DUNA HOUSE HOLDING NYRT.

STANDALONE FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2021

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Balance sheet (Assets)

data provided in thousands HUF, unless indicated otherwise

	Notes	31.12.2021	31.12.2020
ASSETS			
Long-term assets			
Intangible assets	4	749	816
Right-of-use	5	1,220	12,764
Land and buildings	3	223	251
Machinery and equipment	3	2,578	757
Investments in subsidiaries	6	1,865,000	1,909,054
Deferred tax assets	7	144	4,070
Total long-term assets		**1,869,914**	**1,927,712**
Current assets			
Inventories	8	2,155	1,788
Trade receivables	9	285	404
Amounts owed by related undertakings	10	6,367,633	5,386,065
Other receivables	11	3,951	3,787
Actual income tax assets		0	2,670
Cash and cash equivalents	12	3,983,944	4,965,656
Restricted cash	12	0	0
Total current assets		**10,357,968**	**10,360,370**
Total Assets		**12,227,882**	**12,288,082**

The notes provided on pp. 9-58 constitute an integral part of the Financial Statements.

Balance sheet (Liabilities and equity)

data provided in thousands HUF, unless indicated otherwise

LIABILITIES	Notes	31.12.2021	31.12.2020
Equity			
Registered capital	13	171,989	171,989
Capital reserve	13	1,544,146	1,526,164
Treasury shares repurchased	14	-243,406	-193,614
Profit reserve	13	2,739,436	3,052,161
Total equity:		**4,212,165**	**4,556,700**
Long-term liabilities			
Long-term loans	15	0	0
Bonds payable	16	6,909,514	6,944,849
Lease liabilities	5	1,224	1,224
Total long-term liabilities		**6,910,738**	**6,946,073**
Current liabilities			
Short-term loans and borrowings	15	0	0
Accounts payable	17	13,960	14,132
Liabilities to related undertakings	18	995,399	733,654
Other liabilities	19	95,620	26,563
Short-term liabilities from leases	5	0	10,960
Total current liabilities		**1,104,979**	**785,309**
Total liabilities and equity		**12,227,882**	**12,288,082**

The notes provided on pp. 9-58 constitute an integral part of the Financial Statements.

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
Net sales revenues	20	382,494	215,607
Other operating income	21	133	2,853
Total income		**382,627**	**218,460**
Consumables and raw materials	22	8,245	7,221
Goods and services sold	23	40,537	38,854
Contracted services	24	140,091	132,397
Personnel costs	25	140,382	100,811
Depreciation and amortisation		1,056	1,770
Depreciation on right-of-use	5	11,544	11,544
Other operating charges	26	628	816
Operating costs		**342,483**	**293,413**
Operating profit/loss		**40,144**	**-74,953**
Financial revenues	27	1,346,208	1,205,329
Financial expenses	28	-289,383	-120,061
Profit/Loss before taxation		**1,096,969**	**1,010,315**
Income taxes	29	-21,245	-3,146
Taxed profit		**1,075,724**	**1,007,169**
Total comprehensive income		**1,075,724**	**1,007,169**

The notes provided on pp. 9-58 constitute an integral part of the Financial Statements.

Statement of changes in equity

	Notes	Registered capital	Capital reserve	Treasury shares repurchased	Profit reserve	Total equity
Balance as at 31 December 2019		**171,989**	**1,499,705**	**-176,915**	**2,105,492**	**3,600,271**
Dividends	13				-60,500	-60,500
Purchase of treasury shares	14			-16,699		-16,699
Employee share programmes	13		26,459			26,459
Total comprehensive income					1,007,169	1,007,169
Balance as at 31 December 2020		**171,989**	**1,526,164**	**-193,614**	**3,052,161**	**4,556,700**
Dividends	13				-1,388,449	-1,388,449
Purchase of treasury shares	14			-49,792		-49,792
Employee share programmes	13		17,982			17,982
Total comprehensive income					1,075,724	1,075,724
Balance as at 31 December 2021		**171,989**	**1,544,146**	**-243,406**	**2,739,436**	**4,212,165**

The notes provided on pp. 9-58 constitute an integral part of the Financial Statements.

Cash Flow Statement

data provided in thousands HUF, unless indicated otherwise	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
OPERATING CASH FLOW			
Taxed profit		1,075,724	1,007,169
Adjustments:			
Financial results		-1,100,879	-1,100,228
Accounted employee stock ownership plan cost	13	33,803	26,458
Reporting year depreciation and depreciation on right-of-use	5	12,600	13,314
Impairment on investments	26	44,054	14,960
Tax payable	29	21,245	3,146
Changes in working capital			
Changes in inventories	8	-367	-557
Changes in trade and other receivables and related receivables (without dividend receivables)	9-11	-1,114,943	-1,116,053
Changes in accounts payable and related liabilities (without dividend)	17, 18	249,053	75,315
Other current liabilities and accruals and deferrals	19	58,098	-6,917
Income tax paid	29	-17,319	-3,391
Net operating cash flow		***-738,931***	***-1,086,784***
Investment cash flow			
Tangible and intangible assets (purchased and sold)	3, 4	-2,782	-372
Acquisition of subsidiaries (excluding acquired liquid assets)	6	0	0
Net investment cash flow		***-2,782***	***-372***
Financing cash flow			
Bank loans/(repayment)	15	0	-2,238,451
Bond issues	16	-1,706	6,889,368
Changes in right-of-use and lease liabilities	5	0	-12,814
Purchase of treasury shares	14	-49,792	-16,699
Dividends paid	13	-1,388,462	-68,890
Dividends and profit-sharing received	27	1,086,000	859,000
Interest received (paid)	27-28	12,301	93,903
Net financing cash flow from investment activities		***-341,659***	***5,505,417***
Net change in cash and cash equivalents		-1,083,372	4,418,261
Balance of cash and cash equivalents as at the beginning of the year		4,965,656	494,589
Unrealised exchange rate differences on cash and cash equivalents		101,660	52,806
Balance of cash and cash equivalents as at the end of the year		**3,983,944**	**4,965,656**

The notes provided on pp. 9-58 constitute an integral part of the Financial Statements.

1. General

1.1 Introduction to the company

The Duna House Holding Nyrt. – hereinafter referred to as “Company” – was founded in 2003; its main activity, by way of its subsidiaries, 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.

The main activities of the Company, by way of its subsidiaries:
- 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 standalone financial statements were approved by the Board of Directors on 4April 2022. The standalone 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).

In line with the provisions of Act CLXXVIII of 2015 related to the introduction in Hungary of International Financial Reporting Standards for standalone reporting purposes and amending Act C of 2000 ("Accounting Act"), and on the amendment of various finance-related acts, starting from 1 January 2017 the Company has also prepared its standalone financial statements in line with the International Financial Reporting Standards.

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

ii) Basis of the financial statements

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

The standalone 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 standalone 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 when preparing the standalone financial statements. The accounting policies were applied consistently for the periods covered by these standalone 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 **Reporting currency and FX balances**

In view of the content and circumstances of the underlying business events, the functional currency of the Company and the reporting currency 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 Company’s standalone financial statements are presented in Hungarian forints (HUF), the standalone financial statements were prepared in Hungarian forints (HUF) and rounded to the nearest thousand, except otherwise indicated.

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.

2.1.2 **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. Revenues are recognised in line with the IFRS 15 (revenues from client contracts) standard.

2.1.3 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.

2.1.4 Impairment loss

The Company 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 Company 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 Company recognises impairment against the profit if the estimated recovery value of the asset is lower than its book value. The Company prepares the required calculations based on adequately discounting the long-term future cash flow plans.

2.1.5 Intangible assets

The individually purchased intangible assets are entered into the books at purchase price as at the time of 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

2.1.6 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.

2.1.7 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 Company uses the expected credit loss (ECL) model to estimate the expected amount of impairment.

2.1.8 Financial instruments

To establish the category of financial instruments, the Company 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 Company 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 Company opted to valuated for fair valuation.

Financial instruments held for trading and derivatives have to be valuated at fair value against profit. The Company 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 Company no longer has the rights embodied by the financial instrument in question (sale, all cash flow has taken place, transfer).

If the Company 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 Company 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 Company has complied with the obligations specified in the contract or such obligations have been cancelled or have expired.

2.1.9 **Provisions**

The Company recognises provisions on its existing (legal or assumed) commitments resulting from historic events, which the Company 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 Company 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 Company 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.

2.1.10 **Income taxes**

The income tax on 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 current tax liability of the Company 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 Company’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 Company 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 Company 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 Company 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 Company intends to account for those assets and liabilities on net basis.

2.1.11 **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 companies included in the Company consolidation are availing themselves 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; however, no discounts are applied for the assets leased by the Company, so they had no effects on the results.

2.1.12 **Earning per share (EPS)**

The earning/share is established on the basis of the Company's consolidated profit and the shares less the temporary average portfolio of repurchased own shares. In line with paragraph 4 of IAS standard 33, the Company does not publish standalone EPS information.

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.

2.1.13 **Off-balance sheet items**

The off-balance sheet liabilities are not included in the balance sheet or income statement that constitute parts of the financial statements. 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 annual financial statements but if the influx of economic benefits is likely, they are presented in the notes to the financial statements.

2.1.14 **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.

2.1.15 **Dividends**

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

2.1.16 **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.

2.1.17 **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.

2.1.18 **Distribution of shares, option schemes**

The Company distributes its own shares to certain Group employees within the framework of its employee share schemes. The detailed description of the benefit schemes can be found in Annex 14. 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 Company's

estimate of the effectively vested equity instruments. At the end of each reporting period, the Company reviews the estimate of how many shares are expected to be vested under non-market vesting conditions. The Company recognises a change in the estimate in the income statement against equity.

2.1.19 **Restricted cash**

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

2.1.20 **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 Company'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 Company 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 Company:**

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 applies the amendment to the standard, though it did not apply any discounts due to COVID-19.

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

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 Company 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 standalone financial statements are as follows:

2.3.1 **Impairment of the participations held in the subsidiaries**

In accordance with Section 2.1.7 of the significant accounting principles, the Company annually tests for impairment in shares held in subsidiaries as cash-generating units. 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 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 Company 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 **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 Subsidiaries, joint undertakings and associated undertakings of the Company

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 **Introduction to the subsidiaries, joint undertakings and associated undertakings of the Company**

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 into its consolidated annual statements with a starting date of 1 January 2022.

The initial accounting for HGroup group, as a business combination, is not yet complete as at the date of the approval of these financial statements the basis for the financial settlement of the acquisition is the audited 2021 consolidated reports of the HGroup group, which are not yet available. In absence of the accounting balance sheets, the Company 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 Holding Nyrt.’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 group’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 Group'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. The Company 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	**409**	**12,051**	**12,460**
Expansion of the scope of consolidation	-	-	-
Growth and reclassification	-	371	371
Decrease and reclassification	-	-869	-869
As at 31 December 2020	**409**	**11,553**	**11,962**
Expansion of the scope of consolidation	-	-	-
Growth and reclassification	-	2,663	2,663
Decrease and reclassification	-	0	0
As at 31 December 2021	**409**	**14,216**	**14,625**
Accumulated depreciation	,	,	,
As at 31 December 2019	**131**	**10,432**	**10,563**
Expansion of the scope of consolidation	-	-	-
Annual write-off	27	1,233	1,260
Decrease	-	-869	-869
As at 31 December 2020	**158**	**10,796**	**10,954**
Expansion of the scope of consolidation	-	-	-
Annual write-off	28	842	870
Decrease	-		0
As at 31 December 2021	**186**	**11,638**	**11,824**
Net book value			
As at 31 December 2019	**278**	**1,619**	**1,897**
As at 31 December 2020	**251**	**757**	**1,008**
As at 31 December 2021	**223**	**2,578**	**2,801**

4. Intangible assets

data in HUF thousands	**Total**
Gross value	
As at 31 December 2019	**4,279**
Expansion of the scope of consolidation	0
Growth and reclassification	0
Decrease and reclassification	0
As at 31 December 2020	**4,279**
Expansion of the scope of consolidation	0
Growth and reclassification	120
Decrease and reclassification	0
As at 31 December 2021	**4,399**
Accumulated depreciation	,
As at 31 December 2019	**2,954**
Expansion of the scope of consolidation	-
Annual depreciation write-off	509
Decrease	-
As at 31 December 2020	**3,463**
Expansion of the scope of consolidation	-
Annual depreciation write-off	187
Decrease	-
As at 31 December 2020	**3,650**
Net book value	
As at 31 December 2019	**1,325**
As at 31 December 2020	**816**
As at 31 December 2021	**749**

5. Leases

Right-of-use	**31.12.2021**	**31.12.2020**
Land and buildings		
Machinery and equipment	1,220	12,764
	1,220	**12,764**
Lease obligations		
less than 1 year	0	10,960
between 1 and 5 years	1,224	1,224
more than 5 years		0
	1,224	**12,184**
Depreciation of right-of-use asset	-11,544	-11,544
Interest expenditure	-257	-730
	-11,801	**-12,274**
Lease fees under IFRS 16	**11,217**	**13,544**
Impact of IFRS 16 on profits	**-584**	**1,270**

Impact of IFRS 16 on lease cash flow	**31.12.2021**	**31.12.2020**
Profit/Loss before taxation	-584	1,270
Depreciation	11,544	11,544
Interest costs	-257	-730
Net financing cash flow from business activities	**10,703**	**12,084**
Amortisation of lease obligations	-11,217	-13,544
Interest paid	257	730
Net financing cash flow from financial activities	**-10,960**	**-12,814**

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

6. Investments in subsidiaries

The Company accounts for investments in associated and jointly controlled companies at cost value.

Every year, the Company has to examine whether the investments of its subsidiaries suffered any impairment. The Company 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 Company used a weighted average cost of capital of 9.8% to discount cash flows.

	31 Dec 2021	31 Dec 2020
Metro House Franchise S.A	863,464	863,464
MyCity Residential Development Kft.	302,040	302,040
Impact Asset Management Alapkezelő Zrt.	112,446	156,500
Home Line Center Kft.	252,000	252,000
GDD Commercial Kft.	219,500	219,500
REIF 2000 Kft.	42,600	42,600
Home Management Kft.	21,500	21,500
Hitelcentrum Kft.	14,650	14,650
Duna House Ingatlan Értékbecslő Kft.	13,800	13,800
Duna House Franchise s.r.o.	10,000	10,000
Duna House Biztosításközvetítő Kft.	5,000	5,000
Duna House Franchise Kft.	5,000	5,000
Energetikai Tanusítvány Kft.	3,000	3,000
Total investments in subsidiaries	**1,865,000**	**1,909,054**

The Company's Board of Directors has carried out a test of the value of the investments shown in the Company's balance sheets in connection with its subsidiaries. Based on the ability of the companies in question to generate a profit, it became necessary to account for impairment at Impact Asset Management Alapkezelő Zrt. in 2021: Impact Asset Management Alapkezelő Zrt. manages a real estate fund whose assets under management have decreased significantly since the increase of the redemption period of the real estate fund's units to 180 days, so the value of the investment was adjusted to the value of the company's equity under IFRS, resulting in an impairment of HUF 40,054 thousand.

7. Deferred tax receivables

In the course of calculation of deferred tax the Company 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 Company examines recovery separately. The Company calculates the deferred tax incurred at a 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%.

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 assets	31 Dec 2021	31 Dec 2020
For losses carried forward	144	4,070
Total	**144**	**4,070**

8. Inventories

	31 Dec 2021	31 Dec 2020
Total inventories	**2,155**	**1,788**

9. Trade receivables

	31 Dec 2021	31 Dec 2020
Trade receivables total	**285**	**404**

10. Amounts owed by related undertakings

The value of related receivables contains the following:

	31 Dec 2021	31 Dec 2020
Short-term loans extended to subsidiaries and the interest due therefor, trade receivables, additional payments	5,572,553	4,454,985
Dividend receivables against subsidiaries	795,080	931,080
Total receivables from related undertakings	**6,367,633**	**5,386,065**

The increase in short-term loans granted to subsidiaries constituting the related receivables is primarily related to the loan granted to finance the residential developments realised via MyCity Residential Development Kft.

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

11. Other receivables

	31 Dec 2021	31 Dec 2020
Other receivables	3,278	0
Advances paid	672	968
Accrued incomes	1	11
Prepaid expenses	0	375
Collateral	0	2,433
Total other receivables:	**3,951**	**3,787**

The collateral row contains the collateral given to the lessor in connection with vehicle leases.

12. Cash and cash equivalents

	31 Dec 2021	31 Dec 2020
Bank account balance	3,983,496	4,965,448
Cash balance	448	208
Total cash	**3,983,944**	**4,965,656**

Since 7 December 2017, the Company has been managing its bank accounts linked to its Hungarian operations 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.

13. 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.

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.

14. 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**

Fulfilment of the performance condition

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 has been met**.

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

15. Long and short-term loans

The Company used the 2020 bond issue to refinance the bank loan received from Raiffeisen Bank Zrt.

16. Bonds payable

	31 Dec 2021	**Dec 31 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**

17. Accounts payable

	31 Dec 2021	31 Dec 2020
Trade payables	13,960	14,132
Total accounts payable	**13,960**	**14,132**

18. Liabilities to related undertakings

The value of related liabilities contains the following:

	31 Dec 2021	31 Dec 2020.
Loans, deposits, and other received from subsidiaries	979,954	718,529
Employee dividend payment obligation	15,445	15,125
Total related liabilities	**995,399**	**733,654**

The loan received from subsidiaries includes the Group’s cash pool account and final balance. Transactions with related undertakings took place at arm’s length prices.

19. Other liabilities

	31 Dec 2021	31 Dec 2020
Other tax liabilities	60,204	12,822
Liabilities from remuneration	17,541	4,440
Accrued costs and charges	18,023	9,272
Other	-148	29
Total other liabilities	**95,620**	**26,563**

The row of Accrued costs and charges is used for the costs in connection with the auditing of the Company's standalone and consolidated reports, the keeping of the register of shareholders, and the amount of executive bonuses approved for the given business year but not yet paid by the balance sheet date.

The Company 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.

20. Sales revenue

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Revenue from holding services	330,327	167,903
Revenue from office rent re-invoicing	36,196	33,531
Revenue from the re-invoicing of office common costs	8,577	7,943
Revenue from parking lot rental fee re-invoicing	2,916	2,862
Revenue from other re-invoicing	3,578	2,468
Revenue from other accounting services	900	900
Total net sales revenues	**382,494**	**215,607**

21. Other operating income

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Vodafone postpaid commission income	132	0
Insurance reimbursement	0	0
Other revenues	1	2,853
Total other operating income	**133**	**2,853**

22. Consumables and raw materials

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Utility fees and charges	6,243	4,966
Maintenance costs	428	910
Office supplies	215	366
Fuel	1,359	979
Total material costs	**8,245**	**7,221**

23. Goods and services sold

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Re-invoiced cost of office rental fees	34,142	34,142
Costs of office car park to be re-invoiced	2,916	2,916
Costs of other re-invoicing	3,479	1,796
Total goods and services sold	**40,537**	**38,854**

24. Contracted services

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Costs of stock market presence	24,197	11,482
Professional service fees	37,779	28,837
Other real estate-related costs	19,702	11,805
Office building rental fee	12,246	12,289
Other rental fees	7,482	7,315
Vehicle rental fee	5,376	7,281
Cost of IT operation	4,929	3,189
Travel and assignment expenses	2,985	1,961
Legal fees	2,977	12,898
Car park rent	2,470	2,419
Bank charges	2,321	10,679
Communications costs	1,388	1,394
Costs of other services	11,066	5,124
Advertising fees	500	98
Duties paid	392	346
Insurance fees	262	181
Costs of technical publications and subscriptions	113	121
Costs of education and continuing education	42	126
Acquisition costs	3,864	14,852
Total services purchased	**140,091**	**132,397**

The Company’s costs related to its stock exchange presence increased in 2021 due to the Duna House NKP 2030/I. bonds issued in 2020 and introduced to the XBond market in 2021.

Other services received increased due to the HR consultancy and recruiting fees in connection with the expansion of management.

The Company is holding negotiations with a number of targets in the interest of implementing its acquisition strategy. It spent a total of HUF 14.9 million in 2020 and a total of HUF 3.9 million in 2021 on the due diligence tasks related to transactions that did not end up leading to an acquisition. The consultation fees in connection with the HGroup S.p.A. transaction will affect 2022.

25. Personnel costs

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Payroll cost	84,211	60,139
Contributions	17,019	10,929
Employee stock ownership plan costs in the target year	26,049	26,458
Other personnel-type benefits	13,103	3,285
Total staff costs	**140,382**	**100,811**
Average statistical headcount	10	11

26. Other operating charges

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Penalties	37	118
Other expenditures	591	698
Total other operating charges	**628**	**816**

As at 31 December 2020, five of the Company's subsidiaries had negative equity, so the investments in the following subsidiaries were written off as a prudential step, in a total of HUF 14,960 thousand: DH Projekt Kft, Smart Ingatlan Kft, Superior Real Estate Kft, Duna House Szolgáltatóközpont Kft, and Akadémia Plusz 2.0 Kft.

In 2021, the Company accounted a total amount of impairment of HUF 44,054 thousand for its investment in Impact Asset Management Alapkezelő Zrt.

27. Revenues of financial transactions

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Dividend revenue	950,000	1,009,000
Interest received	214,825	127,818
Exchange rate gain	181,383	68,511
Total revenues of financial transactions	**1,346,208**	**1,205,329**

Exchange rate gains comprise realised/non-realised exchange rate differences related to a foreign currency-denominated loans of Duna House Holding Nyrt. against Metrohouse Franchise S.A. and Duna House Franchise s.r.o. and the Company's foreign currency.

28. Expenses of financial transactions

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Interest paid	168,895	89,396
Exchange rate losses	76,434	15,705
Depreciation of shares certificates	44,054	14,960
Total expenses of financial transactions	**289,383**	**120,061**

Of interest paid, HUF 164.4 million is related to the Duna House NKP 2030/I. bond.

29. Income tax expenses

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Actual income tax – corporate tax	12,981	0
Actual income tax – innovation contribution	1,001	
Actual income tax – local business tax	3,337	3,391
Deferred taxes	3,926	-245
Total income tax expenses	**21,245**	**3,146**

The rate of corporate tax used to calculate deferred tax: 9%.

Reconciliation of income taxes recognised in the income statement:

	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Profit/Loss before taxation	1,095,968	1,010,315
Dividend revenue (-)	-950,000	-1,009,000
Tax base	145,968	1,315
Tax payment liability determined at the current tax rate 9%	13,137	118
Business tax	3,337	3,391
Deferred tax as the difference in reversals (deferred losses. etc. book value of tangible assets)	4,771	-363
Total income taxes	**21,245**	**3,146**

30. Risk management

The Company's assets contain liquid assets, securities, trade and other receivables and other assets excluding taxes. The Company'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 Company is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

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

The objective of the Company's risk management policy is to filter out and examine the risks the Company 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 Company's activities.

Capital management

The Company'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 Company. 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 Company's capital comprises net external funds and the Company's equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders). Points 13-16 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	4,212,165	4,556,700
Equity capital/registered capital	**2449%**	**2649%**

The Company's capital management strives to ensure that the individual members of the Company 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 Company 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 Company. 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 Company's maximum credit risk exposure.

Lending risk	**31 Dec 2021**	**31 Dec 2020**
Trade receivables	285	404
Other receivables	3,951	3,787
Financial instruments	0	0
Cash and cash equivalents	3,983,944	4,965,656
Total	**3,988,180**	**4,969,847**

The Company's cash and cash equivalents are held by Raiffeisen Bank Zrt.

Breakdown of cash and cash equivalents

	31 Dec 2021	**31 Dec 2020**
Raiffeisen Bank Zrt.	3,983,496	4,965,448
Cash	448	208
Total	**3,983,944**	**4,965,656**

Exchange rate risk

An exchange rate risk is incurred when the Company performs transactions denominated in a currency other than the functional currency. The Company is exposed to foreign currency risk when financing foreign subsidiaries and making 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 Company's liquid assets by currency:

	31 Dec 2021	31 Dec 2020
HUF	525,457	3,505,019
EUR	3,458,487	1,460,520
PLN	0	117
Total	**3,983,944**	**4,965,656**

Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations by the due date. Under the Company'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 Company's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, the Company has been managing its bank accounts linked to its Hungarian operations under a cash pooling regime since 7 December 2017, which makes automatic group financing possible.

The Company has no long-term loans. The Duna House NKP Bond 2030/I. pays interest and capital as set out in Note 16.

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 Company'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. As the Company is a holding company, its exposure to market risk is equal to the sum of the exposure to market risk of its subsidiaries.

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 Company has determined that in addition to the dividend revenues received from its subsidiaries, its results also depend on interest rate risk, which is a key variable that is fundamentally financial in nature and embodies the “cost” of group financing. It has performed sensitivity analyses for this variable. Outcome of the interest sensitivity test (as a percentage of interest changes):

	2021	2020
AEE	1,096,969	1,010,315
External interest revenue	-214,825	-127,818
External interest expenses	-168,895	-89,396

With actual interest	**2021.01.01.-2021.12.31**	**2020.01.01.-2020.12.31**
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	45,930	38,422
Profit/Loss before taxation	**1,096,969**	**1,010,315**
1%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	46,389	38,806
Profit/Loss before taxation	**1,097,428**	**1,010,699**
Changes in profit before tax	***459***	***384***
Changes in profit before tax (%)	***0.042%***	***0.038%***
5%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	48,227	40,343
Profit/Loss before taxation	**1,099,266**	**1,012,236**
Changes in profit before tax	***2,297***	***1,921***
Changes in profit before tax (%)	***0.209%***	***0.190%***
10%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	50,523	42,264
Profit/Loss before taxation	**1,101,562**	**1,014,157**
Changes in profit before tax	***4,593***	***3,842***
Changes in profit before tax (%)	***0.417%***	***0.379%***
-1%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	45,471	38,038
Profit/Loss before taxation	**1,096,510**	**1,009,931**
Changes in profit before tax	***-459***	***-384***
Changes in profit before tax (%)	***-0.042%***	***-0.038%***
-5%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	43,634	36,501
Profit/Loss before taxation	**1,094,673**	**1,008,394**
Changes in profit before tax	***-2,297***	***-1,921***
Changes in profit before tax (%)	***-0.210%***	***-0.191%***
-10%		
Profit before tax - excluding interest expense and interest income	1,051,039	971,893
Net interest income (income and expenses)	41,337	34,580
Profit/Loss before taxation	**1,092,376**	**1,006,473**
Changes in profit before tax	***-4,593***	***-3,842***
Changes in profit before tax (%)	***-0.420%***	***-0.382%***

The Company strives to ensure the reduction of the interest rate risk, already low, primarily by tying up liquid assets.

The Company's currency risk is limited, because in all three countries it carries out the sales and purchases in the given country's currency; exchange rate differences were incurred only in relation to the loans extended to foreign subsidiaries in foreign currencies. The Company does not conclude hedge transactions to manage these exchange rate risks.

31. Financial instruments

The following qualify as financial instruments: financial investments; of current assets, trade receivables; securities and liquid assets; loans and credits received; and trade liabilities.

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

Financial instruments 2021	**Carrying value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	0	0
Trade receivables	285	285
Cash and cash equivalents	3,983,944	3,983,944
Financial liabilities		
Liabilities recorded at amortized historical cost		
Long-term loans	0	0
Bonds payable	6,909,514	6,909,514
Other long-term liabilities (leasing)	1,224	1,224
Short-term loans and borrowings	0	0
Short-term part of leases	0	0
Accounts payable	13,960	13,960

Financial instruments 2020	Carrying value	Fair value
Financial instruments		
Assets recorded at amortised historical cost	0	0
Financial instruments	0	0
Trade receivables	404	404
Cash and cash equivalents	4,965,656	4,965,656
Financial liabilities		
Liabilities recorded at amortized historical cost		
Long-term loans	0	0
Bonds payable	6,944,849	6,944,849
Other long-term liabilities (leasing)	1,224	1,224
Short-term loans and borrowings	0	0
Short-term part of leases	10,960	10,960
Accounts payable	14,132	14,132

32. 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**

33. 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.

34. Other publication obligations required by the Accounting Act

The following table contains the equity correlation table for the reporting date:

Equity reconciliation	**31.12.2021**	**31.12.2020**
Subscribed capital as per the IFRS	171,989	171,989
Capital subscribed but not paid up	0	0
Treasury shares	-243,406	-193,614
Capital reserve	1,526,163	1,499,706
Share scheme	17,983	26,458
Tied-up reserve	0	0
Revaluation reserve	0	0
Profit reserve	1,663,712	2,044,992
Taxed profit	1,075,724	1,007,169
Total equity	**4,212,165**	**4,556,700**

The Company is obligated to have its standalone 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 Company and its related undertakings 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 standalone 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 annual report on https://e-beszamolo.im.gov.hu/ as well as the Company's website: https://dunahouse.com/hu/kozzetetelek.

35. 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.

The Board of Directors of the Company discussed these standalone 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.

BUSINESS REPORT

ON THE 2021 ACTIVITIES OF THE COMPANY

1. Company profile

The Duna House Holding Nyrt. – hereinafter referred to as "Company" – was founded in 2003; its main activity, by way of its subsidiaries, 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 Subsidiaries and joint undertakings of the Company

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. Presentation of the market and economic environment that affects the Company's activities

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 market, active 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.

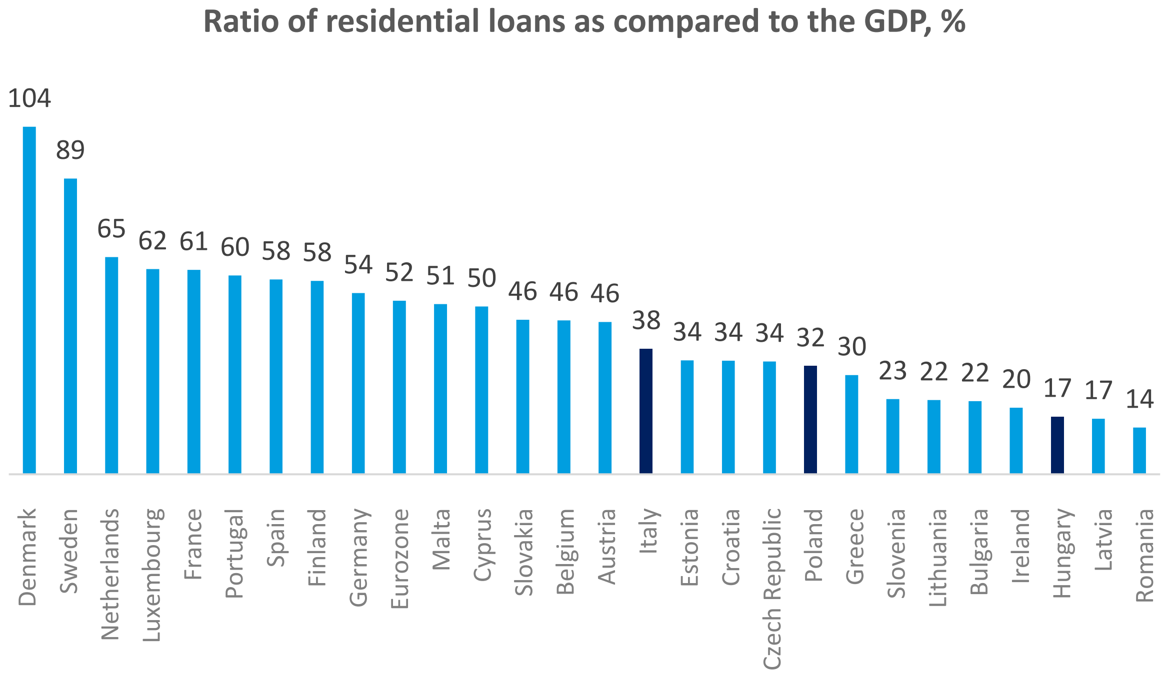
[1] *Source: Duna House Barométer No 126 published by Duna House Franchise Kft.*

[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

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

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.

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 Company's financial and equity situation

Income Statement

data provided in thousands HUF, unless indicated otherwise

	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Net sales revenues	20	382,494	215,607
Other operating income	21	133	2,853
Total income		**382,627**	**218,460**
Consumables and raw materials	22	8,245	7,221
Goods and services sold	23	40,537	38,854
Contracted services	24	140,091	132,397
Personnel costs	25	140,382	100,811
Depreciation and amortisation		1,056	1,770
Depreciation on right-of-use	5	11,544	11,544
Other operating charges	26	628	816
Operating costs		**342,483**	**293,413**
Operating profit/loss		**40,144**	**-74,953**
Financial revenues	27	1,346,208	1,205,329
Financial expenses	28	-289,383	-120,061
Profit/Loss before taxation		**1,096,969**	**1,010,315**
Income taxes	29	-21,245	-3,146
Taxed profit		**1,075,724**	**1,007,169**
Total comprehensive income		**1,075,724**	**1,007,169**

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

The sales revenue of HUF 382,494 thousand realised in 2021 was HUF 166,887 thousand more than the same value in 2020. This year it consisted mainly of office and parking rental fees invoiced to the subsidiaries with a registered office at the real estate in Gellérthegy u., as well as the holding services provided and invoiced to the subsidiaries.

Staff costs increased as compared to 2020 levels, mainly because of the reduction of wage costs and the related taxes in 2020 due to the temporary renouncing of wages and wage reduction due to the COVID-19 epidemic.

3.1 Assets

data in HUF thousands

data provided in thousands HUF, unless indicated otherwise

	Notes	31.12.2021	31.12.2020
ASSETS			
Long-term assets			
Intangible assets	4	749	816
Right-of-use	5	1,220	12,764
Land and buildings	3	223	251
Machinery and equipment	3	2,578	757
Investments in subsidiaries	6	1,865,000	1,909,054
Deferred tax assets	7	144	4,070
Total long-term assets		**1,869,914**	**1,927,712**
Current assets			
Inventories	8	2,155	1,788
Trade receivables	9	285	404
Amounts owed by related undertakings	10	6,367,633	5,386,065
Other receivables	11	3,951	3,787
Actual income tax assets		0	2,670
Cash and cash equivalents	12	3,983,944	4,965,656
Restricted cash	12	0	0
Total current assets		**10,357,968**	**10,360,370**
Total Assets		**12,227,882**	**12,288,082**

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

The most significant change on the asset side is the HUF 981.6 million increase in related party receivables, which is attributable to the loan provided for residential property development projects.

3.2 Liabilities

data in HUF thousands

LIABILITIES	Notes	**31.12.2021**	**31.12.2020**
Equity			
Registered capital	13	171,989	171,989
Capital reserve	13	1,544,146	1,526,164
Treasury shares repurchased	14	-243,406	-193,614
Profit reserve	13	2,739,436	3,052,161
Total equity:		**4,212,165**	**4,556,700**
Long-term liabilities			
Long-term loans	15	0	0
Bonds payable	16	6,909,514	6,944,849
Lease liabilities	5	1,224	1,224
Total long-term liabilities		**6,910,738**	**6,946,073**
Current liabilities			
Short-term loans and borrowings	15	0	0
Accounts payable	17	13,960	14,132
Liabilities to related undertakings	18	995,399	733,654
Other liabilities	19	95,620	26,563
Short-term liabilities from leases	5	0	10,960
Total current liabilities		**1,104,979**	**785,309**
Total liabilities and equity		**12,227,882**	**12,288,082**

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.

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.

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.

Cash Flow Statement

data provided in thousands HUF, unless indicated otherwise	Notes	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
OPERATING CASH FLOW			
Taxed profit		1,075,724	1,007,169
Adjustments:			
Financial results		-1,100,879	-1,100,228
Accounted employee stock ownership plan cost	13	33,803	26,458
Reporting year depreciation and depreciation on right-of-use	5	12,600	13,314
Impairment on investments	26	44,054	14,960
Tax payable	29	21,245	3,146
Changes in working capital			
Changes in inventories	8	-367	-557
Changes in trade and other receivables and related receivables (without dividend receivables)	9-11	-1,114,943	-1,116,053
Changes in accounts payable and related liabilities (without dividend)	17, 18	249,053	75,315
Other current liabilities and accruals and deferrals	19	58,098	-6,917
Income tax paid	29	-17,319	-3,391
Net operating cash flow		***-738,931***	***-1,086,784***
Investment cash flow			
Tangible and intangible assets (purchased and sold)	3, 4	-2,782	-372
Acquisition of subsidiaries (excluding acquired liquid assets)	6	0	0
Net investment cash flow		***-2,782***	***-372***
Financing cash flow			
Bank loans/(repayment)	15	0	-2,238,451
Bond issues	16	-1,706	6,889,368
Changes in right-of-use and lease liabilities	5	0	-12,814
Purchase of treasury shares	14	-49,792	-16,699
Dividends paid	13	-1,388,462	-68,890
Dividends and profit-sharing received	27	1,086,000	859,000
Interest received (paid)	27-28	12,301	93,903
Net financing cash flow from investment activities		***-341,659***	***5,505,417***
Net change in cash and cash equivalents		-1,083,372	4,418,261
Balance of cash and cash equivalents as at the beginning of the year		4,965,656	494,589
Unrealised exchange rate differences on cash and cash equivalents		101,660	52,806
Balance of cash and cash equivalents as at the end of the year		**3,983,944**	**4,965,656**

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

In 2020, operating cash flow was negative at HUF 739 million due to an increase in the liability balance of subsidiaries and other related companies. Dividend payments amounted to HUF 1,388 million, and employee stock ownership plan treasury shares were purchased for a total value of HUF 50 million. As a result of the above, the balance of cash and cash equivalents decreased to HUF 3,983,944 thousand, as at the end of the year.

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.

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, 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%**

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 alienation	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

Due to its activities, the Company's exposure to risk is equal to the sum of the risk exposure of its subsidiaries. The subsidiaries' assets contain liquid assets, securities, trade and other receivables and other assets excluding taxes. The subsidiaries' 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 subsidiaries are exposed to the following financial risks, which also affect the Company's operations:

- credit risk
- liquidity risk
- market risk

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

The objective of risk management is to filter out and examine the risks the subsidiaries face, to set the appropriate controls, and to monitor the risks in the interest of decreasing these risks to acceptable levels. The risk management policy and the system are reviewed so that it does reflect the changed market conditions and the subsidiaries' activities.

Capital management

The Company'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 Company. 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 and the subsidiaries' capital comprises net external funds and the subsidiaries' equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders).

	31.12.2021	**31.12.2020**
Registered capital	171,989	171,989
Total equity	4,212,165	4,556,700
Equity capital/registered capital	**2449%**	**2649%**

The Company's capital management strives to ensure that the individual subsidiaries of the Company 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 Company also carries out monitoring which aims to ensure that its subsidiaries' 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 Company. 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 Company's maximum credit risk exposure.

Lending risk	**31 Dec 2021**	**31 Dec 2020**
Trade receivables	285	404
Other receivables	3,951	3,787
Financial instruments	0	0
Cash and cash equivalents	3,983,944	4,965,656
Total	**3,988,180**	**4,969,847**

The Company's cash and cash equivalents are held by Raiffeisen Bank Zrt.

Breakdown of cash and cash equivalents

	31 Dec 2021	**31 Dec 2020**
Raiffeisen Bank Zrt.	3,983,496	4,965,448
Cash	448	208
Total	**3,983,944**	**4,965,656**

Foreign currency risk

An exchange rate risk is incurred when the Company performs transactions denominated in a currency other than the functional currency. The Company is exposed to foreign currency risk when financing foreign subsidiaries and making 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 Company's liquid assets by currency:

	31 Dec 2021	31 Dec 2020
HUF	525,457	3,505,019
EUR	3,458,487	1,460,520
PLN	0	117
Total	**3,983,944**	**4,965,656**

Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations by the due date. Under the Company'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 Company's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, the Company has been managing its bank accounts linked to its Hungarian operations under a cash pooling regime since 7 December 2017, which makes automatic group financing possible.

The Company has no long-term loans. The Duna House NKP Bond 2030/I. pays interest and capital as set out in Note 16 to the financial statements.

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 Company'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. As the Company is a holding company, its exposure to market risk is equal to the sum of the exposure to market risk of its subsidiaries.

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[5].

12. Declaration on responsibility

The Board of Directors of the Company prepared this business report on the basis of the data included in the standalone financial statements 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 business report gives a fair picture of the situation, development and performance of the Company.

Budapest, 04 April 2022

Persons authorised to sign the 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

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