including capital and interest, in a surety account as early repayment.

The Company capitalised borrowing costs for the issued bonds in a total of HUF 22,240 thousand (legal, organisation, and distributor fees), of which HUF 20,534 thousand was in 2020 and HUF 1,706 thousand was in 2021. Activation rate: 100%

The Duna House NKP Bond 2030/I. pays interest and capital as follows:

	Interest payment	Payments of principal on loans	Total Cash Flow
2021	-198,000	0	-198,000
2022	-198,000	0	-198,000
2023	-198,000	0	-198,000
2024	-198,000	0	-198,000
2025	-198,000	0	-198,000
2026	-198,000	-1,320,000	-1,518,000
2027	-158,400	-1,320,000	-1,478,400
2028	-118,800	-1,320,000	-1,438,800
2029	-79,200	-1,320,000	-1,399,200
2030	-39,600	-1,320,000	-1,359,600
Total	**-1,584,000**	**-6,600,000**	**-8,184,000**

22. Deferred tax liabilities

Deferred tax liabilities

	31.12.2021	31.12.2020
Due to the difference in the valuation of fixed assets and investment properties	168,893	152,732
Due to the recognition of trail commission	59,191	48,713
Losses carried forward	(9,443)	(31,588)
Due to consolidation-related exclusions and accounting	0	15,323
Impairment on Trade receivables	385	983
Total	**219,026**	**186,163**

Deferred tax assets and liabilities were netted at the level of the subsidiaries. Within the HUF 219,026 thousand balance HUF 59,191 thousand is a deferred tax liability resulting from the difference in the recognition of the trail commission realised in the financial product intermediation segment between the Hungarian and international accounting.

23. Accounts payable

	31.12.2021	31.12.2020
Trade payables	1,321,060	858,967
Total	**1,321,060**	**858,967**

The rise in accounts payable is due, mainly, to the expansion of the Polish credit intermediary activity, the supplier turnover in connection with which increased by HUF 415.4 million during the period.

24. Liabilities to related undertakings

The value of related liabilities contains the following:

	31 December 2021	31 December 2020
Parent company	**0**	**0**
The business units with joint control or significant influence over the business unit	**0**	**0**
Subsidiaries	**0**	**0**
Affiliated undertaking	**0**	**0**
Joint ventures	**0**	**0**
Dividends due to employees	15,112	15,125
The executives in key positions in the business unit and its parent company	**15,112**	**15,125**
Dividends due to shareholders	333	0
Bitkover Kft.	2,505	6,917
Other related parties	**2,838**	**6,917**
Total	**17,950**	**22,042**

The balance of related liabilities consists mainly of dividend payments owed to holders of employee preferential shares. Chapter 16 presents the approved dividends.

The Company's Czech subsidiary owes interest of HUF 2,505 thousand to Bitkover Kft., which owns 20% of the shares of Duna House Franchise s.r.o.

Transactions with related undertakings took place at arm's length prices.

25. Other liabilities

Other liabilities contain the following:

	31.12.2021	31.12.2020
Advance payments, earnest money and bid bonds	1,490,769	769,106
Accrued revenues	357,779	381,210
Tax liability	173,999	89,091
Settlement account of home owners	159,204	151,864
Settlement account of lessees	88,273	76,441
Liabilities from remuneration	83,522	49,758
Accrued costs and charges	11,501	8,675
Received deposits	9,035	6,305
Other	9,313	5,181
Grants received	0	25,737
Total	**2,383,395**	**1,563,368**

Deposits, tender guarantees, and advance payments provided by generally consist of the deposits and advance payments provided by clients in connection with real estate development projects by the MyCity project companies.

The funds due to the owners of the flats managed by Home Management Kft. are recorded on the settlement account of the home owners (e.g. collected rent, “buffer” amounts deposited by the owners).

Received deposits contain the amounts paid by lessees as deposit for renting the properties involved in real estate management.

The Company pays special attention to the management of the guarantees and deposits recognised among other liabilities and to be settled with owners and lessees. In order to make sure that the amounts can be repaid upon maturity, when requested or in the case of termination, the respective amount is either available on bank accounts and/or invested to securities within the subsidiary. The estimated amount of the immediately payable items is constantly available the bank account of the subsidiary.

The Company recognises the proceeds from the sale of franchise contracts (in general for 3-5 years) as revenue in a pro-rated manner. In order to do that, it creates an accrual, which is shown in the accrued revenues row.

In 2020, the Group received a total of HUF 25.7 million in funding from the Polish Development Fund in connection with the COVID-19 epidemic. 25-50% of the support is repayable in July 2021, depending on the number of staff retained.

The Group had no contingent liabilities as at 31 December 2021. The structure of the earn-out related to the acquisition of HGroup S.p.A. poses a substantial contingent liability, presented in detail in chapter 2.4.1.19.

26. Sales revenue

Net sales revenues	31.12.2021	31.12.2020
Revenue from brokerage of loan and housing savings products	9,621,969	5,953,138
Revenue from real estate agency services	2,053,932	1,329,127
Franchise fees	1,499,622	1,187,295
Revenue from property sales	773,656	0
Revenue from real estate management	146,729	161,703
Revenue from fund management and success fee	81,523	93,944
Revenue from rental fee	50,023	78,015
Revenue form insurance mediation	48,344	48,052
Recharging (rental fee, utilities, etc.)	47,109	51,475
Revenue from education, training	35,322	37,437
Revenue from appraisal	29,672	31,716
Other revenue (damages, contractual penalties)	27,804	46,668
Revenue from issuing energy certificates	24,957	23,088
Revenue from sales support	16,396	0
Sales revenue from operating fees	2,919	1,892
Marketing revenues from banks	1,953	21,333
Revenue from construction activities	0	2,415
Revenue from sale of units	0	37
Total	**14,461,930**	**9,067,335**

Duna House Group enjoyed extraordinary growth in 2021, with its consolidated sales revenue growing by 59% to HUF 14,462 million. The most revenue was from the brokerage of loan and housing savings products, which amounted to 67% of revenue and increased by 62% year-on-year. Revenues related to real estate agency activities, such as real estate brokerage revenue and franchise fees, grew by 14% and 10%, respectively. Within the MyCity real estate development division, real estate sales revenues amounted to HUF 774 million due to the delivery of apartments in the Forest Hill project.

Revenue from brokerage of loan and savings products
It includes the brokerage fees of Hungarian and Polish banking products (primarily retail mortgage loans). The Group collects broker fees from financial institutions for which it is entitled at the moment of disbursing the loan. The fee is generally a certain percentage of the brokered loan volume or is a fixed amount for certain products.

Revenue from real estate agency services: The DH Group operates a significant number of real estate brokerage offices within the Duna House, and Metrohouse networks. The commission income from the brokerage of the sale and lease of properties is realised in these offices. The level of commissions takes into account the type, value, location of the property and the level of service included in the contracts. The Group is entitled to real estate agency revenue at the moment of the conclusion of the purchase and sale or lease agreement. The fee is a certain percentage of the transaction.

The franchise fees include the following types of fees:

Revenue from franchise and service fees: The monthly fee paid by the franchise partners of the Duna House and Metrohouse networks. Its rate is uniformly regulated for partners and its amount is a certain percentage of the commission turnover for the month involved in the settlement, but is at least equal to the minimum fee. Conditions are ensured by long-term (typically 5-year) contracts. The franchise fee is considered a royalty for the use of brands and know-how owned and built by the DH Group. The service fee provides the network with the tools, functions (IT and CRM system, complaint handling, regulations and controls, etc.) necessary for the smooth operation of the network.

Revenue from marketing fee:
This type of monthly, continuous revenue ensures the financing of the marketing activities of the network. Its rate is uniformly regulated for all franchise partners and its amount is a certain percentage of the commission turnover for the month involved in the settlement, but is at least equal to the minimum fee. Marketing revenue ensures marketing strategy implementation, market research, and systematic analysis related to them, as well as group-level appearances, ads, and campaigns.

Revenue from entry and extending fee: A one-time fee is payable for the sale of a new or existing site, or for extending an expiring area, for which the Group becomes eligible at the time of contract conclusion and which it recognises as revenue during the contract term. The fee is a fixed fee based on the location and the contract term.

Revenue from real estate management: Revenue is based on services related to real property management. Long-term contracts determine it as a monthly flat rate. As occasional revenues, commission from leases is also part of this revenue group.

Revenue from energy certificates: It is a legal obligation that the properties for sale must have a valid energy certificate. The revenue from the sale of this service is recognised under this category.

Revenue from appraisal: The revenue of a service that operates within a separate unit is also recognised in the Group. A significant part of the clientele are credit institutions, which constitutes the majority of the revenues.

Recharging (rental fee, utilities, etc.): The recharging of goods and services (e.g. rent, marketing tools, PR events, events, etc.) purchased centrally by DH for franchise partners and subsidiaries is included in this revenue group.

Revenue from rental fee: The Group purchases, leases and sells real properties for investment purposes.

Revenue from the sale of real properties: Revenue from the sale of real properties in the real estate development projects is shown here. The net purchase price of apartments are recognised as sales revenue as at handover.

Revenue from fund management: The amount of the management fee and the fund management success fee attributable to Impact Alapkezelő Zrt after the management of the Duna House Magyar Lakás Ingatlanalap.

27. Other operating income

Other operating income

	31.12.2021	31.12.2020
Penalties and proceeds from litigation	145,576	9,373
Revaluation of investment properties	68,655	30,800
Reversal of impairment on receivables	55,670	25,913
Grants received	18,361	19,890
Time barred liabilities	5,287	13,667
Other	3,956	8,865
Insured events	675	3,049
Revenues from post-paid sales	132	593
Profit from the sale of tangible assets	31	942
Inventory difference	2	620
Local business tax adjustments	0	15,625
Corporate tax support	0	3,681
Total	**298,345**	**133,018**

In 2021, the Group realised other operating revenue of HUF 145.6 million from litigious cases. Of these, the largest was a bank guarantee against one of Pusztakúti 12. Kft.'s former contractors, Pricons Kft., which amounted to HUF 125.7 million.

The Group's profit from the appreciation of the investment property portfolio equalled HUF 68.7 million compared to HUF 30.8 million in the previous year. In the interest of profile cleansing, the Group started selling off its investment property portfolio.

In 2021, the Group received a total of HUF 18.4 million in funding from Polish state funding programmes where it met or is expected to meet the applicable conditions. The amount of the above funding programmes was HUF 19.9 million in 2020. The aid falls under the framework of a number of different aid programmes that aim to improve the situation of liquidity, have the state pay for the childcare costs of families with small children, and retain workers.

28. Variation in self-manufactured stock

	31.12.2021	31.12.2020
Pusztakúti 12. Kft.	-411,183	-1,576,047
Reviczky 6-10. Kft.	169	1,297
Total	**-411,014**	**-1,574,750**

Calculation of stock changes in the target year	**31.12.2021**
Variations in self-manufactured stocks from the balance sheet	219,621
Variations in self-manufactured stocks from the profit and loss account	411,014
Difference	191,393
Of which:	
Stock changes taken into consideration as goods	44,949
Other operating expenses	315,889
Interest capitalised from the expenses of financial transactions	-169,446
Changes to the total of self-manufactured stocks	191,393

For its real estate development projects, the Company capitalises its implementation costs for inventories and a part of interest paid to third parties for the financing of the projects.
In 2021, of the total of HUF 180,864 thousand in interest paid to third parties in connection with development projects, the Company capitalised HUF 171,857 thousand (for a capitalisation rate of 95.02%).

The variation in self-manufactured stock received a negative value if the capitalisation of inventories exceeded the amount derecognised from inventories.

29. Consumables and raw materials

	31.12.2021	**31.12.2020**
Material costs of construction used	170,713	258,645
Utility fees and charges	73,058	50,624
Fuel	8,152	5,291
Official forms, office supplies	5,338	5,412
Maintenance costs	4,310	4,812
Total	**261,571**	**324,784**

In January 2020, one of the Company's subsidiaries took over implementation of the Forest Hill project, which led to the construction material costs being incurred by the Group directly.

30. Goods and services sold

	31.12.2021	31.12.2020
Cost of brokerage of financial product	1,151,801	914,585
Subcontractors' performances	755,607	1,152,857
Direct costs of real estate agency services	119,570	103,224
Other recharging (e.g., sales support, utilities, marketing)	106,195	78,847
Direct cost of the sale of real properties	67,095	0
Appraiser fees	16,810	19,278
Energy certificate fees	241	453
Cost of the sale of units	0	44
Total	**2,217,319**	**2,269,289**

In January 2020, one of the Company's subsidiaries took over implementation of the Forest Hill project, which led to the cost of subcontractor services being incurred directly by the Group.

In the row of the direct cost of property sales, the Group presents the value of land derecognised in respect of the sale of residential property projects.

31. Contracted services

	31.12.2021	31.12.2020
Direct cost of the brokerage of financial products	6,345,928	3,528,545
Direct costs of real estate agency services	963,519	604,260
Other professional services (IT development, sales support, marketing, etc.)	541,642	447,924
Professional service fees	394,249	265,959
Other services purchased (insurance, training, postal services, photocopying, cleaning, etc.)	230,285	149,636
Advertising, promotion	113,711	142,083
Rent, common expenses	133,856	119,097
Cost of IT operation	44,594	46,004
Telephone and communications expenses	40,141	36,151
Legal fees	36,556	63,579
Bank costs	34,877	19,166
Cost of stock exchange listings (BSE, KELER)	24,197	13,224
MyCity engineering consultancy and inspection	21,656	20,996
Duna House Magyar Lakásingatlan Alap distribution costs	20,768	31,132
MyCity planning costs and architect fees	10,316	37,729
Direct cost of energy certificates	8,277	6,745
Direct cost of appraisal	2,361	147
Total	**8,966,933**	**5,532,375**

The direct costs of the brokering of financial products make up 71% of contracted services. From the brokering commission it receives, the Group pays the part specified in its commission policy to its credit consultants. Year-on-year, this row grew by 80%, which exceeds the growth rate of credit intermediary revenue due to the commission structures that differ from country to country.

Within the services used, the commission fee of those employed in Poland through contracts for services (“civil contract”), and costs related to corporate management functions are recognized among “other professional services”.

32. Personnel costs

	31.12.2021	31.12.2020
Payroll cost	607,085	647,308
Support received	0	10,747
Contributions	59,777	62,636
Employee share programme	27,157	24,092
Other personnel-type benefits	147,197	73,186
Total	**841,216**	**817,970**
Average statistical headcount	141	154

The number of employees working in the Group's Polish subsidiaries decreased by 5.4 thanks to an improvement in efficiency. The number of Hungarian employees decreased by 7.9 persons, primarily due to the downsizing in connection with the change in the tasks of the real estate development division in the final phase of the Forest Hill project. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2021 as well.

33. Other operating charges

	31.12.2021	31.12.2020
Write-off of bad debts	415,274	5,667
Earnest money	233,435	77,319
Non-profit taxes recognised as various expenses	155,798	74,106
Impairment of receivables	39,164	77,390
Expenses related to litigation	8,827	16,908
Grants provided	2,000	2,000
Penalties	1,423	854
Contractual penalty, late payment interest	472	464
Missing inventories	22	2,294
Cost of the sale of tangible assets	0	208
Other	10,098	15,646
Total	**866,513**	**272,856**

Significant other expenses were incurred at the project company that performed the development of the Forest Hill housing complex: i) it wrote off bad debt of HUF 385.6 million against the former contractor Pricons Kft in 2021; ii) it paid a total of HUF 233.4 million to buyers who cancelled their contracts, which is indicated on the earnest money row. The apartments are being returned to the market and, based on current sales prices, will have a positive effect on the results of the project.

The taxes recognised as expenses (official fees, innovation contribution, VAT, KATA tax) increased mainly as a result of the official fees of performing activities in Poland that require a permit and the credit consultants who are subject to the KATA tax regime in Hungary.

34. Revenues of financial transactions

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Exchange rate gain	201,827	120,036	-6,452	126,488
Interest received	23,735	27,606		27,606
Total	**225,562**	**147,642**	**-6,452**	**154,094**

Exchange rate gains primarily comprise the exchange rate gains of the revaluation at the end of the period of assets registered in foreign currencies, usually in EUR, as well as the realised/unrealised exchange rate differences identified during debt consolidation and related to a currency-denominated intra-group foreign claim of Duna House Holding Nyrt.

35. Expenses of financial transactions

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Interest paid	44,478	86,831	3,592	83,239
Bond interest	164,371	55,481		55,481
Exchange rate losses	82,836	21,427		21,427
Total	**291,685**	**163,739**	**3,592**	**160,147**

36. Income taxes

The expenses relating to income taxes consist of the following items:

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Actual income tax – corporate tax	226,480	169,379		169,379
Actual income tax – local business tax	47,822	70,445		70,445
Actual income tax – innovation contribution	10,644	8,564		8,564
Deferred taxes	26,885	30,839		30,839
Total	**311,831**	**279,226**	**0**	**279,227**

The corporate tax rate applicable to the Hungarian members of the Group is 9% irrespective of the actual amount of the corporate tax base.

Reconciliation of income taxes recognised in the consolidated profit and loss statement and comprehensive income statement:

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Profit/Loss before taxation	1,786,001	1,615,186	-10,044	1,625,230
Tax liability determined at the current rate	160,740	145,367	-904	146,271
Contribution for innovation	10,644	8,564		8,564
Business tax	47,822	70,445		70,445
Permanent differences	92,625	54,851	904	53,947
Total	**311,831**	**279,226**	**0**	**279,227**

37. Other comprehensive income

The Company incurred other comprehensive income due to the difference between the values of the subscribed capital of foreign subsidiaries and the value of goodwill, calculated as at acquisition and the exchange rate applied to the reporting period. This income is transferred to profit and loss only if the subsidiaries are sold.

Other comprehensive income	**31.12.2021**	**31.12.2020 (Restated)**	**Restatement**	**31.12.2020**
Conversion differences in connection with international operations	25,554	8,764	(5,629)	14,393

38. Earning per share (EPS)

To calculate the basic earning from share the profit after tax, available for distribution to the shareholders must be taken into account and the annual average number of the issued ordinary shares, which does not contain the own shares. The Company's shares were split up (broken into tenths) as of the value date of 5 August 2020. In line with the provisions of the IAS 33, the new share number was taken into consideration for the purposes of the average share number during the period covered by the present financial statement and the comparative period.

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
After-tax profit that can be allocated to shareholders (thousand HUF)	1,474,170	1,335,958	-10,046	1,346,004
Dividend that may be distributed to preferential shareholders	-75,301	-59,847	603	-60,450
After-tax profit that can be allocated to shareholders holding ordinary shares (thousand HUF)	**1,398,869**	**1,276,111**	**-9,443**	**1,285,554**
Weighted average number of issued ordinary shares (basic, thousand)	33,863	33,901	,	33,901
Weighted average number of issued ordinary shares (diluted thousand)	33,922	33,990		33,990
Earning per share (basic) (HUF)	**41.3**	**37.6**	**-0.3**	**37.9**
Earning per share (diluted) (HUF)	**41.2**	**37.5**	**-0.3**	**37.8**

The earning per share is diluted by the 535,600 shares that can be called during the course of 2021 using the stock option that forms part of the Company's employee stock ownership plan.

39. Retroactive restatement of errors

In 2021, the Company identified the following errors affecting 2020:

i. it used the wrong PLN/HUF balance sheet exchange rate in connection with the purchase of Alex T. Great, which led to incorrect goodwill and conversion reserve values;
ii. the interest of the loan taken out by Pusztakúti 12 Kft. and subject to a moratorium was calculated incorrectly. The Company capitalises a substantial part of the loan interest to its stocks and pays the loan interest at expiry, which led to incorrect stock and short term loan values;
iii. as a result of an error in a formula, the value of shares not providing a controlling interest was incorrect among equity.

To correct these errors, the 2020 financial statements were restated. The effect of this correction on the financial statements is summarised below. The year 2021 was not affected.

	31.12.2020 (Restated)	Restatement	31.12.2020
ASSETS affected by revaluation			
Goodwill	1,730,986	29,217	1,701,769
Inventories	7,235,809	116,959	7,118,850
Total assets affected by revaluation	**8,966,795**	**146,176**	**8,820,619**
BALANCE SHEET TOTAL	**21,567,119**	**146,177**	**21,420,943**
LIABILITIES affected by revaluation			
Exchange reserves	83,340	29,217	54,123
Profit reserve	5,318,283	-10,044	5,328,327
Non-controlling ownership interest	-64,163	6,452	-70,615
Short-term loans and borrowings	4,850,459	120,551	4,729,908
Total liabilities affected by revaluation	**10,187,919**	**146,176**	**10,041,743**
BALANCE SHEET TOTAL	**21,567,119**	**146,177**	**21,420,943**
The lines of the consolidated profit and loss statement and comprehensive income statement affected by the revaluation			
Financial revenues	147,642	(6,452)	154,094
Financial expenses	(163,739)	(3,592)	(160,147)
Total effect on profit after taxes	**(16,097)**	**(10,044)**	**(6,053)**
Other comprehensive income	8,764	(5,629)	14,393
Total effect on comprehensive income	**(7,333)**	**(15,673)**	**8,340**
Taxed profit	**1,335,958**	**(10,044)**	**1,346,003**
Total comprehensive result	**1,344,723**	**(15,673)**	**1,360,396**

40. Segment information

The Group's strategic decisions are made by the Board of Directors. Therefore, when determining the segments during the compilation of these financial statements, the management relied on the statements prepared for the Board of Directors.

Based on the activities of DH, six segments can be distinguished:

(1) The franchise segment carries out the operation of the franchise system that runs under the Duna House and Metrohouse brands. The Company is the largest franchise network of real estate agents in Hungary and Poland, and the Group is also present in Czech Republic.

(2) The operation of own office consists of the real estate agencies operated by the Company under the Duna House and Metrohouse brands. The Group decided to integrate the Smart Ingatlan network into the Duna House network as at 1 January 2020.

(3) Financial product brokerage segment: the Group offers a wide range of financial products to its clients under its multiple agency agreements with credit institutions and insurance companies, both in Hungary and Poland.

(4) Segment of the related services of residential property management, energy certification, appraisal services, and fund management.

(5) The sector dealing with properties for investment purposes utilises the residential and commercial properties owned by the Company. This also includes the development projects that run under the MyCity brand name.

(6) Transactions within each segment were consolidated in the statement. The “Other and eliminations" column includes the effect of the central services and filters out the transactions between the segments.

The Group prepares a balance sheet and income statement for its business divisions. As the Group provides central financing for its various divisions, the income statements of the segments can be interpreted up to the level of the Business results.

31 December 2021 **(01 January 2021 - 31 December 2021)**	**Franchise**	**Financial products brokerage**	**Operation of own office**	**Sale of related services**	**Property investments**	**Other and eliminations**	**Consolidated**
Intangible assets	315,785	71	481	17,666	42	749	334,794
Investment property	0	0	0	0	1,849,500	0	1,849,500
Land and buildings	0	582	23,397	1,964	382,904	223	409,070
Machinery and equipment	6,675	1,566	7,376	983	9,671	-3,431	22,840
Trade receivables	232,289	1,001,285	48,007	42,379	778,049	42	2,102,051
Inventories	7,612	175	150	15	7,408,764	2,155	7,418,870
Assets that cannot be allocated to other segments	1,862,598	1,957,319	475,483	563,645	2,130,490	3,485,796	10,475,332
	,	,	,	,	,	,	,
Total Assets	**2,424,958**	**2,960,999**	**554,894**	**626,652**	**12,559,420**	**3,485,534**	**22,612,458**
	,	,	,	,	,	,	,
Trade payables	-198,959	1,221,214	93,945	12,640	178,260	13,960	1,321,060
Liabilities that cannot be allocated to other segments	1,704,267	213,824	876,893	415,808	10,843,497	315,645	14,369,934
	,	,	,	,	,	,	,
Total Liabilities	**1,505,308**	**1,435,038**	**970,838**	**428,448**	**11,021,757**	**329,605**	**15,690,994**
	,	,	,	,	,	,	,
Net revenue from sales to third parties	1,656,871	9,670,318	1,874,209	324,018	936,051	463	14,461,930
Net revenue from sales between segments	225,416	0	77,233	129	71,553	-374,331	0
Net sales revenues	**1,882,287**	**9,670,318**	**1,951,442**	**324,147**	**1,007,604**	**-373,868**	**14,461,930**
Direct costs	**-134,439**	**-7,578,336**	**-1,246,163**	**-78,879**	**-187,189**	**76,417**	**-9,148,588**
	,	,	,	,	,	,	,
Gross profit	**1,747,848**	**2,091,982**	**705,278**	**245,268**	**820,416**	**-297,451**	**5,313,342**
	,	,	,	,	,	,	,
Depreciation and amortisation	-193,581	-11,223	-69,936	-4,963	-28,966	-13,620	-322,290
Indirect operating costs	-995,412	-727,675	-468,263	-175,464	-1,099,962	171,171	-3,295,605
	,	,	,	,	,	,	,
Operating Profit (EBIT)	**558,855**	**1,353,084**	**167,079**	**64,841**	**-308,513**	**-139,900**	**1,695,447**

31 December 2020 (01 January 2020 - 31 December 2020)	Franchise	Financial products brokerage	Operation of own office	Sale of related services	Property investments	Other and eliminations	Consolidated
Intangible assets	14,590	33	960	5	50	816	16,455
Investment property	0	0	0	0	1,868,721	0	1,868,721
Land and buildings	0	625	18,516	1,998	402,713	251	424,103
Machinery and equipment	301,864	1,193	3,043	1,505	11,733	-3,215	316,122
Trade receivables	230,727	587,049	48,807	17,774	2,837	361	887,556
Inventories	42,701	76	2,088	15	7,072,183	1,788	7,118,850
Assets that cannot be allocated to other segments	1,831,313	1,506,500	441,378	545,732	2,020,898	4,443,315	10,789,136
Total Assets	**2,421,195**	**2,095,477**	**514,792**	**567,028**	**11,379,135**	**4,443,315**	**21,420,943**
Trade payables	-207,979	765,670	93,025	10,291	183,827	14,132	858,967
Liabilities that cannot be allocated to other segments	1,954,621	242,089	965,151	324,266	9,254,733	1,004,742	13,745,602
Total Liabilities	**1,746,642**	**1,007,759**	**1,058,176**	**334,557**	**9,438,559**	**1,018,875**	**14,604,569**
Net revenue from sales to third parties	1,268,225	6,001,267	1,296,444	370,137	130,787	476	9,067,335
Net revenue from sales between segments	171,573	0	58,762	744	64,042	-295,121	0
Net sales revenues	**1,439,798**	**6,001,267**	**1,355,206**	**370,881**	**194,829**	**-294,645**	**9,067,335**
Direct costs	**-101,325**	**-4,459,396**	**-866,409**	**-90,493**	**-51,426**	**22,875**	**-5,546,173**
Gross profit	**1,338,473**	**1,541,871**	**488,797**	**280,388**	**143,403**	**-271,769**	**3,521,162**
Depreciation and amortisation	-94,883	-15,267	-80,570	-4,465	-27,654	-14,186	-237,026
Indirect operating costs	-852,634	-589,999	-431,529	-160,277	-92,133	163,241	-1,963,332
Operating Profit (EBIT)	**390,955**	**936,605**	**-23,302**	**115,646**	**23,616**	**-122,715**	**1,320,805**

41. Risk management

The Group's assets contain liquid assets, securities, trade and other receivables and other assets excluding taxes. The Group's resources include loans and borrowings, supplier and other payables, excluding the gains or losses arising from the revaluation at fair value of taxes and financial liabilities.

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This Chapter describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group.

The objective of the Group's risk management policy is to filter out and examine the risks the Group faces, to set the appropriate controls and to monitor the risks. The risk management policy and the system are reviewed so that it does reflect the changed market conditions and the Group's activities.

Capital management

The Group's policy is to preserve its equity in an amount that is sufficient for investor and creditor confidence in the future to sustain the future development of the Group. The Board of Directors seeks to maintain a policy whereby the Company undertakes a higher exposure arising from lending only against a higher rate of return, based on the advantages provided by a strong capital position and security.

The Group's capital comprises net external funds and the Group's equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders). Points 16-17 and 20-21 of the notes to the financial statement provide detailed information regarding these capital elements. The following table presents the ratio of equity to registered capital.

	31.12.2021	**31.12.2020**
Registered capital	171,989	171,989
Total equity	6,921,462	6,841,999
Equity capital/registered capital	**4024%**	**3978%**

The Group's capital management strives to ensure that the individual members of the Group are able to engage in their respective operations and maximise profit for the shareholders by striking a balance between loan capital and equity. Furthermore, it also strives to maintain an optimal capital structure in order to reduce capital costs. The Group also carries out monitoring which aims to ensure that its member companies' capital structure complies with the local legal requirements.

The equity risk run by the Company was not significant in 2021 either.

Lending risk

The risk arising from the lending activity constitutes the risk which arises from the failure of the borrower or partner to fulfil its contractual obligations, which in turn results in a financial loss for the Group. Financial instruments that are exposed to credit risks may be long or short-term placements, cash and cash equivalents, trade and other receivables.

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2021 and 31 December 2020.

Lending risk	**31.12.2021**	**31.12.2020**
Trade receivables	2,102,051	887,556
Other receivables	1,137,555	1,083,514
Financial instruments	62,412	72,706
Cash and cash equivalents	6,497,032	6,902,151
Total	**9,799,050**	**8,945,927**

Amount of collateral	**1,270,504**	**732,626**
Pusztakúti 12. kft.	1,159,304	622,587
Impact Asset Management Zrt.	110,700	109,539
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 1,271 million of cash and cash equivalents are provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions have been presented in a note detailing the cash and cash equivalents.

The Group’s cash and cash equivalents are held by the following banks:

	31.12.2021	**31.12.2020**
Raiffeisen Bank Zrt.	4,567,152	5,463,580
Takarékbank Zrt.	1,198,587	933,750
Bank Millennium SA	604,617	434,550
Société Générale	121,078	66,310
Cash	5,597	3,962
Total	**6,497,032**	**6,902,151**

Exchange rate risk

An exchange rate risk is incurred when the Group’s various companies perform transactions denominated in a currency other than the functional currency. The Group’s policy is, if possible, to have the Group’s members settle their liabilities denominated in the functional currency in their functional currency using the liquid assets derived from their own activities.

The Group's subsidiaries typically conclude transactions in their respective functional currencies and do not perform export or import activities. Foreign currency exposure occurs in the case of the various leased properties where the lease fees are specified in euros, and in the case of foreign acquisitions. In the preceding months, the Group built up the necessary foreign currency amounts for the first purchase price instalment of the HGroup acquisition in January 2022.

The following table presents the Group's liquid assets by currency:

By currency	**31.12.2021**	**31.12.2020**
HUF	1,819,228	4,527,954
EUR	3,952,109	1,873,220
PLN	604,617	434,667
CZK	121,078	66,310
Total	**6,497,032**	**6,902,151**

Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, starting from 7 December 2017 the Company has been managing its bank accounts linked to its operations under a cash pooling regime, which makes automatic group financing possible.
The Group has no long-term loans. The Takarékbank loan taken out for real estate development will be repaid in 2022; Note 21 contains the interest and principal payments of the a Duna House NKP Bond 2030/I.

Market risk

Market risk is the risk that a change in the market prices, such as exchange rates, interest rates and prices of investments in mutual funds will affect the Group's profit or the value of its investments made in financial instruments. Market risk management is aimed at managing market risk exposure and keeping it at an acceptable level while optimising profitability.

Property development risks

Of the risks typical of property development, the management focuses mainly on risks posed by increasing construction costs. The increase in the number of parallel projects implemented by the project companies poses a consistently rising liquidity risk to MyCity Group until bank financing is secured.

Sensitivity analysis

The Group has concluded that, fundamentally, its profit much depends on key variables of a financial nature and on the interest rate risk, therefore, it has carried out sensitivity analyses in these key variables.

The Group strives to ensure the reduction of the interest rate risk primarily by tying up liquid assets. The Group's currency risk is insignificant, primarily because in all three countries it carries out the sales and purchases in the given country's currency. The Group does not enter into currency hedging transactions.

Outcome of the interest sensitivity test (as a percentage of interest changes):

With actual interest	**01.01.2021 31.12.2021**	**01.01.2020 31.12.2020**
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-185,114	-74,743
Profit/Loss before taxation	**1,786,001**	**1,625,230**
1%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-186,965	-75,490
Profit/Loss before taxation	**1,784,150**	**1,624,483**
Changes in profit before tax	***-1,851***	***-747***
Changes in profit before tax (%)	***-0.104%***	***-0.046%***
5%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-194,369	-78,480
Profit/Loss before taxation	**1,776,745**	**1,621,493**
Changes in profit before tax	***-9,256***	***-3,737***
Changes in profit before tax (%)	***-0.521%***	***-0.230%***
10%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-203,625	-82,217
Profit/Loss before taxation	**1,767,490**	**1,617,756**
Changes in profit before tax	***-18,511***	***-7,474***
Changes in profit before tax (%)	***-1.047%***	***-0.462%***
-1%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-183,263	-73,995
Profit/Loss before taxation	**1,787,852**	**1,625,978**
Changes in profit before tax	***1,851***	***747***
Changes in profit before tax (%)	***0.104%***	***0.046%***
-5%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-175,858	-71,006
Profit/Loss before taxation	**1,795,257**	**1,628,967**
Changes in profit before tax	***9,256***	***3,737***
Changes in profit before tax (%)	***0.516%***	***0.229%***
-10%		
Profit before tax - excluding interest expense and interest income	1,971,115	1,699,973
Net interest income (income and expenses)	-166,602	-67,269
Profit/Loss before taxation	**1,804,512**	**1,632,705**
Changes in profit before tax	***18,511***	***7,474***
Changes in profit before tax (%)	***1.026%***	***0.458%***

42. Financial instruments

The IFRS 9 has replaced the IAS 39 standard. This standard is mandatory for the first time as of 1 January 2018 according to the 2014 amendments. Considering that the Group does not have financial instruments that are subject to classification or valuation changes in its investigations, there is no material impact on the financial statements in the context of classification and valuation. The new standard has revised the impairment of financial instruments, which has had a minor impact on the Company's result, according to which expected impairment losses should be determined using a new impairment model applied to trade receivables, which brings the timing of the recognition of impairment losses closer in time. For trade receivables, IFRS 9 permits the use of a simplified impairment model instead of the application of complex rules if the trade receivables do not contain a significant payment component. As there is no significant payment component among the Group's receivables, the simplified approach was used to determine the impairment under IFRS 9. The following table shows the impact of the new standard on the results.

The book value of the financial instruments valuated at amortised cost provides a rational approach to fair value.

31 December 2021	**Carrying value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	62,412	62,412
Trade receivables	2,102,051	2,102,051
Cash and cash equivalents	6,497,032	6,497,032
Financial liabilities		
Liabilities recorded at amortized historical cost		
Long-term loans	0	0
Debts on issue of bonds	6,909,514	6,909,514
Short-term loans and borrowings	4,373,387	4,373,387
Lease liabilities	448,917	448,917

31 December 2020	Carrying value	Fair value
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	72,706	72,706
Trade receivables	887,556	887,556
Cash and cash equivalents	6,902,151	6,902,151
Financial liabilities		
Liabilities recorded at amortized historical cost		
Long-term loans	0	0
Debts on issue of bonds	6,944,849	6,944,849
Short-term loans and borrowings	4,850,460	4,850,460
Lease liabilities	282,855	282,855

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Cashpool interest	11,272	19,489		19,489
Interest received for loans extended	7,630	4,041		4,041
Income from bank interests	3,883	2,731		2,731
Interest income from securities	915	1,186		1,186
Interest of loans extended to private individuals	35	158		158
Interest received	**23,735**	**27,605**	**0**	**27,606**
Exchange rate income from securities	4,661	239		239
Exchange rate gain	197,167	119,797	-6,452	126,249
Exchange rate gain	**201,827**	**120,036**	**-6,452**	**126,488**
Interest income calculated with the effective interest method	**0**	**0**		**0**
Total	**225,562**	**147,642**	**-6,452**	**154,094**

	31.12.2021	31.12.2020 (Restated)	Restatement	31.12.2020
Interest paid on loans received	6,405	4,072		4,073
Cashpool interest	11,244	14,586		14,586
Expenses of bank interests	0	39		39
Interest paid on bank loans	11,651	54,679	3,592	51,086
Interest paid	**29,300**	**73,376**	**3,592**	**69,784**
Exchange rate losses	82,836	21,427		21,427
Exchange rate losses	**82,836**	**21,427**	**0**	**21,427**
Lease interest	15,178	13,455		13,455
Bond interest	164,371	55,481		55,481
Interest losses calculated with the effective interest method	**179,549**	**68,936**	**0**	**68,936**
Total	**291,685**	**163,739**	**3,592**	**160,147**

43. Remuneration of the Board of Directors and Supervisory Board

In 2021, the total amount of the remuneration due to the members of the Board of Directors and the Supervisory Board was HUF 102.6 million (In all of 2020: HUF 93.8 million). These amounts also include the dividend paid to the members of the Board of Directors for preferential employee shares held by them and the distribution of shares actually implemented as part of the employee stock ownership plan.

As part of the crisis management put in place due to the COVID-19 epidemic, the members of the Board of Directors renounced a part of their emoluments in the first half of 2020.

Remuneration of the Board of Directors and Supervisory Board	31.12.2021	31.12.2020
Members of the Board of Directors	97,219	88,365
Short-term employee benefits (income from salary)	*49,334*	*39,550*
Short-term employee benefits (preferential dividend)	*44,742*	*48,815*
Share-based payment	*3,143*	*0*
Members of the Supervisory board	5,400	5,400
Short-term employee benefits (honorarium)	*5,400*	*5,400*
Total	**102,619**	**93,765**

44. Events after the balance sheet date

The following events took place after the balance sheet date and until the approval of the financial statements for publication, which did not affect the results.

Impacts of COVID-19
Unless the epidemiological measures will again lead to restrictions similar to those of March 2020 in the geographical region of the Group’s operations, the COVID-19 will not have a negative impact on the Group’s operations.

Russian-Ukrainian war
On 24 February 2022, Russia invaded Ukraine. The Group is present in two countries neighbouring Ukraine: Hungary and Poland. The Group has no direct or indirect interests in either Ukraine or Russia, thus the war and the sanctions imposed on Russia do not directly affect the Group’s operations.

Acquisition of HGroup
On 10 December 2021, the Company entered into a binding Investment Contract for the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The transaction was successfully closed on 13 January 2022. The Group plans to consolidate the Italian subsidiaries with a starting date of 1 January 2022. Chapter 2.4.1.19. presents the details of the acquisition.

NKP (Growth Bond Programme) issue
On 12 January 2022, the Company completed a successful bond issue as part of the Hungarian Central Bank’s Funding for Growth Scheme, with a nominal value of HUF 6.0 billion, a term of 10 years, and a fixed interest rate of 4.5% (ISIN: HU0000361217). The bond does not amortize in the first 5 years and repays 20% of the nominal value per annum in the second 5 years.

Recommended dividend
According to the decisions passed by the Company’s Board of Directors at its session of 4 April 2022, it is submitting a dividend payment of HUF 1,100.4 million (HUF 32.0 per share) for ordinary shares and HUF 75.3 million for employee preferential shares.

Purchase of treasury shares
Based on a decision passed by the Board of Directors of the Company, proceeding in its competence as general meeting, on 20 April 2021, between 31 December 2021 and 4 April 2022 a total of 113,774 treasury shares were traded on the stock exchange and 132,500 shares were purchased from the employee stock ownership organisation for ongoing employee stock ownership plans. The amount of Company treasury shares on 4 April 2022 was 728,445.

45. Other publication obligations required by the Accounting Act

The Group is obligated to have its consolidated report audited in line with the IFRS. The auditor is BDO Magyarország Könyvvizsgáló Kft (H-1103 Budapest, Kőér utca 2/A, registration number: 002387). The chamber member auditor personally responsible for the audit: Péter Kékesi (chamber registration number: 007128).

The value of the accounting services provided by BDO Magyarország Könyvvizsgáló Kft. to the Group amounted to HUF 12,205 thousand in 2021. The auditor did not provide any other services to the Group.

The person responsible for compiling the consolidated report under the IFRS: Ferenc Máté, certified accountant, registration number: 193951.

The following persons are authorised to sign the report: Gay Dymschiz, Chairman of the Board of Directors (H-1125 Budapest, Mátyás király út 52.), Doron Dymschiz, Member of the Board of Directors (H-2096 Üröm, Rókahegyi út 48.), Ferenc Máté, Member of the Board of Directors (H-1121 Budapest, Denevér út 70.), and Dániel Schilling, Member of the Board of Directors (H-1126 Budapest, Kiss János altábornagy utca 38.).

In line with the rules of disclosure set out by the Accounting Act, the Company publishes its consolidated annual report on https://e-beszamolo.im.gov.hu/ as well as the Company's website: https://dunahouse.com/hu/kozzetetelek.

46. Liability declaration and approval of the financial statements for disclosure

In line with Annex 2 to Decree no 24/2008 of 15 August of the Minister of Finance on the information obligation related to publicly traded securities, the Board of Directors hereby declare that these audited standalone financial statements (independent auditor report attached) give a fair picture of the assets, liabilities, financial situation and performance of the Company and its subsidiaries included in consolidation.

The Board of Directors of the Group discussed the consolidated financial statements at its meeting held on 4 April 2022 and approved their disclosure in this form.

Budapest, 04 April 2022

Persons authorised to sign the consolidated statements:

Gay Dymschiz
Chair of the Board of Directors

Doron Dymschiz
Member of the Board of Directors

Ferenc Máté
Member of the Board of Directors

Dániel Schilling
Member of the Board of Directors

DUNA HOUSE HOLDING NYRT.

CONSOLIDATED BUSINESS REPORT

ON THE 2021 ACTIVITIES OF THE GROUP

1. Group profile

The Duna House Holding Nyrt. - hereinafter referred to as “Company” or “Group” - was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 280 real estate offices and more than 5,000 real estate agents and credit consultants.

It is a strategic objective of Duna House Group to extend its expertise to the Central-European region and to become a major international actor. A transaction as a result of which Duna House Group, Hungary is now the sole owner of Metrohouse, the largest Polish real estate agency was closed in April 2016. Metrohouse was consolidated into the Duna House Group on 1 April 2016. On 2 September 2016 the Company acquired 80% participation in the Czech Duna House Franchise s.r.o and, through it, in two of its subsidiaries, Center Reality s.r.o and Duna House Hypotéky s.r.o.; on 6 November 2018, it acquired the Polish loan brokerage company Gold Finance Sp. z.o.o.; and on 7 January 2020 it acquired the Polish loan brokerage company Alex T. Great Sp. z.o.o.

On 10 December 2021, the Company entered into a binding Investment Contract for the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The transaction was successfully closed on 13 January 2022. The Group plans to consolidate the Italian subsidiaries with a starting date of 1 January 2022.

The effects of COVID-19

The COVID-19 pandemic had a negative effect on the Group’s markets and operations only in the second quarter of 2020. Its effects were negligible in 2021.

The Company’s registered seat is at H-1016 Budapest, Gellérthegy u. 17.

Principal activities:

- selling and operating franchise systems
- real estate agency services
- financial products brokerage
- insurance brokerage
- real estate appraisal services and the mediation thereof
- energy certification services and the mediation thereof
- real estate management
- buying and selling of own real estate
- residential real estate fund management
- real estate development

1.1 Consolidated companies

As a Subsidiary

	address:	31 December 2021	31 December 2020
Duna House Biztosításközvetítő Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Gold Finance Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	-
MyCity Residential Development Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	H-1016 Budapest, Gellérthegy u. 17.	100%	-
Duna House Franchise s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Duna House Hypoteky s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Center Reality s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%

As jointly managed undertakings

Hunor utca 24 Kft.	H-1016 Budapest, Gellérthegy u. 17.	50%	50%

2. Markets and economic environment

2.1 Real estate market

69.8% of the population of the European Union lives in real estate they own. According to Eurostat 2020 statistics, this value is 91.3% in Hungary and 85.6% in Poland. According to data published by the Central Statistical Office, there are more than 4.5 million residential properties in Hungary; in Poland, this figure is close to 15.2 million. According to recent official statistics, 2020 saw almost 134 thousand transactions in Hungary and 558 thousand in Poland.

According to estimates by Duna House Group, there were 151 thousand transactions on the Hungarian residential market in 2021. The active market, compared to the previous year, was driven by a transformation of customer demand and a return to form after the first COVID-19 waves. Due to the effect of consumer behaviour changed by the epidemic, demand for houses with gardens has risen. The majority of transactions are by people moving to agglomerations. However, this move to the suburbs has affected not only Budapest but almost all large cities without exception. There is also strong interest in cities important for tourism, such as the Lake Balaton and Lake Velence regions. According to the data published by the Group in the Duna House Barometer, used homes have grown more expensive by 5-15%, depending on location and the type of home, though some regions have seen price increases close to 30% compared to 2020.[1] The role of state subsidies used was significant: according to the Group's own data, in the last quarter of 2021, buyers submitted applications for CSOK (Family Housing Support Programme) support for 20.6% of all loans.

COVID-19 had less profound negative effects on the market in Poland, with additional investment demand appearing on the market sooner in 2020 than on the Hungarian market. According to estimates, more than 700 thousand real estate transactions took place in Poland in 2021, making 2021 the most dynamic in recent years. In Poland, prices started dramatically increasing in the beginning of 2018, and in 2021 the average sale price of real estate properties increased by 15%.[2] As opposed to Hungary, Poland offers no significant state subsidies, though a mechanism is expected to be introduced at the end of May that allows buyers to purchase homes without any down payment. The programme is available to everyone, from single adults to families with children, regardless of whether the purchase is of a new or used home or even a new construction project. The Polish government provides the down payment of no more than 20% to ensure the success of the transaction, to a maximum amount of PLN 100,000 (close to HUF 8 million) for a maximum term of 15 years. The state provides additional support for the payment of the home loan as the size of the family increases: the state provides an additional PLN 20,000 (more than HUF 1.5 million) after the birth of the second child and an additional PLN 60,000 (HUF 4.75 million) after the third.

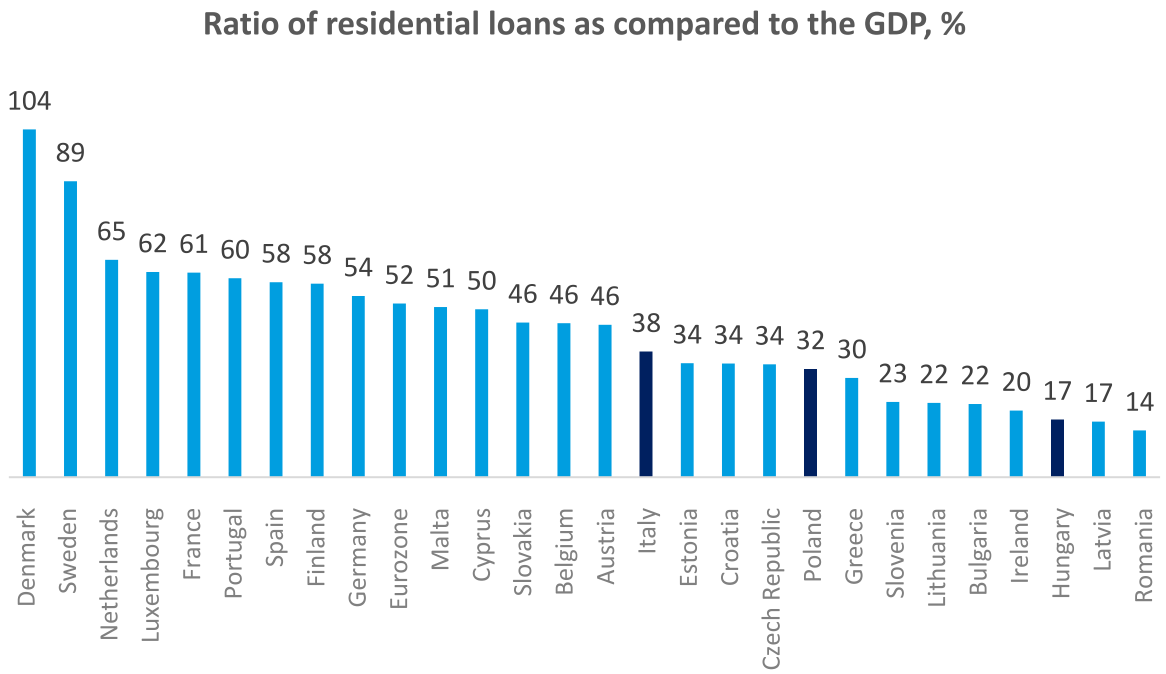
[1] *Source: Duna House Barométer No 126 published by Duna House Franchise Kft.*

[2] *Source: The Q4 2021 issues of Barometr Metrohouse i Goldfinance, published by Metrohouse Franchise S.A.*

2.2 Loan market[3]

In 2021, the Group conducted credit intermediary activities in Hungary and Poland. With the acquisition if the HGroup Group in January 2022, it also became a definitive player on the Italian credit market.

In 2021, the credit exposure of the population in the regions of the Group's operations are not significant in a European comparison. According to data provided by the National Bank of Hungary (MNB) and the European Central Bank (ECB), residential loans accounted for 32% and 17% of the GDP in Poland and Hungary, respectively, in 2021 Q3. However, in all Europe the annual rate of growth experienced by household loans was the highest in Hungary (15.2%) but remained low in Poland (4.6%).



Source: National Bank of Hungary, Credit processes, March 2022

According to the data of the National Bank of Hungary, HUF 2,682 billion in residential loans were issued in 2021, surpassing the previous year by 21.7%. The proportion of home loans grew to 48% among all loans. People took out a total of HUF 1,031 billion in housing loans, which is an increase of 40.1% over the previous year. The percentage and total amount of prenatal baby support loans has also gradually decreased since its launch in 2019 Q3, with the extended loan volume decreasing by 10.6% in 2021 to HUF 550 billion. The NHP (Funding for Growth Scheme, FGS) Green Home Programme (GHP) launched in October 2021 offers a highly advantageous loan at a fixed interest rate of 2.5% for the purchase or construction of an energy-efficient new home. In 2021, contracts were concluded for a total of HUF 58 billion in NHP Green Home loans.

3 Source: https://www.mnb.hu/kiadvanyok/jelentesek/hitelezesi-folyamatok/hitelezesi-folyamatok-2022-marcius

According to an MNB survey, approximately 40% of banks would increase their exposure in the first half of 2022. Based on the Bank's assessment of the business environment, the bank sector felt that competition will continue to increase in the retail segment. In connection with the above, 38% of respondent institutions plan to increase their retail loan volumes and 40% their mortgage loan volumes in the first half of 2022.

According to the Polish Bank Association, the housing loan market in Poland expanded by 43.1% on an annual basis in the first three quarters of 2021.[4]. The Group's management expects mortgage exposure to amount to PLN 86.7 million compared to a value of PLN 60.7 billion in 2020.

[4] *Source: Raport Amron-Sarfin 2021 Q3, Polish Bank Association (ZBP)*

3. The Group's financial and equity situation

3.1 Income Statement

data in HUF thousands	**01.01.2021-31.12.2021**	**01.01.2020 - 31.12.2020 (Restated)**
Net sales revenues	14,461,930	9,067,335
Other operating income	298,345	133,018
Total income	**14,760,275**	**9,200,353**
Variation in self-manufactured stock	-411,014	-1,574,750
Consumables and raw materials	261,572	324,784
Goods and services sold	2,217,319	2,269,289
Contracted services	8,966,933	5,532,375
Personnel costs	841,216	817,970
Depreciation and amortisation	187,507	97,770
Depreciation on right-of-use	134,782	139,256
Other operating charges	866,513	272,856
Operating costs	**13,064,828**	**7,879,549**
Operating profit/loss	**1,695,447**	**1,320,804**
Financial revenues	225,562	147,642
Financial expenses	-291,685	-163,739
Profit of participations valued with the equity method	156,676	310,478
Profit/Loss before taxation	**1,786,000**	**1,615,185**
Income taxes	311,831	279,226
Taxed profit	**1,474,169**	**1,335,958**

Source: Audited Annual Report of the Company in accordance with the IFRS

Duna House Group enjoyed extraordinary growth in 2021, with its consolidated sales revenue growing by 59% to HUF 14,460 million, and its operating profits increased by 28% to reach a total of HUF 1,695 million. All three of the Group's geographical regions were characterised by significant growth in the target year: sales revenues increased by 70% in Poland, 47% in Hungary, and 34% in the Czech Republic.

Within the MyCity real estate development division, the first row of the Forest Hill project's 3 rows of buildings entered the delivery phase, and the final contract and handover of the apartments and the recognition of the results started at the end of 2021. The delivered apartments contributed HUF 108 million to the operating results.

Relative to the previous year, the following changes materialised in the Group's sales revenue structure.

Revenue by segments	01.01.2021-31.12.2021	01.01.2020 - 31.12.2020	Change %
Revenues from brokerage of financial products	9,670,318	6,001,267	61%
Revenues of the own office segment	1,951,442	1,355,205	44%
Revenues of the franchise segment	1,882,287	1,439,798	31%
Revenues of the related services segment	324,147	370,881	-13%
Revenues of the investment segment	1,007,604	194,829	417%
Transactions between segments	-373,868	-294,645	27%
Total	**14,461,930**	**9,067,335**	**59%**

Source: Audited Annual Report of the Company in accordance with the IFRS

All the Group's segments experienced exceptional growth in this period. Investment segment revenues in the MyCity real estate development division increased fivefold due to the delivery of the Forest Hill apartments.

Operating expenses increased by 66% compared to the 2020 business year, mainly due to higher brokerage commission payments related to increased sales, as well as down payments and bad debt charges related to the Forest Hill project.

The MyCity Residence real estate development project, 50% of which is owned by the Group, ended in 2020, and the delivery of the apartments mainly affected 2020. The Group indicates the results achieved by the project company under the row "Profit of participations valued with the equity method", which was equal to HUF 157 million during the year.

The Company records its corporate income tax and local business tax payment obligations under its tax payment obligations. The total amount of actual and deferred tax income for the 2021 business year amounted to HUF 312 million.

Overall, the Group's taxed profit increased by 10% from HUF 1,336 million to HUF 1,474 million.

Clean core results

In the interest of transparency, the Group, starting from the second quarter of 2019, publishes a "clean core" adjusted profit and loss category in which, in addition to the results of the MyCity real estate development activity, it applies additional adjustment with the items considered special by the management or significant for valuing the Group's continuous profits.

In 2021, the Group applied the following adjustments:

- The results of the portfolio revaluation: Every half year, the Group revaluates its properties used for investment purposes at their market value, and recognises the valuation difference in its profit and loss. Although revaluations may reflect real estate market tendencies, the concentration of the portfolio may distort the valuation of core business activities.
- Acquisition costs: The Group pursues an active acquisition policy and participates in negotiations for the purchase of more than one transaction targets at the same time. During this process, legal, financial, and other consultancy costs are incurred during the due diligence and negotiation phases, regardless of the outcome of the negotiations. The management considers the consultancy fees related to potential acquisitions to be one-off items.

data in HUF thousands	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**	**Change %**
EBITDA	**2,017,736**	**1,557,830**	**30%**
(-) MyCity EBITDA	-442,167	-103,303	328%
Core EBITDA	**2,459,903**	**1,661,133**	**48%**
(-) Housing savings results	0	2,590	-100%
(-) The results of the portfolio revaluation	68,655	30,800	123%
(-) Received COVID support	18,361	19,890	-8%
(-) Acquisition costs	-3,864	-29,174	-87%
Total of adjustments affecting the core	**-83,152**	**-24,107**	**245%**
Net core EBITDA	**2,376,751**	**1,637,026**	**45%**

The Group’s clean core EBITDA increased to HUF 2,377 million in 2021 (45% increase). The decisive factor that drives growth was the activity in Poland, which increased by HUF 401 million and resulted in an EBITDA of a total of HUF 789 million.

The EBITDA of the MyCity division was negative in 2021 due to the impaired receivables against the previous contractor and the down payment paid to buyers who cancelled their contracts due to the price increase.

Segment income statement

The Group’s strategic decisions are made by the Board of Directors. Therefore, when determining the segments during the compilation of these financial statements, the management relied on the statements prepared for the Board of Directors.

Based on the activities of DH, six segments can be distinguished:

(1) The franchise segment carries out the operation of the franchise system that runs under the Duna House and Metrohouse brands. The Company is the largest franchise network of real estate agents in Hungary and Poland, and the Group is also present in Czech Republic.

(2) The operation of own office consists of the real estate agencies operated by the Company under the Duna House and Metrohouse brands. The Group decided to integrate the Smart Ingatlan network into the Duna House network as at 1 January 2020.

(3) Financial product brokerage segment: the Group offers a wide range of financial products to its clients under its multiple agency agreements with credit institutions and insurance companies, both in Hungary and Poland.

(4) Segment of the related services of residential property management, energy certification, appraisal services, and fund management.

(5) The sector dealing with properties for investment purposes utilises the residential and commercial properties owned by the Company. This also includes the development projects that run under the MyCity brand name.

(6) Transactions within each segment were consolidated in the statement. The “Other and eliminations" column includes the effect of the central services and filters out the transactions between the segments.

The Group prepares a balance sheet and income statement for its business divisions. As the Group provides central financing for its various divisions, the income statements of the segments can be interpreted up to the level of the Business results.

Group

01.01.2021- 31.12.2021

million HUF	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**1,882**	**9,671**	**1,951**	**324**	**1,008**	**-374**	**14,462**
Direct costs	134	7,579	1,246	79	187	-76	9,149
Gross profit	**1,748**	**2,092**	**705**	**245**	**821**	**-298**	**5,313**
Indirect operating costs	995	728	468	175	1,100	-171	3,295
EBITDA	**753**	**1,364**	**237**	**70**	**-279**	**-127**	**2,018**
Depreciation and amortisation	194	11	70	5	29	14	323
EBIT	**559**	**1,353**	**167**	**65**	**-308**	**-141**	**1,695**

Gross margin	**93%**	**22%**	**36%**	**76%**	**81%**	**80%**	**37%**
EBITDA margin	**40%**	**14%**	**12%**	**22%**	**-28%**	**34%**	**14%**
EBIT margin	**30%**	**14%**	**9%**	**20%**	**-31%**	**38%**	**12%**

Group

01.01.2020 - 31.12.2020

million HUF	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**1,440**	**6,001**	**1,355**	**371**	**195**	**-295**	**9,067**
Direct costs	101	4,459	866	90	51	-23	5,544
Gross profit	**1,339**	**1,542**	**489**	**281**	**144**	**-272**	**3,523**
Indirect operating costs	853	591	432	160	92	-163	1,965
EBITDA	**486**	**951**	**57**	**121**	**52**	**-109**	**1,558**
Depreciation and amortisation	95	15	81	4	28	14	237
EBIT	**391**	**936**	**-24**	**117**	**24**	**-123**	**1,321**

Gross margin	**93%**	**26%**	**36%**	**76%**	**74%**	**92%**	**39%**
EBITDA margin	**34%**	**16%**	**4%**	**33%**	**27%**	**37%**	**17%**
EBIT margin	**27%**	**16%**	**-2%**	**32%**	**12%**	**42%**	**15%**

Source: Annual Report of the Company in accordance with the IFRS

In 2021, the COVID-19 pandemic had no negative effect on the Group, with the real estate and credit intermediary segments realising sales revenue growth of between 30 and 60%. The growth of the credit intermediary segment was led by Poland, where the Company was able to substantially expand its partner network. The franchise and the own real estate agency offices were able to increase their EBITDA and EBIT margin levels. The revenue-proportionate profitability of the credit intermediary division showed a decrease due to the greater increase of the Polish activities with their lower margins, though the segment’s EBITDA grew by 43%.

The consolidated EBITDA of the Group was HUF 1,558 million in the first half of the current year, up by 30% compared with HUF 2,018 million in the benchmark period.

The following table shows the sales revenue and the EBITDA realised by the Duna House Group in the various countries:

data in HUF thousands	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Net sales revenues (consolidated)	**14,461,930**	**9,067,335**
Net sales revenues of the Hungarian operation	5,275,276	3,593,907
Net sales revenues of the Polish operation	8,756,209	5,153,279
Net sales revenues of the Czech operation	430,445	320,149
EBITDA	**2,017,737**	**1,557,830**
Hungarian operation EBITDA	1,194,293	1,150,640
Polish operation EBITDA	789,470	388,377
Czech operation EBITDA	33,974	18,813

Source: Annual Report of the Company in accordance with the IFRS

The Group's various countries increased their sales by 34-70% year-on-year. The aggregated EBITDA of the Polish subsidiaries grew by 103%. Due to the other expenses realised in the MyCity operation, the EBITDA of the Hungarian operations grew by only 4% as compared to 2020.

Differences between the non-audited financial statement published in the 2021 Q4 quarterly report and the audited financial statement included in the Annual Report

In the interest of providing a comprehensive overview of the state of the Company's finances, the Board of Directors publishes non-audited consolidated quarterly reports after closing the various quarters. The preliminary data in these reports may differ from the financial statements in the audited Annual Report.

In the 2021 business year, the Group's audited annual EBITDA is HUF 111.7 million less and its after-tax profit is HUF 111.9 million less than the values in the 2021 Q4 quarterly report.

in HUF million	Quarterly report	Annual report	Difference
EBITDA 2021	2,129.5	2,017.7	-111.8
After-tax profits 2021	1,586.1	1,474.2	-111.9

The differences are caused by the adjustments of the accounting method involving the stock records of the Group’s Forest Hill project, which influence their distribution among the various years but not the profitability of the project as a whole.

3.2 Assets

Data in thousand HUF

ASSETS	*Notes*	31.12.2021	31.12.2020 (Restated)
Long-term assets			
Intangible assets	*5*	334,794	16,455
Right-of-use	*6*	347,380	267,132
Investment property	*4*	1,849,500	1,868,721
Land and buildings	*3*	409,070	424,103
Machinery and equipment	*3*	22,840	316,122
Goodwill	*7*	1,775,523	1,730,986
Investments in associated companies and joint ventures	*8*	214,342	427,667
Financial instruments	*9*	62,412	72,706
Deferred tax assets	*10*	228,219	174,248
Total long-term assets		**5,244,080**	**5,298,140**
Current assets			
Inventories	*11*	7,418,870	7,235,809
Trade receivables	*12*	2,102,051	887,556
Amounts owed by related undertakings	*13*	166,792	120,484
Other receivables	*14*	1,137,555	1,083,514
Actual income tax assets		46,077	39,465
Cash and cash equivalents	*15*	5,226,528	6,169,525
Restricted cash	*15*	1,270,504	732,626
Total current assets		**17,368,377**	**16,268,979**
Total Assets		**22,612,457**	**21,567,120**

Source: Audited Annual Report of the Company in accordance with the IFRS

The balance sheet total increased by 4.8% compared to 31 December 2020 due to an increase in trade receivables and trade liabilities and the separate down payments of the pre-sold Forest Hill apartments.

3.3 Liabilities

data in HUF thousands

LIABILITIES	***Notes***	**31.12.2021**	**31.12.2020 (Restated)**
Equity			
Registered capital	*16*	171,989	171,989
Treasury shares repurchased	*17*	(243,406)	(193,614)
Capital reserve	*16*	1,544,146	1,526,164
Exchange reserves	*18*	112,494	83,340
Profit reserve	*16*	5,400,252	5,318,283
Total equity of the parent company		**6,985,475**	**6,906,162**
Non-controlling ownership interest	*19*	(64,013)	(64,163)
Total equity:		**6,921,462**	**6,841,999**
Long-term liabilities			
Long-term loans	*20*	0	0
Deferred tax liabilities	*22*	219,025	186,162
Other long-term liabilities		0	0
Bonds payable	*21*	6,909,514	6,944,849
Lease liabilities	*6*	372,250	159,889
Total long-term liabilities		**7,500,789**	**7,290,900**
Current liabilities			
Short-term loans and borrowings	*20*	4,373,387	4,850,460
Accounts payable	*23*	1,321,060	858,967
Liabilities to related undertakings	*24*	17,950	22,042
Other liabilities	*25*	2,383,395	1,563,368
Short-term liabilities from leases	*6*	76,667	122,966
Actual income tax liabilities		17,747	16,418
Total current liabilities		**8,190,206**	**7,434,221**
Total liabilities and equity		**22,612,457**	**21,567,120**

Source: Audited Annual Report of the Company in accordance with the IFRS

The Company's share capital is HUF 171,989 thousand, which consists of 34,387,870 dematerialized ordinary shares of HUF 5 face value each and 1,000 preferential shares of HUF 50 face value each.

A right of preferential dividend is associated with the employee shares issued by the Company. If the general meeting orders dividend payment for a particular year, the employee shares with preferential dividend give a right to dividend prior to the ordinary shares in the amount of 6% of the profit after tax stated in the consolidated annual report prepared according to IFRS (adjusted with the impact of the valuation of investment properties and the revaluation of participations involved in the consolidation with the equity method).

The employee shares shall carry no rights to dividends other than as specified above. In particular, the employee shares do not entitle their holders to dividends in excess of the above amount, or entitle their holders to dividends if, for the financial year concerned, the profit after tax according to the consolidated annual financial statement drawn up on the basis of IFRS is negative.

The preferential right attached to employee shares is not cumulative, and the date of dividend payments is set by the Board of Directors.

The maximum payable dividend for preferential shares was taken into account during the EPS calculation.

3.4 Consolidated Cash Flow Statement

	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020 (Restated)
OPERATING CASH FLOW			
Taxed profit		1,474,170	1,335,959
Adjustments:			
Financial results	34-35	66,122	16,097
Reporting year depreciation and depreciation on right-of-use assets		322,290	237,026
Deferred taxes	10	(21,108)	60,656
Revaluation of investment property	27	(68,655)	(30,800)
Share scheme	17	17,983	26,458
Changes to goodwill exchange rate		(35,964)	(29,217)
Shares measured with the equity method	8	(156,676)	(310,478)
Changes in the revaluation reserve and non-controlling shares		29,304	11,218
Tax payable	36	284,947	248,387
Changes in working capital			
Changes in inventories	11	(183,061)	(1,727,411)
Changes in accounts receivable, other receivables and related receivables	12-14	(1,690,288)	140,735
Changes in accrued and deferred assets	14	(162,433)	(93,501)
Changes in accounts payable and related liabilities	23-24	454,264	65,224
Other current liabilities and accruals and deferrals	25	709,424	90,712
Changes in accrued and deferred liabilities	25	(20,605)	4,574
Income tax paid		(205,321)	(248,556)
Net operating cash flow		***814,393***	***(202,917)***
Investment cash flow			
Tangible and intangible assets purchased	3-5	(202,256)	(195,832)
Sale of tangible assets	3-5	92,600	83,000
Sale of instruments held for sale		0	0
Purchase price supplement		(8,573)	0
Purchase of other invested assets		10,293	13,115
Dividend from affiliated undertakings		370,000	0
Acquisition/Disposal of subsidiaries (excluding acquired liquid assets)		0	(339,800)
Net investment cash flow		***262,064***	***(439,517)***
Financing cash flow			
Bank loans/(repayment)	20	(477,073)	(1,530,350)
Capital contribution/ (Purchase of Treasury shares)	16-17	(49,792)	(16,698)
Changes in right-of-use and lease liabilities	6	(2,670)	(128,580)
Dividend payments	16	(1,388,462)	(68,890)
Bond issues	21	(199,706)	6,889,368
Interest received (paid)	34-35	(20,743)	(59,226)
Net financing cash flow from investment activities		***(2,138,446)***	***5,085,623***
Net change in cash and cash equivalents		(1,061,988)	4,443,189
Balance of cash and cash equivalents as at the beginning of the year		6,169,525	1,627,726
Exchange rate differences in liquid assets		118,991	98,610
Balance of cash and cash equivalents as at the end of the year	15	**5,226,528**	**6,169,525**

Source: Audited Annual Report of the Company in accordance with the IFRS

The Group’s operating cash flow amounted to HUF 814 million in 2021, which was significantly decreased by the increased amount of trade receivables in connection with the Forest Hill project (under delivery) and the commission invoices for increased credit intermediary activities that were unpaid as at the end of the year.

The Group spent HUF 202 million on self-developed software programs and received a dividend of HUF 370 million from the jointly controlled Hunor utca project company.

The Group paid back a total of HUF 477 million in project loans and paid a total of HUF 1,388 million in dividends to holders of ordinary shares. It paid a total of HUF 198 million in interest on bonds and incurred costs of almost HUF 2 million in connection with the introduction of the XBond implemented in 2021, following the bond issue in 2020.

The end-of-the period of cash and cash equivalents was HUF 5,227 million, HUF 1,062 million lower than what it was at the end of the benchmark period. In addition to this amount, additional use of HUF 1,271 million is possible with the following restrictions:

Affected by restrictions		Reason for restriction
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 1,159,304 thousand	Security interest in collateral securing the repayment of the loans granted by Takarékbank Zrt. in connection with the Forest Hill residential development, with collateral including down payments, earnest money and purchase price by clients paid into a separate blocked bank account and available only for the re- and pre-payment of the loans. The prepayment of both loans is only allowed from the third working day from the notification to this effect by Takarékbank Zrt.
Impact Asset Management Zrt.	HUF 110,700 thousand	Pursuant to Section 16 (3) and (7) of Act XVI of 2014 on collective investment forms and its managers and on the amendment of certain financial laws, in order to be able to ensure continuous operation and protect investors, Impact Asset Management Zrt. must, at all times, have solvency capital invested in liquid assets or assets that can be converted into immediately available liquid assets in an amount that covers the risk posed by its activity at all times.
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 1,270,504 thousand**	

Since 7 December 2017, the Company has been managing its bank accounts linked to its operations in Hungary under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit of HUF 100 million is available to back the cash pool system, which

amount is suited to the needs of regular operations and can be used to satisfy any transitional additional financing needs. No amounts were used from this overdraft facility as at the end of the reporting period.

4. Environmental protection, social responsibility, employment policy, diversity policy

The Company recycles some of the waste generated by it and collect packaging materials separately. Due to the nature of its business activity, the Company does not produce or store any hazardous material.

Our Company’s employment policy and ensuring its consistency between the individual countries are currently under way. The average statistical headcount decreased from 154 to 141 in the comparative period. The number of employees working in the Group’s Polish subsidiaries decreased by 5.4 thanks to an improvement in efficiency. The number of Hungarian employees decreased by 7.9 persons, primarily due to the downsizing in connection with the change in the tasks of the real estate development division in the final phase of the Forest Hill project. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2021 as well. The Company puts emphasis on the diversified filling of jobs based on the skills and qualifications of employees.

5. Information on equity and share capital

Increase of the Company's equity

At its meeting on 16 September 2016, the Company's AGM authorised an equity capital increase of HUF 1.5 billion at most in connection with the public offering of the Company's shares in October. After the public offering of the Company's shares, the Company Court quoting a procedural error refused to register the Company's equity capital increase in the total amount of HUF 18,939,350 in its ruling dated 10 December 2016.

At their extraordinary meeting on 5 January 2017, the Company's shareholders passed a repeat resolution on the equity capital increase that was substantially identical with the first one. The Companies Court registered the capital increase in the register through decision no. 01-10-048384/50 dated 1 February 2017.

The shares issued during the increase of the share capital were generated on 28 March 2017.

In 2020, Duna House Holding Nyrt. implemented a stock split. As of 5 August 2020, as value date, the 3,438,787 dematerialized ordinary shares of HUF 50 face value each were converted to 34,387,870 dematerialized ordinary shares of HUF 5 face value each As a result of this transformation, each dematerialized ordinary share with a face value of HUF 50 was replaced by 10 ordinary shares with a face value of HUF 5 each.

The Company's equity as at 31 December 2021

Type of shares	**Class of shares**	**Share series**	**Number of shares issued**	**from this: treasury shares**	**Nominal value per share**	**Total nominal value**
ordinary shares	-	"A"	34,387,870 pcs	614,671 pcs	HUF 5	HUF 171,939,350
employee share	preferential shares	"B"	1,000 pcs	0 pcs	HUF 50	HUF 50,000
Equity:						**HUF 171,989,350**

Number of voting rights attached to shares:

Share series	**Number of shares issued**	**Number of voting rights per share:**	**Total number of votes**	**From this: for treasury shares**	**Number of treasury shares**
"A"	34,387,870 pcs	5	171,939,350 pcs	3,073,355 pcs	614,671 pcs
"B"	1,000 pcs	50	50,000 pcs	0 pcs	0 pcs
Total	**34,388,870 pcs**	**-**	**171,989,350 pcs**	**3,073,355 pcs**	**614,671 pcs**

6. Investors each with a significant direct or indirect ownership share in the Company's equity (including the shares based on a pyramid structure and the cross-shares as well)

The table below provides a summary of the shareholders each with a significant direct or indirect ownership share in the Company's equity[5], with the shares based on a pyramid structure and the cross-shares taken into account:

Shareholder Name	Number of shares held (number)	Share in equity (%)
Gay Dymschiz	13,468,984	39.17%
Doron Dymschiz	13,468,984	39.17%
AEGON Magyarország Befektetési Alapkezelő Zrt.	2,576,865	7.49%
	,	
Total of equity	**34,388,870**	**100.00%**

[5] As at 31 December 2021

7. Restrictions on the transfer of shares

Restrictions on alienation on ordinary shares

Shareholder Name			**Ferenc Máté**	**Total**
Number of ordinary shares held (number)			302,735	302,735
Is alienation restricted?			yes	,
Restrictions on	Beginning,of,the,period	End,of,the,period	,	
	12.11.2022	11.11.2023	120,000	120,000
	12.11.2023	11.11.2024	90,000	90,000
	12.11.2024	11.11.2025	60,000	60,000
	12.11.2025	11.11.2026	30,000	30,000

Restrictions on the alienation on preferred employee shares

Shareholder Name	**Gay Dymschiz**	**Doron Dymschiz**	**Ferenc Máté**	**Dániel Schilling**	**Krisztián Fülöp**	**Anikó Varga**	**Dr András Szabadházy**	**Total**
Number of preferred employee shares held (number)	219	219	225	77	115	92	53	**1,000**

There is an indefinite restriction on alienation for all employee shares that grant preferential shares *

** In accordance with Section 6:221 of Act V of 2013 on the Civil Code, the shareholder rants the right of first refusal, and in line with Section 6:224, the right to repurchase, to Guy Dymschiz or Doron Dymschiz for an indefinite period of time*

8. Other issues regarding controlling powers and executive officers

We declare that in respect of the following issues, apart from what is otherwise included in the business report, our Company has nothing more to report:

• Holders of issued ownership shares embodying special controlling rights and the presentation of such rights
• Control mechanism under any employee shareholder scheme where controlling rights are not exercised directly by employees
• Any restriction on voting rights (in particular, restrictions on the voting rights attached to the identified ownership share or on the number of votes, deadlines for exercising voting rights and the systems that help separate, in cooperation with the Company, the financial benefits associated with the ownership shares from the possession of the issued ownership shares)
• Rules governing the appointment and dismissal of executive officers and the modification of the Statutes
• The powers of executive officers, in particular, their powers to issue and repurchase shares
• Any material agreement to which the Company is a party which enters into force, is modified or terminates after a public purchase offer as a result of a change in the entrepreneur's control and their impact unless the disclosure of this information would harm the entrepreneur's lawful interests seriously if such information is not required to be made public by any other legal regulations
• Any agreement between the Company and its executive officer or its employee which stipulates compensation if the executive officer resigns or the employee quits, if the employment contract of the executive officer or the employee is unlawfully terminated or if the legal relationship is terminated because of a public purchase offer.

9. Risk management

The Group's assets contain liquid assets, securities, trade and other receivables and other assets excluding taxes. The Group's resources include loans and borrowings, supplier and other payables, excluding the gains or losses arising from the revaluation at fair value of taxes and financial liabilities.

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This Chapter describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group.

The objective of the Group's risk management policy is to filter out and examine the risks the Group faces, to set the appropriate controls and to monitor the risks. The risk management policy and the system are reviewed so that it does reflect the changed market conditions and the Group's activities.

Capital management

The Group's policy is to preserve its equity in an amount that is sufficient for investor and creditor confidence in the future to sustain the future development of the Group. The Board of Directors seeks to maintain a policy whereby the Company undertakes a higher exposure arising from lending only against a higher rate of return, based on the advantages provided by a strong capital position and security.

The Group's capital comprises net external funds and the Group's equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders). Points 16-17 and 20-21 of the notes to the financial statement provide detailed information regarding these capital elements. The following table presents the ratio of equity to registered capital.

	31.12.2021	**31.12.2020**
Registered capital	171,989	171,989
Total equity	6,921,462	6,841,999
Equity capital/registered capital	**4024%**	**3978%**

The Group’s capital management strives to ensure that the individual members of the Group are able to engage in their respective operations and maximise profit for the shareholders by striking a balance between loan capital and equity. Furthermore, it also strives to maintain an optimal capital structure in order to reduce capital costs. The Group also carries out monitoring which aims to ensure that its member companies’ capital structure complies with the local legal requirements.

The equity risk run by the Company was not significant in 2021.

Lending risk

The risk arising from the lending activity constitutes the risk which arises from the failure of the borrower or partner to fulfil its contractual obligations, which in turn results in a financial loss for the Group. Financial instruments that are exposed to credit risks may be long or short-term placements, cash and cash equivalents, trade and other receivables.

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2021 and 31 December 2020.

Lending risk	**31.12.2021**	**31.12.2020**
Trade receivables	2,102,051	887,556
Other receivables	1,137,555	1,083,514
Financial instruments	62,412	72,706
Cash and cash equivalents	6,497,032	6,902,151
Total	**9,799,050**	**8,945,927**
Amount of collateral	**1,270,504**	**732,626**
Pusztakúti 12. kft.	1,159,304	622,587
Impact Asset Management Zrt.	110,700	109,539
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 1,271 million of cash and cash equivalents are provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions have been presented in a note detailing the cash and cash equivalents.

The Group's cash and cash equivalents are held by the following banks:

	31.12.2021	31.12.2020
Raiffeisen Bank Zrt.	4,567,152	5,463,580
Takarékbank Zrt.	1,198,587	933,750
Bank Millennium SA	604,617	434,550
Société Générale	121,078	66,310
Cash	5,597	3,962
Total	**6,497,032**	**6,902,151**

Foreign currency risk

An exchange rate risk is incurred when the Group's various companies perform transactions denominated in a currency other than the functional currency. The Group's policy is, if possible, to have the Group's members settle their liabilities denominated in the functional currency in their functional currency using the liquid assets derived from their own activities.

The Group's subsidiaries typically conclude transactions in their respective functional currencies and do not perform export or import activities. Foreign currency exposure occurs in the case of the various leased properties where the lease fees are specified in euros, and in the case of foreign acquisitions. In the preceding months, the Group built up the necessary foreign currency amounts for the first purchase price instalment of the HGroup acquisition in January 2022.

The following table presents the Group's liquid assets by currency:

By currency	31.12.2021	31.12.2020
HUF	1,819,228	4,527,954
EUR	3,952,109	1,873,220
PLN	604,617	434,667
CZK	121,078	66,310
Total	**6,497,032**	**6,902,151**

Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, starting from 7 December 2017 the Company has been managing its bank accounts linked to its operations under a cash pooling regime, which makes automatic group financing possible. The Group has no long-term loans. The Takarékbank loan taken out for real estate development will be repaid in 2022; chapter 21 of the financial statements contains the interest and principal payments of the a Duna House NKP Bond 2030/I.

Market risk

Market risk is the risk that a change in the market prices, such as exchange rates, interest rates and prices of investments in mutual funds will affect the Group's profit or the value of its investments made in financial instruments. Market risk management is aimed at managing market risk exposure and keeping it at an acceptable level while optimising profitability.

Property development risks

Of the risks typical of property development, the management focuses mainly on risks posed by increasing construction costs. The increase in the number of parallel projects implemented by the project companies poses a consistently rising liquidity risk to MyCity Group until bank financing is secured.

10. Events after the balance sheet date

The following events took place after the balance sheet date and until the approval of the financial statements for publication, which did not affect the results.

Impacts of COVID-19

Unless the epidemiological measures will again lead to restrictions similar to those of March 2020 in the geographical region of the Group's operations, the COVID-19 will not have a negative impact on the Group's operations.

Russian-Ukrainian war

On 24 February 2022, Russia invaded Ukraine. The Group is present in two countries neighbouring Ukraine: Hungary and Poland. The Group has no direct or indirect interests in either Ukraine or Russia, thus the war and the sanctions imposed on Russia do not directly affect the Group's operations.

Acquisition of HGroup

On 10 December 2021, the Company entered into a binding Investment Contract for the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The transaction was successfully closed on 13 January 2022.

The Group plans to consolidate the Italian subsidiaries with a starting date of 1 January 2022. Chapter 2.4.1.19 of the financial statements presents the details of the acquisition.

NKP (Growth Bond Programme) issue

On 12 January 2022, the Company completed a successful bond issue as part of the Hungarian Central Bank's Funding for Growth Scheme, with a nominal value of HUF 6.0 billion, a term of 10 years, and a fixed interest rate of 4.5% (ISIN: HU0000361217). The bond does not amortize in the first 5 years and repays 20% of the nominal value per annum in the second 5 years.

Recommended dividend

According to the decisions passed by the Company's Board of Directors at its session of 4 April 2022, it is submitting a dividend payment of HUF 1,100.4 million (HUF 32.0 per share) for ordinary shares and HUF 75.3 million for employee preferential shares.

Purchase of treasury shares

Based on a decision passed by the Board of Directors of the Company, proceeding in its competence as general meeting, on 20 April 2021, between 31 December 2021 and 4 April 2022 a total of 113,774 treasury shares were traded on the stock exchange and 132,500 shares were purchased from the employee stock ownership organisation for ongoing employee share programmes. The amount of Company treasury shares on 4 April 2022 was 728,445.

11. Declaration on corporate governance

In light of its length and structural layout, our declaration on corporate governance ("Responsible Corporate Governance Report") will be published on the website of the Budapest Stock Exchange[6].

[6] https://bet.hu/oldalak/ceg_adatlap/$issuer/3433

12. Declaration on responsibility

The Board of Directors of the Company prepared this business report on the basis of the data included in the consolidated accounts for 2021 compiled in accordance with the International Financial Reporting Standards (IFRS) and to the best of their knowledge.

The accounts are audited; therefore an independent auditor's report has been attached. This consolidated report gives a fair picture of the situation, development and performance of the Company and its companies included in consolidation.

Budapest, 4 April 2022

Persons authorised to sign the (consolidated) business report:

Gay Dymschiz
Chair of the Board of Directors

Doron Dymschiz
Member of the Board of Directors

Ferenc Máté
Member of the Board of Directors

Dániel Schilling
Member of the Board of Directors