This is a translation of the Hungarian Report

DUNA HOUSE HOLDING NYRT.

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2022

DUNA HOUSE
GROUP

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Statement of consolidated financial position

data in thousands of forints, unless otherwise indicated

ASSETS	***Annex***	**31.12.2022**	**31.12.2021**
Long-term assets			
Intangible assets	*5*	6 666 133	334 794
Right-of-use	*6*	1 540 929	347 380
Investment property	*4*	982 500	1 849 500
Land and buildings	*3*	1 787 050	409 070
Machinery and equipment	*3*	187 097	22 840
Goodwill	*7*	5 662 784	1 775 523
Investments in associated companies and joint ventures	*8*	101 127	214 342
Financial instruments	*9, 48*	110 602	62 412
Deferred tax assets	*10*	910 475	228 219
Total long-term assets		**17 948 697**	**5 244 080**
Current assets			
Inventories	*11, 34*	6 059 075	7 418 870
Trade receivables	*12*	3 229 765	2 102 051
Amounts owed by related undertakings	*13*	25 345	166 792
Other receivables	*14*	1 665 048	403 043
Actual income tax assets	*42*	192 168	46 077
Cash and cash equivalents	*15*	10 646 364	5 226 528
Restricted cash	*15*	92 550	1 270 504
Prepayments and accruals	*16*	911 205	734 512
Assets held for sale	*17*	402 421	0
Total current assets		**23 223 941**	**17 368 377**
Total Assets		**41 172 638**	**22 612 457**

Statement of consolidated financial position

data in thousands of forints, unless otherwise indicated

LIABILITIES	***Annex***	**31.12.2022**	**31.12.2021**
Equity			
Registered capital	*18*	171 989	171 989
Treasury shares repurchased	*19*	(370 862)	(243 406)
Capital reserve	*18*	1 564 066	1 544 146
Exchange reserves	*20*	504 502	112 494
Retained earnings	*18*	3 205 707	5 400 252
Total equity of the parent company		**5 075 402**	**6 985 475**
Non-controlling interests	*21*	175 508	(64 013)
Total equity:		**5 250 910**	**6 921 462**
Long-term liabilities			
Long-term loans	*22*	1 404 027	
Provisions for expected liabilities	*24*	80 035	
Deferred tax liabilities	*25*	1 683 651	219 025
Other long-term liabilities	*26*	9 139 098	
Bonds payable	*23*	13 059 828	6 909 514
Long-term liabilities from leases	*6*	1 470 175	372 250
Total long-term liabilities		**26 836 814**	**7 500 789**
Current liabilities			
Short-term loans and borrowings	*22*	357 048	4 373 387
Accounts payable	*27*	3 106 913	1 321 060
Liabilities to related undertakings	*28*	143 845	17 950
Other liabilities	*29*	4 225 653	2 014 115
Short-term liabilities from leases	*6*	292 382	76 667
Actual income tax liabilities	*42*	194 460	17 747
Prepayments and accruals	*30*	731 777	369 280
Liabilities directly linked to instruments classified as held for sale	*17*	32 836	
Total current liabilities		**9 084 914**	**8 190 206**
Total liabilities and equity		**41 172 638**	**22 612 457**

Statement of consolidated profit and loss and other comprehensive income

data in thousands of forints, unless otherwise indicated

Continuing activities	***Annex***	**2022**	**2021**
Net sales revenues	*31*	30 264 318	14 461 930
Other operating income	*33*	404 860	298 345
Total revenue		**30 669 178**	**14 760 275**
Variation in self-manufactured stock	*34*	(1 256 657)	411 014
Consumables and raw materials	*35*	(228 674)	(261 572)
Goods and services sold	*36*	(2 041 847)	(2 217 319)
Contracted services	*37*	(20 258 213)	(8 966 933)
Personnel costs	*38*	(1 817 286)	(841 216)
Depreciation and amortisation		(778 531)	(187 507)
Depreciation of right-of-use	*6*	(235 589)	(134 782)
Other operating charges	*39*	(616 049)	(866 513)
Operating costs		**(27 232 846)**	**(13 064 828)**
Operating profit		**3 436 332**	**1 695 447**
Financial income	*40*	803 489	225 562
Financial charges	*41*	(739 094)	(291 685)
Share of the results of jointly controlled undertakings	*8*	214 439	156 676
Profit before tax from continuing operations		**3 715 166**	**1 786 000**
Income tax expense	*42*	(775 936)	(311 831)
Profit for the year from continuing operations		**2 939 230**	**1 474 169**
Discontinued operations			
Profit or loss after tax from a discontinued operations	*17*	881	
Profit for the year		**2 940 111**	**1 474 169**
Conversion differences of foreign subsidiaries		513 557	25 554
Other comprehensive income	*43*	**513 557**	**25 554**
Total comprehensive income		**3 453 668**	**1 499 723**
From profit for the year			
Attributable to the parent company		2 710 837	1 470 419
Attributable to non-controlling interest		229 274	3 751
Of the total comprehensive income			
Attributable to the parent company		3 102 846	1 499 573
Attributable to non-controlling interest		350 822	150
Earnings per share (HUF)	*44*		
Base		83,5	41,3
Diluted		83,3	41,2

The annexes on pages 9 to 101 are integral parts of the consolidated accounts

Statement of changes in equity capital

	Annex	Registered capital	Treasury shares repurchased	Capital reserves	Retained earnings	Exchange reserves	Total equity of the parent company	Non-controlling interests	Total equity
Balance at 31 December 2020		**171 989**	**(193 614)**	**1 526 164**	**5 318 283**	**83 340**	**6 906 162**	**(64 163)**	**6 841 999**
Profit for the year					1 470 419		1 470 419	3 750	1 474 169
Other comprehensive income	*43*					29 154	29 154	(3 600)	25 554
Total comprehensive income					1 470 419	29 154	1 499 573	150	1 499 723
Dividends	*18*				(1 388 450)		(1 388 450)		(1 388 450)
Purchase of own shares	*19*		(49 792)				(49 792)		(49 792)
ESOP and executive share program	*19*			17 982			17 982		17 982
Balance at 31 December 2021		**171 989**	**(243 406)**	**1 544 146**	**5 400 252**	**112 494**	**6 985 475**	**(64 013)**	**6 921 462**
Profit for the year					2 710 837		2 710 837	229 274	2 940 111
Other comprehensive income	*43*					392 008	392 008	121 549	513 557
Total comprehensive income					2 710 837	392 008	3 102 845	350 823	3 453 668
Acquisition	*2.4.2*				(3 729 682)		(3 729 682)	(111 302)	(3 840 984)
Dividends	*18*				(1 175 700)		(1 175 700)		(1 175 700)
Purchase of own shares	*19*		(127 456)				(127 456)		(127 456)
ESOP and executive share program	*19*			19 920			19 920		19 920
Balance at 31 December 2022		**171 989**	**(370 862)**	**1 564 066**	**3 205 707**	**504 502**	**5 075 402**	**175 508**	**5 250 910**

The annexes on pages 9 to101 are integral parts of the consolidated accounts

Consolidated Cash Flow Statement

data in thousands of forints, unless otherwise indicated

	Annex	2022	2021
Cash flow from operating activity			
Profit before tax from continuing operations		3 715 166	1 786 000
Profit/(loss) before tax from discontinued operations	17	968	
Profit before tax		3 716 134	1 786 000
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets		1 014 120	322 289
Amortisation and impairment of intangible assets and impairment of goodwill	5, 7	57 954	
Share-based payment expense	38	16 945	27 157
Decrease in fair value of investment properties	39	16 500	17 800
Increase in fair value of investment properties	33	(26 116)	(68 655)
Net foreign exchange differences		(283 991)	(91 254)
Gain on disposal of property, plant and equipment	33	(71 118)	(31)
Financial income	40	(803 489)	(225 562)
Finance costs	41	739 094	291 685
Share of profit of an associate and a joint venture	8	(214 439)	(156 676)
Movements in provisions, pensions and government grants	24	(48 777)	
<u>Changes in working capital</u>			
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	12, 13, 14, 15, 16	2 410 035	(1 852 722)
Decrease in inventories and right of return assets	11	1 359 795	(183 061)
Increase in trade and other payables, contract liabilities and refund liabilities	27, 28, 29, 30	1 550 360	1 278 028
		9 433 007	1 144 998
Interest received	40	485 018	23 735
Interest paid	41	(479 166)	(244 184)
Income tax paid	42	(1 006 956)	(205 321)
Net cash flow from operating activity		***8 431 903***	***719 228***
Cash flow from investing activity			
Proceeds from sale of property, plant and equipment	3, 33	703 850	92 600
Purchase of property, plant and equipment	3	(193 185)	(168 599)
Purchase of financial instruments	9	(12 882)	(10 294)
Dividends from associates and joint ventures	8	194 500	370 000
Acquisition of a subsidiary, net of cash acquired	2.4.2.1	(2 816 389)	
Net cash flow from investing activity		***(2 124 105)***	***283 707***
Cash flow from financing activity			
Proceeds from exercise of share options	19	155 612	
Purchase of own shares	19	(388 941)	(65 613)
Acquisition of non-controlling interests	2.4.2.1	(123 356)	
Payment of principal portion of lease liabilities	6	(236 731)	(133 776)
Proceeds from borrowings	22, 23	5 914 000	80 147
Repayment of borrowings	22, 23	(5 169 202)	(557 220)
Dividends paid to equity holders of the parent	18	(1 171 987)	(1 388 462)
Net cash flow from financing activity		***(1 020 605)***	***(2 064 923)***
Net change in cash and cash equivalents		5 287 192	(1 061 988)
Cash and cash equivalents at start of period		5 226 528	6 169 525
Currency exchange differences on cash and cash equivalents		132 644	118 991
Cash and cash equivalents at end of period	15	**10 646 364**	**5 226 528**

The annexes on pages 9 to 101 are integral parts of the consolidated accounts

1. General

1.1 Introduction to the company

This report contains the consolidated financial statements of Duna House Holding Nyrt. (the "Company") and its subsidiaries (hereinafter jointly the "Group") for the year ending with 31 December 2022. Duna House Holding Nyrt, as the parent company, is a public limited company registered in Budapest, Hungary, with its registered office at 1016 Budapest, Gellérthegy utca 17. The Company was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 315 real estate offices and more than 5,000 real estate agents and credit consultants.

Duna House Group's strategic goal is to extend its expertise to the Central-European region and to become a major international player. The Group acquired Metrohouse, the largest Polish real estate agency in April 2016 and 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 13 January 2022, the Company closed 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 Group is consolidating the Italian subsidiaries with a starting date of 1 April 2022. The details regarding the Italian acquisition are set out in section 2.4.2.1.

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.

After the increase in capital registered on 1 February 2017, Duna House Holding Nyrt.'s largest shareholder was, with a 77.72% share, Medasev Holding Kft. (1016 Budapest, Gellérthegy utca 17., company registration number: Cg.01-09-209753), which on 6 September 2022 underwent a demerger to form GD Holding Kft. (1026 Budapest, Hidász utca 21. fszt 1., company registration number: Cg.01-09-405548, beneficial owner: Gay Dymschiz) and DDGroup Kft. (1025 Budapest, Szépvölgyi út 206, company registration number: Cg.01-09-405549, beneficial owner: Doron Dymschiz). GD Holding Kft. and DDGroup Kft. are acting in concert and are the controlling shareholders of the Group.

Owner's name	Ownership share as at 31 December 2022	Ownership share as at 31 December 2021
Medasev Holding Kft.	-	77,72%
GD Holding Kft.	39,17%	-
DDGroup Kft.	39,17%	-
AEGON Magyarország Befektetési Alapkezelő Zrt.	7,60%	7,49%
Employees	2,13%	1,76%
Treasury shares repurchased	2,16%	1,79%
Other investors	9,76%	11,24%
Total	**100%**	**100%**

The Company is operated by the Board of Directors, the members of which are: Doron Dymschiz (Chairman), Gay Dymschiz, Jenő Nagy (non-operative), Ferenc Máté, Dániel Schilling. The controlling tasks over the operation of the Company are performed by the Supervisory Board, the members of which are: Károly Redling (Chairman), György Martin-Hajdu, Kálmán Nagy.

1.2 Basis of the financial statements

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

The annual consolidated financial statements were approved by the Board of Directors on 6 April 2023. The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

At the moment there is no difference between the Group IFRS and IFRS policies accepted by the EU according to the EU in acting processes and the activities of the Group. The disclosures in the financial statements comply with the requirements of the individual standards.

ii) Basis of the financial statements

The consolidated financial statements were prepared on the basis of the standards issued and effective before 31 December 2022 and according to the IFRIC interpretations.

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

The Group has prepared the financial statements on the basis that the company will continue as a going concern.

The financial year is identical with the calendar year.

iii) Basis of the valuation

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

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

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

2. Accounting policy

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

2.1 Main components of the accounting policy

2.1.1 **Basis of consolidation**

Subsidiaries

The consolidated annual financial statements include Duna House Holding Nyrt. and the subsidiaries controlled by it. Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights over, variable returns from its involvement in the entity and is able to influence such returns through its control over the entity. The consolidated annual financial statements include the annual accounts of the subsidiaries from the date on which control commences until the date on which control ceases. Whether or not the Group controls another entity is determined by taking into account the potential voting rights currently exercisable or transferable and their effect.

In general, it is assumed that a majority of voting rights grants the possibility to exercise control. In order to support this presumption, and when the Group does not have a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity, including:

- The contractual agreement(s) with other owners of the entity,
- Rights under other contractual agreements,
- The Group’s voting rights and potential voting rights

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

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

The equity and profit shares of non-controlling shares are presented in separate rows in the balance sheet and in the income statement. The share of the non-controlling shareholders equals the originally taken value, modified by the amount of changes in the equity of the acquired company relating to non-controlling shareholders. The non-controlling shares have a share of the interim total comprehensive income even if it leads to a negative balance of their shares.

All changes in the participations of the Group in subsidiaries that do not lead to the loss of control are recognised as capital transactions. The amount modifying the participation of non-controlling shareholders and the difference between the received or paid consideration is recognised in the equity as the shareholder value. For each option agreement for a non-controlling interest, the Group assesses the probability of the transaction occurring and, based on the fair value of the expected payment, recognises the difference between the non-controlling interest and the fair value of the payment as an equity transaction.

2.1.2 Reporting currency and foreign exchange balances

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

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

The consolidated financial statements were prepared in Hungarian forints (HUF), rounded to the nearest one 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.

The Group's member companies
The results and balance sheets of the Group's member companies that have a functional currency other than the reporting currency (none of which operate in a hyperinflationary economy) are converted into the reporting currency as follows:

- On the first consolidation of acquired foreign subsidiaries, assets and liabilities are included in the consolidated balance sheet in HUF, converted at the exchange rate prevailing on the date of acquisition.
- In the balance sheets presented, assets and liabilities are converted at the closing exchange rate as at the balance sheet date.
- Income statement items are converted to HUF at the average cumulative annual exchange rate.
- All differences arising from exchange rate changes are recognised in consolidated capital (as cumulative conversion differences). If the Group sells part or all of a foreign operation, the exchange difference is recognised in equity until the sale is recognised in profit or loss (Other operating income) through the gain or loss on sale.

2.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost value of an acquisition is defined as the sum of the consideration transferred, at the fair value as at the acquisition date, and the non-controlling interests in the acquired party. For each business combination, the Group determines whether to valuate the non-controlling interests in the acquired party at fair value or at the proportionate share of the acquired party's identifiable net assets. The Group has elected to valuate non-controlling interests in all past acquisitions at their proportionate share of the identifiable net asset value. Acquisition-related costs are settled as expenses when they are incurred and are included in services rendered.

The Group determines that a business is acquired when the acquired activities and assets comprise inputs together with a significant process that together contribute significantly to the ability to generate outputs. An acquired process is considered to be substantial if it is critical to the continued production of outputs, and the inputs acquired include an organised workforce with the skills, knowledge, or experience to carry out that process, or it contributes significantly to the continued production of outputs and is unique or rare or cannot be replaced without significant cost, effort, or delay in the continued production of outputs.

When the Group acquires a business, it valuates the acquired financial assets and liabilities in accordance with the contractual terms, economic conditions, and relevant terms and conditions for the appropriate classification at the acquisition date. This includes the separation of derivative transactions embedded in principal contracts by the acquired party.

Any contingent consideration to be transferred by the Group is recognised at fair value as at the acquisition date. Contingent consideration classified as equity is not revalued and its subsequent settlement is recognised in equity. Contingent consideration that is a financial instrument and is classified as an asset or liability within the scope of IFRS 9 Financial Instruments is valued at fair value, and changes in fair value are recognised in the income statement in accordance with the IFRS 9 standard. Other contingent consideration not within the scope of IFRS 9 is valued at fair value at each reporting date, and changes in fair value are recognised in profit or loss.

Goodwill is initially valued at cost value (being the excess of the consideration transferred over the amount recognised for non-controlling interests and any previously held interests in the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired exceeds the consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and liabilities assumed and revises the procedures used to valuate the amounts to be recognised at the acquisition date. If the revaluation still results in the fair value of the net assets acquired exceeding the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is valued by the Group at cost value decreased by accumulated impairment losses. For the purpose of assessing impairment, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired party are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the activity within that unit is disposed of, the goodwill associated with the disposed activity shall be included in the book value of the activity in determining the gain or loss on disposal. Goodwill disposed of in such circumstances is valued by the Group on the basis of the relative value of the part of the operation disposed of and the part of the cash-generating unit retained.

2.1.4 **Investments in associated companies and joint ventures**

An associated company is a business unit over which the Group has significant influence. Significant influence means participation in the financial and operating policy decisions of the investee company, but does not mean control or joint control over those policies.

A joint venture is a type of joint arrangement in which the parties that have joint control over the arrangement have rights regarding the net assets of the joint venture. Joint control is the contractual sharing of control over an agreement, which exists only when decisions on the relevant activities require the unanimous consent of the parties sharing control.

The considerations used to determine significant influence or joint control are similar to those used to determine control over subsidiaries. The Group accounts for its investments in associated companies and joint ventures using the equity method.
Under the equity method, an investment in an associated company or joint venture is initially recognised at cost. The book amount of the investment is adjusted for changes in the net assets of the associated company or joint venture since the acquisition date. Goodwill relating to an associated company or joint venture is included in the book value of the investment and is not examined separately for impairment.

The income statement reflects the Group's share of the results of the associated company or joint venture. Any changes in the other comprehensive income of such investments are presented as part of the Group's other comprehensive income. In addition, if there has been a directly recognised change in the equity of an associated company or joint venture, the Group recognises its share of the changes, if any, in the statement of changes in equity. Unrealised gains and losses arising from transactions between the Group and an associated company or joint venture are eliminated to the extent of the Group's interest in such associated company or joint venture.

The aggregate of the Group's share of the profits or losses of associated companies and joint ventures is recognised in the income statement outside profit or loss from operations and relates to profit or loss after tax and non-controlling interests in subsidiaries of associated companies or joint ventures. The financial statements of an associated company or joint venture are prepared for the same reporting period as for the Group. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associated companies or joint ventures. At each reporting date, the Group determines whether there is objective evidence that impairment should be accounted for an investment in an associated company or joint venture. Where such evidence exists, the Group calculates the amount of the impairment loss as the difference between the recoverable amount and the book value of the associated company or joint venture and recognises the loss in the income statement in the line “Share of the results of jointly controlled entities”.

In the event of loss of significant influence or joint control over an associated company, the Group valuates and recognises the retained investment at fair value. The book value of the associated company or joint venture on loss of significant influence or joint control and the difference between the fair value of the investment retained and the proceeds on disposal are recognised in profit or loss.

2.1.5 **Distinction between short and long-term**

The Group presents assets and liabilities in the statement of its financial position as distinguished between short and long term. An asset is short-term if:

- It is expected to be realised, or is sold or used, within the normal operating cycle,
- It is held mainly for trading purposes,
- It is expected to be realised within twelve months after the reporting period,

Or

- It is a cash or cash equivalent, unless it cannot be exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as long-term.

A liability is short-term if:

- It is expected to be settled within the normal operating cycle,
- It is held mainly for trading purposes,
- It has to be paid within twelve months of the end of the reporting period,

Or

- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The terms of the liability that may, at the counterparty's option, result in the settlement of the liability by the issue of equity instruments do not affect the classification of the liability.

The Group classifies all other liabilities as long-term.

Deferred tax assets and liabilities are classified as long-term assets and liabilities.

2.1.6 **Sales revenue**

Revenues are recognised by the Group in line with the IFRS 15 (revenues from client contracts) standard. The Group is principally engaged in the brokerage of financial products, real estate brokerage, and the operation of a real estate franchise system.
Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer in an amount to which the customer expects to be entitled for the provision of services by another party. In general, the Group has concluded that it is an agent in revenue arrangements, except for the franchise fees described below, because it typically does not check the goods or services before they are transferred to the customer.

The Company uses a five-step approach when accounting revenue to determine the timing and amount of revenue to be recognised:

Step 1: Identification of the contract with the buyer,
Step 2: Identifying the performance conditions in contracts,
Step 3: Determining the transaction price,
Step 4: Allocation of the transaction price to the performance conditions in the contract,
Step 5: Recognition of revenue when the performance conditions are met.

Underwriting and trail commissions related to financial products (loans, insurance products) brokered to customers

The Company has identified a performance obligation in relation to the financial products it brokers to customers, which obligation it will settle when the loans are fully disbursed to the customers by the financial institutions or when the premium is paid by the customer. The brokerage commission is typically based on the agreed commission percentage and the amount of credit disbursed and on insurance premiums; however, for certain products it is a fixed amount per transaction.

In the case of mortgage loans brokered in Hungary, the Group is also entitled to a trail (maintenance) commission. The Group becomes entitled to the brokerage commission when the financial institution disburses the mortgage loan to the customer, while the Group becomes entitled to the trail commission when the customer repays the loan from the financial institution according to the contract.

Real estate agent commissions from clients for sold properties

The Company has identified a performance obligation in respect of the real estate agent commission received from customers, which is satisfied at the time of signing the sales contract for the given property. The transaction price is based on the agreed commission percentage and the sale price of the property.

Monthly franchise fee based on commission volumes generated by franchise partners

The Group has a monthly franchise fee income with fixed and variable components. Variable fee income is based on the commission volume generated by the franchise partner in a given month. For the monthly commission volume used as the basis for the calculation of variable fees, the Group takes into account the real estate transactions that took place in the given month, in relation to which the franchisee became entitled to a commission, i.e. a sales contract for a real estate property was signed in the given month. The transaction price is based on a percentage of the agreed franchise fee and the commission volumes generated by franchise partners.
The fixed fee is the minimum of these variable fees that the franchisee shall pay each month, regardless of the volume of commissions generated. Franchise fee income is recognised monthly, at the end of the month.

Entry franchise fees from new franchise partners based on multi-year contracts

The Company recognises revenue from entry franchise fees received from new franchise partners based on multi-year contracts on a pro rata basis over the term of the franchise agreements, as the Group's efforts are evenly spread over the performance period.

The Company continually evaluates the terms of its contracts with customers and the related performance obligations to ensure that its revenue-recognition policy is appropriate and in compliance with IFRS 15.

2.1.7 **Contractual assets**

A contractual asset is initially recognised for the trail commission income received on mortgage loans brokered in Hungary, as the receipt of the consideration is dependent on the loan portfolio remaining intact. The trail commission is invoiced to the lending financial institution in proportion to the time elapsed since the loan was disbursed and the amount recognised as a contractual asset is reclassified by the Group to trade receivables.
Contractual assets are recognised at a discounted value based on the expected default rate and adjusted each period based on the loan portfolio eligible for a trail commission as recorded by financial institutions. The Group discloses contractual assets in the statement of its financial position under "Other receivables".

2.1.8 **Contractual obligations**

A contractual obligation related to real estate property development is an obligation to deliver goods or services to a customer for which the Group has received a consideration (or the amount of consideration is due) from the customer. Contractual obligations are recognised as revenue when the Group has performed the contract (i.e. transferred control of the related goods or services to the customer).

The amounts invoiced to the customer for the sale of completed properties and of properties under development are based on the achievement of various milestones set out in the contract. The amounts recognised as revenue in a given period do not necessarily coincide with the amounts invoiced to and certified by the customer. For contracts in which the goods or services delivered are less than the amount invoiced to and certified by the customer (i.e. when a payment is due or a payment is received before the Group delivers the remaining goods or services), the difference is accounted for as a contractual liability and is presented in the statement of its financial position under "Other liabilities".

2.1.9 **Real estate, machines, equipment**

The tangible assets are stated at historical cost less accumulated depreciation. An item of property, plant and equipment is carried at cost value decreased by any accumulated depreciation and any accumulated impairment losses.

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 shall 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 has to be used, of which the asset is a part. The thus established impairment 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.

2.1.10 **Impairment loss**

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

2.1.11 **Intangible assets**

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

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

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

Brand names	20 years
Purchased contracts	4-5 years
Rights and titles as well as software	3-6 years

During the periods covered by this report, the Group did not have any intangible assets with indefinite useful lives.

2.1.12 **Inventories**

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

The historical cost of real estate development projects includes all the costs of purchasing, transforming, and any other direct costs incurred in order for the developed property to be completed.

2.1.13 **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an item of property held in inventories that necessarily takes a substantial period of time to prepare for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation starts when: (1) the Group incurs expenses in connection with the asset; (2) the Group incurs borrowing costs; and (3) the Group engages in activities necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the business unit incurs in connection with the borrowing of funds. Borrowing costs incurred in respect of properties under development that are recorded as inventory are accounted upon their occurrence.

Capitalised interest is calculated on the basis of the weighted average of the Group's borrowing costs, after adjusting for borrowings related to specific developments. Where the borrowings relate to specific developments, the amount capitalised is the gross interest accrued on the borrowings related to the given development. Interest is capitalised from the start of the development work until the date of completion in practice, i.e. when the development work is substantially complete. The capitalisation of financing costs is suspended if the development activity is interrupted for an extended period.

2.1.14 **Receivables**

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

For trade receivables and contractual assets, the Group applies a simplified approach to the calculation of ECLs. The Group does not monitor changes in credit risk, but recognises a loss provision at each reporting date based on the life of the expected credit loss. The Group has established an impairment matrix based on the past experience of credit losses, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group classifies non-current assets and disposal groups as held for sale when their book value will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (or disposal groups) classified as held for sale are valued either at their carrying value or their fair value less costs of sales, whichever is lower. The cost of sale is the incremental costs directly attributable to the sale of the asset (disposal group), excluding finance costs and income tax expenses.

The conditions for classification as held for sale are considered met only if the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Arrangements necessary for completing the sale should indicate that it is unlikely that significant changes to the sale will occur or that the decision to sell will be cancelled. Management shall be committed to the plan to sell the asset, and the sale has to be expected to be completed within one year of the classification date.

Properties, machinery and equipment, and intangible assets are neither depreciated nor amortised if they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of the Company’s financial position.

Discontinued operations are not included in the results from current operations and are presented in the income statement as a single amount as profit or loss after tax from discontinued operations. For further disclosures, see note 16. All other notes to the financial statements include amounts for continuing operations unless otherwise stated.

2.1.16 Financial instruments

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

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

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

Financial instruments held for trading and derivatives have to be valued at fair value against profit. The Group may irrevocably designate a financial liability as valued 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 valued 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 valued at fair value against other comprehensive profits

Such assets shall be valued at fair value. Interest income, impairment, and differences in foreign currency exchange rates shall be recognised in the profits (similarly to the assets valued 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 valued at amortised historical cost from its original recognition.

Capital investments valued 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.

Valued at fair value against profit

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

Fair value accounting

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

Derecognition of financial instruments

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

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

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

2.1.17 **Provisions**

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

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

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

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

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

In relation to the Forest Hill Residential Park real estate development project, Reviczky 6-10. Kft. is subject to warranty and guarantee obligations under the relevant legal provisions and the sales contracts, which apply for a period of up to ten years after the completion of the real estate, in the event of a defect existing in the Property at the time of completion (building structure, building engineering, etc.). These conditions are “safeguard-type” guarantees that shall be provided as a legal obligation for a quality guarantee. Minor repairs are accounted immediately as costs and are included in the cost of services and materials used.

Provisions are set aside for expected warranty claims on properties sold during the year, based on past experiences regarding the extent of major repairs. The provisions for guarantees in the year are accounted as “Other operating expenses”. The estimate of such provisions is reviewed annually.

The assumptions used to calculate the guarantee provisions are based on current and historical information regarding major repairs at the level of property sales and the warranty period for all properties sold. These costs are expected to be incurred within three years from the date of sale, and are presented at discounted present value.

2.1.18 **Investment property**

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

Initially, an investment property has to be valued at historical cost, taking also account the transaction costs. The Group opted for the fair value model to recognise investment properties. The differences arising from the variation of fair value are recognised in the profit/loss of the current year against other operating income as “Revaluation of investment properties”. There is no scheduled depreciation on investment properties.

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

The profit or loss arising from the variation of the fair value of investment properties is always recognised in the profit or loss of the period (in other operating revenues or other operating expenses row), in which it incurs. An investment property shall be derecognised when sold or when the investment property is finally withdrawn from use and no future economic benefits can be expected from its sale. Any gain or loss arising from the derecognition or sale of investment properties shall be recognised in the statement of income either as a revenue or as an expense during the respective period.

2.1.19 **Income taxes**

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

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

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

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

Deferred tax is not recognised when an asset or liability is recognised for the first time in the books in a transaction that has no effect on accounting profit or taxable profit, unless the transaction is an acquisition.

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

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

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

2.1.20 **Leasing**

The Group assesses whether a contract is a lease or contains a lease element at the conclusion of the contract. I.e. if the contract transfers the right to control the use of an identified asset for a certain period of time in exchange for consideration.

The Group as lessee
The Group applies a uniform recognition and valuation approach to all leases, with the exception of short-term leases and leases of low-value assets. The Group recognises lease liabilities to meet lease payments and the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets on the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are valued at cost value decreased by accumulated depreciation and impairment losses and adjusted for the revaluation of lease liabilities. The cost value of right-of-use assets includes the amount of recognised lease obligations, initial direct costs incurred and lease payments made at or before the inception of the lease, decreased by any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or their estimated useful life, whichever is shorter. The useful life of assets:

- Real estate and machinery: 3-20 years
- Motor vehicles and other equipment: 3-5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated on the basis of the estimated useful life of the asset.

Impairment also applies to assets with rights of use. See the accounting policy in the chapter on the impairment of non-financial assets.

ii) Lease liabilities
At the inception of a lease, the Group recognises lease liabilities at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including payments that are essentially fixed but decreased by lease incentives), variable lease payments that are a function of an index or an interest rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the price of the purchase option that the Group is reasonably certain to exercise and the payment of penalties for cancellation of the lease if the lease term reflects the Group's exercise of the cancellation option.

Variable lease fees that are not dependent on an index or interest rate are recognised as an expense in the period in which the event or condition giving rise to the payment occurs (unless they are incurred in the production of inventories).

In calculating the present value of lease payments, the Group uses the interest rate at the inception of the lease, as the interest rate inherent in the lease can not be readily determined. After the commencement date, the amount of the lease obligations is increased to reflect the accrual of interest, and the amount of the lease payments is reduced. In addition, the book value of lease liabilities shall be revalued if there is a modification, a change in the lease term, a change in the lease payments (e.g. a change in future payments resulting from a change in the index or interest rate used to determine such lease payments), or a change in the valuation of an option to purchase the underlying asset. The Group presents its lease commitments, according to maturity, in the statement of financial position under the headings "Long-term liabilities from leases" and "Short-term liabilities from leases".

iii) Short-term leases and the leasing of low-value assets
The Group applies the exemption from recognising short-term leases for short-term leases of machinery and equipment (i.e. leases with a lease term of 12 months or less from the commencement date and without a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment classified as low-value (less than HUF 1.5 million). For short-term leases and leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the course of the lease term.
The Company is availing itself of the possibility of simplification offered by the amendment to the IFRS 16 standard passed in connection with the COVID-19 epidemic as regards the effects of rent concessions on leased assets. The Company applies the simplification to all assets that meet the requirements of IFRS point 16.46B.

The Group as lessor
The Group's real estate investment division rents out properties on a short-term basis. Revenues from rental activities are not material in relation to the Group's total revenues (see section 31).

2.1.21 Earning per share (EPS)

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

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

2.1.22 Off-balance sheet items

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

2.1.23 Treasury shares repurchased

Repurchased treasury shares are recognised separately within equity at historical cost in accordance with the requirements of the IAS 1 standard.

2.1.24 Dividends

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

2.1.25 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.

2.1.26 Government grants

Government grants are 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 shall 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.

2.1.27 Distribution of shares, option schemes

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

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

2.1.28 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash at banks and in hand and highly liquid short-term deposits with a maturity of three months or less, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, excluding outstanding bank overdrafts, as these are an integral part of the Group's cash management. The Group prepares a statement of indirect cash flows, starting with net profit or loss from operating activities and presenting adjustments to reconcile net profit or loss to cash flows from operating activities.

2.1.29 Restricted cash

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

2.1.30 Events subsequent to the accounting reference date

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

2.2 Changes in the Accounting Policy

The Group prepared its financial statements in compliance with the provisions of all the standards and interpretations in force as at 31 December 2022.

2.2.1 The new standards entering into effect on 1 January 2022 and applied by the Group:

The accounting policies applied are consistent with those of the previous financial year, except for the following IFRS amendments, which the Group will apply from 1 January 2022:

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the 2018-2020 Annual Review (Amendments)
  The amendments will apply from the financial year starting on or after 1 January 2022, with early application permitted. The IASB issued the following slight amendments to IFRS standards:
  - IFRS 3 Business Combinations (Amendments) updates the reference in IFRS 3 to the previous version of the *IASB's Conceptual Framework for Financial Reporting* to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
  - IAS 16 Property, Plant and Equipment (Amendments) prohibits a company from deducting from the cost of property, plant and equipment the proceeds from the sale of goods that are directly attributable to the asset being in the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the company recognises such sales revenue and related costs in its profit or loss.
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specifies which costs an entity may take into account in determining the cost of performing a contract for the purpose of assessing whether a contract is onerous. The amendments clarify that costs directly related to a contract for the provision of goods or services include both incremental costs and the allocation of costs directly related to the contract activities.
  - The 2018-2020 Annual Review will make minor amendments to IFRS 1 First-time Adoption of International Accounting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples in relation to IFRS 16 Leases.

The amendments had no impact on the Group's financial statements..

2.2.2 Standards issued but not yet in force and not subject to early application

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies (Amendments)

  The amendments will apply from the financial year starting on or after 1 January 2023, with early application permitted. The amendments provide guidance on the application of materiality judgements in accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose ‘significant' accounting policies with a requirement to disclose 'material' accounting policies. The IFRS Practice Statement also provides guidance and illustrative examples to help apply the concept of materiality when making decisions about accounting policy disclosures.

The amendments are not expected to have an impact on the Group's financial statements.

- IAS 8 Accounting policies, changes in accounting estimates, and errors: Definition of accounting estimates (Amendments)

  The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period. Early application of the amendment is allowed. The amendments introduce a new concept of accounting estimates, defined as monetary amounts in the financial statements that are subject to valuation uncertainty if they do not result from the correction of a prior period error. The amendments also clarify what changes in accounting estimates mean and how they differ from changes in accounting policies and the corrections of errors.

  The amendments are not expected to have an impact on the Group's financial statements.

- IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (Amendments)

  The amendments will apply from the financial year starting on or after 1 January 2023, with early application permitted. The amendments narrow the scope of the exception for initial recognition under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning liabilities. The amendments clarify that, to the extent that payments to settle a liability are deductible for tax purposes, it is a matter of judgement, taking into account the relevant tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that give rise to the same taxable and deductible temporary differences on initial recognition. It is applicable only if the recognition of a lease receivable and a lease liability (or a decommissioning liability and a decommissioning asset component) results in taxable and deductible temporary differences that are not equal.

  The amendments are not expected to have an impact on the Group's financial statements.

- IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current (Amendments)

  The amendments are effective for annual periods beginning on or after 1 January 2024, early adoption is permitted, and retrospective application is permitted in accordance with IAS 8. The purpose of the amendments is to clarify the principles in IAS 1 concerning the classification of liabilities as current or non-current. The amendments clarify the meaning of the right to defer settlement, the requirement that this right should exist at the end of the reporting period, that management's intention does not affect current or non-current classification, and that a counterparty's options that may result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. The amendments also specify that only covenants that an entity is required to comply with on or before the balance sheet date affect the classification of a liability. Additional disclosures are also required for non-current liabilities arising from loan agreements that are subject to a covenant to be performed within twelve months after the reporting period. The amendments have not yet been adopted by the EU.

The amendments are not expected to have an impact on the Group's financial statements.

- IFRS 16 Leases: Lease liability in leaseback transactions (Amendments)

  The amendments will apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments aim to improve the requirements that a seller/lessee applies in valuating a lease liability in a leaseback transaction under IFRS 16, but do not change the accounting for leases not related to leaseback transactions. The seller/lessee shall determine the "lease payments" or "revised lease payments" in such a way that the seller/lessee does not deduct that part of the profit or loss that relates to the right of use retained by it. The application of these requirements does not prevent a seller/lessee from recognising in its profit or loss a gain or loss on the partial or total termination of a lease. In accordance with IAS 8, a seller/lessee shall apply the amendment retrospectively to leaseback transactions entered into after the date of initial application, which is the beginning of the reporting period in which the entity first applies IFRS 16. The amendments have not yet been adopted by the EU.

  The amendments are not expected to have an impact on the Group's financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

  The amendments address a known inconsistency between the requirements of IFRS 10 and IAS 28 in relation to the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that total gain or loss shall be recognised when a transaction involves a business (whether or not it is in a subsidiary). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business activity, even if these assets are held in a subsidiary. In December 2015, the IASB indefinitely postponed the effective date of this amendment, pending the outcome of a research project on the capital method. The amendments have not yet been adopted by the EU.

  The amendments are not expected to have an impact on the Group's financial statements.

2.3 Uncertainties

During the application of the accounting policy described in Section 2.1, estimates and assumptions shall 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 has to be taken into account in the period of the change as well as subsequent periods.

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

2.3.1 **Impairment on goodwill**

In accordance with Section 2.1.3 of the significant counting principles, the Group tests each year whether or not any impairment took place on goodwill. The recovery value of cash-generating units was defined on the basis of the calculation of the value in use. Estimates are indispensable for these calculations. In order to define the impartment loss of goodwill the value in use of those cash-generating units should be estimated to which the goodwill was assigned. In order to calculate the value in use it is absolutely necessary that the management estimate the future estimated cash flow of the cash-generating unit and the appropriate discount rate because the present value can be only be calculated from them.

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

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

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

2.3.3 **Trail commission**

The Group recognises trail commission in compliance with Sections 2.1.6 and 2.1.7. For the trail commission estimates the Group uses a number of variables, the changes in which represent uncertainties of estimates. The variables used for estimating the trail commission are reviewed whenever a report is prepared.

2.3.4 **Investment property**

The Group values its investment properties under Section 2.1.18 at fair value, as that is the best estimate for individual investment properties. The fair value of investment properties may change significantly depending on the volatility of property prices and market demand/supply. The Group employs an independent valuer to establish fair value

2.3.5 **Depreciation**

Properties, machines and equipment and intangible assets are recognised at historical cost and are depreciated with the straight-line method during their useful life. The useful life of assets is defined on the basis of former experience relating to similar assets and estimated technological development as well as changes in the larger economic or industry factors. The estimated useful lives are reviewed annually. Depreciation of property, machinery and equipment, and amortisation of intangible assets is disclosed in the Group's statement of consolidated profit or loss and other comprehensive income under "Depreciation and amortisation".

2.3.6 **Deferred purchase price and option liability**

As part of its acquisition agreements, the Group may pay a deferred purchase price or an option price to acquire additional shares, subject to certain conditions. The Group records these payment obligations at fair value and reviews them annually. In order to calculate fair value, it is absolutely necessary that the management estimate the estimated future amount and date of payment and the appropriate discount rate because the present value can be only be calculated from them.

Among the Group's assets and liabilities, there is a significant risk of further impairment of goodwill recognised for the Polish and Czech CGUs in 2023. The assumptions made in the goodwill impairment test are presented in Section 7.

2.4 Business combination details, enterprises involved in the consolidation

As a Subsidiary	address:	**31.12.2022**	**31.12.2021**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	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%
Credipass Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	-
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
MyCity Residential Development Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	1016 Budapest, Gellérthegy u. 17.	100%	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%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	71%	0%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	67%	0%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	71%	0%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	58%	0%
Relabora S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	53%	0%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

The reporting periods of the Company and its subsidiaries are identical.
The Group's holding in Impact Alapkezelő Zrt. is recorded as an "Asset held for sale" in 2022 (Section 16).

The following were added to the Company’s subsidiaries in 2021:

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.

The following were added to the Company's subsidiaries in 2022:

a) 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.
b) The Company established a subsidiary in Poland in December 2022 under the name Credipass Polska S.A. The new company will provide credit and insurance agent services.

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

2.4.1.1 **Duna House Franchise Kft.**

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

2.4.1.2 **REIF 2000 Kft.**

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

2.4.1.3 **Hitelcentrum Kft.**

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

2.4.1.4 **Duna House Biztosításközvetítő Kft.**

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

2.4.1.5 **DH Projekt Kft.**

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

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

2.4.1.6 **Duna House Ingatlan Értékbecslő Kft.**

The Duna House Ingatlan Értékbecslő Kft. is a business founded in 2009 for the intermediation of real estate appraisal services to banks and other market players. 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. The company currently has no activities.

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 fund manager 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 the Group. 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**

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

Presentation of the acquired ownership share
The following table contains the detailed ownership shares:

Company	HGroup S.p.A.'s ownership share in its subsidiaries	Duna House Group's share after the acquisition on 13.01.2022	Duna House Group's share after the acquisition on 31.12.2022
Hgroup S.p.A.	-	70,0%	71,1%
Credipass S.r.l.	95%	66,3%	67,4%
Medioinsurance S.r.l.	100%	70,0%	71,1%
Realizza S.r.l.	82%	57,4%	58,3%
Relabora S.r.l.	74%	51,8%	52,6%

2.4.2 **Acquisitions during the year**

2.4.2.1 **Business combination - Hgroup S.p.A.**

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., registered in Bergamo, Italy. Hgroup S.p.A. is a holding company with shares in multiple companies (Section 2.4.1.19. Italian subsidiaries contains a presentation of Hgroup)

The Investment Contract contained joint management clauses for the period during which the quarterly financial plans were being met: the sellers, who were the same as the Group and Hgroup management, had joint decision rights in business policy matters. As the 30% minority shareholders lost their extra control rights over the management of Hgroup on 31 March 2022, the Group represents the investment in Hgroup as

i) a jointly controlled entity between 13.01.2022 and 31.03.2022,
ii) and as a subsidiary starting from 01.04.2022.

Nature of the transaction	Business combination (through acquisition)
Date of acquisition	01/04/2022
Share percent	70.00% (71.14% from 06.12.2022)

Non-controlling interests in Hgroup S.p.A. are valued at the net asset value per share of ownership.

Fair value of the assets and liabilities of the acquired company at the acquisition date:

	Fair value at acquisition date thousand EUR	Fair value at the date of acquisition thousand HUF
Assets		
Property, machinery and equipment	3 605	1 324 797
Intangible assets	16 977	6 239 487
Investments in subsidiaries	255	93 561
Right-of-use	3 267	1 200 831
Trade receivables	2 943	1 081 701
Deferred tax assets	1 863	684 817
Other assets	6 035	2 218 107
Cash and cash equivalents	1 878	690 258
Total Assets	**36 824**	**13 533 559**
Liabilities		
Transport liabilities	2 327	855 091
Lease liabilities	3 302	1 213 719
Credits, loans	6 957	2 556 890
Deferred tax liability	4 055	1 490 219
Provisions	350	128 812
Tax and other liabilities	8 092	2 974 071
Total Liabilities	**25 084**	**9 218 802**
Non-controlling interests in subsidiaries	**(236)**	**(86 699)**
Total fair value of identifiable net assets	**11 976**	**4 401 456**

The fair values of the assets and liabilities of the acquired company differ materially from their book values:

i. The Group has identified intangible assets totalling HUF 6,136,128 thousand as the fair value of the Credipass brand name and the existing intermediation contracts with banks and agents of the credit brokerage business. These items have not been included in the Hgroup Group's accounts, however the Group believes that these assets represent significant value and will generate value for the Group over their useful lives.

ii. The fair value of the acquired non-consolidated investments in subsidiaries was HUF 93,561 thousand and the book value was HUF 183,852 thousand, meaning it was registered by the Group at fair value in the acquisition. The book amount of these subsidiaries was fully amortised in 2022.

iii. The Group has set up provisions of HUF 128,812 thousand for pending litigations, of which HUF 65,777 thousand was used during 2022.

From the consolidation start date to the end of the reporting period, the acquired group had sales revenue of HUF 15,569,015 thousand and a pre-tax profit of HUF 1,323,034 thousand, while its full-year sales revenue would have been HUF 19,622,983 thousand and pre-tax profit HUF 1,554,136 thousand if the acquisition had taken place on the start date of the annual reporting period.

A summary of the consideration transferred in the acquisition:

Purchase price breakdown	
Consideration paid in cash	3 019 435
Deferred purchase price (earn-out)	3 800 802
Total purchase price	**6 820 237**

The Group has calculated the goodwill arising from the acquisition as follows:

	Values relevant at the acquisition date
Total purchase price (+)	6 820 237
profit and loss (+) accounted proportionately to ownership between 13.01.2022-31.03.2022	133 155
Value of non-controlling interest (+)	1 270 260
Fair value of net assets (-)	4 401 456
Goodwill / Badwill	**3 822 196**

The Group recognised goodwill in a value of HUF 3,822,196 thousand on the acquisition, representing the value of synergies expected from the acquisition and assets that are not separately identified (customer lists, skilled labour, and management). The Group has allocated all the goodwill arising to the financial product intermediary CGU.

The Group's analysis of the cash flows of the acquisition is summarised below:

Consideration paid in cash	(3 019 435)
Transaction costs of the acquisition	(125 860)
Net cash acquired with the subsidiary	690 258
Net cash flow from acquisition	**(2 455 036)**

Transaction costs of the acquisition (due diligence and legal costs, finders' fee) totalled HUF 125,860 thousand, which were accounted at the time of occurrence.

The Group has call options on non-controlling interests, and their holders have put options towards the Group. As the expected value of the option payments exceeds the net asset value of the non-controlling interests in Hgroup, the options are expected to be exercised by the sellers. The Group derecognises the book value of non-controlling interests through a profit reserve and recognises an option payment liability, also through a profit reserve.

They are calculated as follows:

Value of non-controlling interest	1 270 260
Expected value of option payout (-)	4 985 424
Changes in the profit reserve	**(3 715 164)**

Presentation of the value of the deferred purchase price (earn-out)

The sellers are entitled to further earn-outs on 30 June 2023, 30 June 2024, and 30 June 2025 based on the consolidated revised EBITDA for the previous business year. The amount of earn-out payments is surrounded by significant uncertainty as they depend on HGroup group's actual future EBITDA figures. At the close of each business year, the Group's management reviews the assumptions used to calculate the deferred purchase price based on Hgroup's business plan. The following table presents the details of the expected earn-out payments:

thousand EUR	2022	2023	2024
HGroup Group's expected consolidated EBITDA	6 249	6 471	7 171
- Adjustments (24% tax)	-1 500	-1 553	-1 721
HGroup Group's expected consolidated adjusted EBITDA	**4 749**	**4 918**	**5 450**
EV/EBITDA multiplier	***10,0x***	***10,0x***	***10,0x***
Expected Enterprise Value	**47 492**	**49 181**	**54 496**
- Net Debt	-6 835	-6 835	-6 835
Expected equity value	**40 657**	**42 346**	**47 661**
	8,40%	8,40%	8,40%
Expected earn-out	**3 415**	**3 557**	**4 003**

The Group's management has taken into account that the payments after each earn-out period are expected to be made in the middle of the following year, and has calculated the present value of the cash flows at a discount rate of 7.2% EUR.

The Group has entered into individual agreements with minority shareholders with a total ownership of 1.14% during December 2022, which also covered deferred payments and were financially settled during 2022. The present value of the expected earn-out payments, taking into account the revaluation effects of these agreements, amounted to EUR 9,496,071 (HUF 3,800,802 thousand) at 31 December 2022.

Presentation of the value of the option purchase price

Regarding non-controlling share packages, the Group has a call option and the owners have a put option. The Group's call option can be exercised from 1 July 2025 to 1 July 2028, and the sellers' put option can be exercised in multiple instalments from 1 July 2026 to 30 June 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). The Group has assumed that the options will be exercised, on average, in mid-2027.
The amount of option payments is surrounded by significant uncertainty as they depend on HGroup group's actual future EBITDA figures. At the close of each business year, the Group's management reviews the assumptions used to calculate the option payments based on Hgroup's business plan.

The following table presents the details of the expected option payments:

thousand EUR	**2022**	**2023**	**2024**	**2025**	**2026**	**Average**
HGroup Group's expected consolidated EBITDA	6 249	6 471	7 171	7 314	7 460	7 387
- Adjustments (24% tax)	-1 500	-1 553	-1 721	-1 755	-1 790	-1 773
HGroup Group's expected consolidated adjusted EBITDA	**4 749**	**4 918**	**5 450**	**5 559**	**5 670**	**5 614**
EV/EBITDA multiplier						***10,5x***
Expected Enterprise Value						**58 949**
- Net Debt						0
Expected equity value						**58 949**
						30,00%
Expected option payout						**17 685**

The Group's management has taken into account that the payment of the option purchase price is expected to take place in June 2027 and has calculated the present value of the cash flow using a discount rate of 7.2% EUR. The Group has entered into individual agreements with minority shareholders with a total ownership of 1.14% during December 2022, which also covered option payments and were financially settled during 2022. The present value of the expected option payments, taking into account these agreements as well, amounted to EUR 12,455,776 (HUF 4,985,424 thousand) at 31 December 2022.

3. Property, machinery and equipment

thousand HUF	Land and buildings	Machinery and equipment	Total
As at 31 December 2020	**591 821**	**439 342**	**1 031 163**
Acquisition	10 034	158 565	168 599
Sale	0	(446 667)	(446 667)
Foreign currency conversion differences	0	911	911
As at 31 December 2021	**601 855**	**152 151**	**754 006**
Acquisition	23 164	170 021	193 185
Business combinations	1 394 375	165 025	1 559 400
Sale	(22 816)	(10 498)	(33 314)
Foreign currency conversion differences	124 179	19 877	144 056
As at 31 December 2022	**2 120 757**	**496 576**	**2 617 333**
As at 31 December 2020	**(167 718)**	**(123 219)**	**(290 937)**
Annual depreciation	(25 067)	(29 412)	(54 479)
Sale	0	24 147	24 147
Foreign currency conversion differences	0	(826)	(826)
As at 31 December 2021	**(192 785)**	**(129 310)**	**(322 095)**
Business combinations	(126 637)	(132 694)	(259 331)
Annual depreciation	(23 822)	(37 813)	(61 635)
Sale	20 815	7 074	27 889
Foreign currency conversion differences	(11 278)	(16 736)	(28 014)
As at 31 December 2022	**(333 707)**	**(309 479)**	**(643 186)**
Net book value			
As at 31 December 2022	1 787 050	187 097	1 974 147
As at 31 December 2021	409 070	22 840	431 910
As at 31 December 2020	424 103	316 122	740 225

With the consolidation of the Italian Hgroup, the net book value of the Group's real estate properties increased by HUF 1,267,738 thousand, and the Group recorded an additional total of HUF 124,179 thousand in exchange differences on the Italian properties. Hgroup's real estate property portfolio is mortgaged. Section 22. presents the details of the mortgage.

With the consolidation of Hgroup, the book value of the Group's machinery and equipment increased by HUF 32,331 thousand in 2022. In 2022, the Group acquired a total of HUF 133,079 thousand of vehicles (for further information on assets used under long-term leases, see Section 6).

The Group has no contractual obligations to purchase real estate property or machinery and equipment.

4. Investment property

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

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

The opening and closing balances of the fair value of investment properties is shown in the following table. The Group's appraiser for the period was Euro-Immo Expert Kft.

thousand HUF	**Investment properties**
As at 31 December 2020	**1 868 721**
Revaluation gains	87 155
Sale	(88 576)
Revaluation losses	(17 800)
As at 31 December 2021	**1 849 500**
Valuation gains	44 616
Sale	(668 900)
Valuation losses	(16 500)
Reclassification to assets held for sale	(226 216)
As at 31 December 2022	**982 500**
Net book value	
As at 31 December 2022	982 500
As at 31 December 2021	1 849 500
As at 31 December 2020	1 868 721

The Group has no restrictions on the saleability of investment property and has no contractual obligations to purchase, construct, or improve investment property or to carry out repairs, maintenance, and improvements.

In the interest of profile cleansing, the Group plans to sell off its entire investment property portfolio.

In 2022, the Group sold one small commercial premises, six apartments, and six underground parking spaces with a total book value of HUF 668,900 thousand as at 31 December 2021. At the end of 2022, a further three apartments were being sold, revalued by the Group at the contract or offer price and transferred to Assets held for sale (Section 16). As at 31 December 2022, the Group had three apartments and one office space classified as investment properties. On Assets held for sale and investment properties, the Group realised a total net revaluation gain of HUF 28,116 thousand before tax (2.4% of the book value of the revalued properties at 31 December 2021).

In 2021, the Group managed to attain a mark-up of HUF 68.7 million on its portfolio (3.7% of the portfolio value as at 31 December 2020). During the year, two apartments and four parking spaces were sold for a total of HUF 88,576 thousand.

5. Intangible assets

thousand HUF	**Intangible assets**
As at 31 December 2020	**373 468**
Acquisition	468 024
Sale	(17 255)
Foreign currency conversion differences	1 280
As at 31 December 2021	**825 517**
Acquisition	248 209
Business combinations	6 634 708
Sale	0
Foreign currency conversion differences	600 811
As at 31 December 2022	**8 309 245**
As at 31 December 2020	**(357 013)**
Annual depreciation	(133 029)
Sale	(13)
Foreign currency conversion differences	(668)
As at 31 December 2021	**(490 723)**
Business combinations	(898 648)
Annual depreciation	(170 339)
Foreign currency conversion differences	(83 402)
As at 31 December 2022	**(1 643 112)**
Net book value	
As at 31 December 2022	6 666 133
As at 31 December 2021	334 794
As at 31 December 2020	16 455

The acquisition of Hgroup Spa. increased the Group's intangible assets by a total of HUF 6,634,708 thousand (see Section 2.4.2.1 for the intangible assets identified) and capitalised improvements to the ERP systems of the credit and real estate brokerage companies for HUF 248,209 thousand.

During 2022, the Group acquired HUF 248,209 thousand of intellectual property

6. Leases

	2022	2021
Right-of-use		
Land and buildings	1 251 998	300 564
Machinery and equipment	288 931	46 816
	1 540 929	**347 380**
Lease liabilities by maturity		
less than 1 year	292 382	76 667
between 1 and 5 years	1 470 175	372 250
more than 5 years	0	0
	1 762 557	**448 917**
Depreciation of right-of-use asset	(235 513)	(134 782)
Interest expenditure	(37 909)	(15 178)
	(273 422)	**(149 961)**

The book value of the right to use assets and the movements during the period are presented below:

Assets	Car rental fee	Office rental fee	Total
31.12.2020	**61 946**	**205 186**	**267 132**
(+) Growth from business combinations	0	0	0
(+) Increase	13 333	201 698	215 031
(-) Decrease	0	0	0
Depreciation	(28 462)	(106 320)	(134 782)
31.12.2021	**46 816**	**300 564**	**347 380**
(+) Growth from business combinations	257 614	1 018 880	1 276 494
(+) Increase	52 290	100 278	152 568
(-) Decrease			0
Depreciation	(67 789)	(167 724)	(235 513)
31.12.2022	**288 931**	**1 251 998**	**1 540 929**

Lease liabilities and movements during the period are presented below:

Liabilities	2022	2021
01 January	**448 917**	**282 855**
(+) Growth from business combinations	1 311 151	0
(+) Increase	201 311	284 660
(+) Interest rate increase	37 909	15 178
(-) Lease payments	(236 731)	(133 776)
31 December	**1 762 557**	**448 917**

The Company has long term leases on offices and vehicles for its central administration, real estate brokerage activities, and credit intermediary activities. The Company applies a discount rate of 3.6% in Hungary and Poland, and 2.5% in Italy to calculate the present value of right-of-use and lease obligations.

In 2022, the Group's rights to use assets increased by HUF 1,276,494 thousand due to the acquisition of Hgroup. In 2022, the Group's right to use leased office equipment increased by HUF 100,278 thousand and the right to use leased vehicles by HUF 52,290 thousand. Of the increase in leasing liabilities of HUF 201,311 thousand, HUF 62,042 thousand relates to motor vehicles with a total purchase price of HUF 133,079 thousand, which are included in the Group's machinery and equipment.

7. Goodwill

	2022	**Increase (decrease)**	**Conversion differences**	**2021, with allocated conversion margin**	**2021**
Polish franchise CGU *Metrohouse Franchise S.A.*	712 585		42 162	670 423	596 451
Polish own office CGU *Metrohouse Sp. Zoo.*	201 870	(57 954)	15 373	244 451	217 479
Polish financial intermediary CGU *Gold Finance Sp. z o.o.* *Alex TG Sp. z o.o.*	649 401		38 384	611 017	571 706
Cseh franchise CGU *Duna House Franchise s.r.o.*	15 116		1 586	13 530	10 421
Czech own office CGU *Center Reality s.r.o.*	243 116		25 514	217 602	167 601
Hungarian related services CGU *Home Management Kft.*	18 500		0	18 500	18 500
Italian financial intermediary CGU	3 822 196	3 822 196	0		
Accumulated conversion difference on the balance sheet date					193 365
Total	**5 662 784**	**3 764 242**	**123 019**	**1 775 523**	**1 775 523**

Every year, the Group has to examine whether goodwill suffered any impairment. The Group determines the recoverable amount based on value in use calculations. The method requires the estimation of future cash flows and the determination of discount rates for the calculation of cash flow present values. The goodwill generated during the acquisition of foreign subsidiaries is converted at the exchange rate prevailing on the balance sheet date pursuant to IAS 21.47.

The Group has carried out the goodwill impairment test regarding the acquired subsidiaries in December 2021 and 2022. As a result of the market downturns in the real estate and credit markets, the Group exercised particular prudence and recognised impairment of HUF 57,954 thousand in respect of the Polish own office CGU. No need for impairment arose for other CGUs.

Polish franchise CGU
The recoverable amount of the Polish franchise CGU of HUF 1,047,989 thousand as at 31 December 2022 was determined on the basis of a value in use calculation based on cash flow projections from the financial plan approved by senior management for a four-year period. Projected cash flows have been updated to reflect reduced demand in the real estate market. The discount rate applied to the cash flow projections is 8.5% (2021: 9.8%) and cash flows beyond the four-year period are extrapolated at a growth rate of 2.0% (2021: 2.0%). The decrease in the discount rate compared to the comparative period is due to the Group's favourable funding sources and decrease in the weighted average cost of capital. It has been determined that the fair value decreased by costs to sell does not exceed the value in use. As a result of this analysis, management did not recognise an impairment loss in the current year against goodwill with a book value of HUF 712,585 thousand at 31 December 2022, plus conversion differences.

Polish own office CGU
The recoverable amount of the Polish own office CGU of HUF 135,557 thousand as at 31 December 2022 was also determined on the basis of a value in use calculation based on cash flow projections from the financial plan approved by senior management for a four-year period. Projected cash flows have been updated to reflect the reduced demand for real estate brokerage services. The discount rate applied to the cash flow projections is 8.5% (2021: 9.8%) and cash flows beyond the four-year period are extrapolated at a growth rate of 2.0% (2021: 2.0%). The decrease in the discount rate compared to the comparative period is due to the Group's favourable funding sources and decrease in the weighted average cost of capital. It has been determined that the fair value decreased by costs to sell does not exceed the value in use. As a result of this analysis, management recognised impairment loss of HUF 57,954 thousand in the current year against goodwill with a book value of HUF 259,824 thousand at 31 December 2022, plus conversion differences. The impairment charge is recognised in the income statement under financial expenses.

Polish financial intermediary CGU
The recoverable amount of the Polish financial intermediary CGU of HUF 1,595,780 thousand as at 31 December 2022 was also determined on the basis of a value in use calculation based on cash flow projections from the financial plan approved by senior management for a four-year period. Projected cash flows have been updated to reflect the reduced market demand for credit intermediation services and borrowing. The discount rate applied to the cash flow projections is 8.5% (2021: 9.8%) and cash flows beyond the four-year period are extrapolated at a growth rate of 2.0% (2021: 2.0%). The decrease in the discount rate compared to the comparative period is due to the Group's favourable funding sources and decrease in the weighted average cost of capital. It has been determined that the fair value decreased by costs to sell does not exceed the value in use. As a result of this analysis, management did not recognise an impairment loss in the current year against goodwill with a book value of HUF 648,702 thousand at 31 December 2022, plus conversion differences.

Czech own office CGU
The recoverable amount of the Czech own office CGU of HUF 275,037 thousand as at 31 December 2022 was also determined on the basis of a value in use calculation based on cash flow projections from the

financial plan approved by senior management for a four-year period. Projected cash flows have been updated to reflect the demand for real estate brokerage services. The discount rate applied to the cash flow projections is 8.5% (2021: 9.8%) and cash flows beyond the four-year period are extrapolated at a growth rate of 2.0% (2021: 2.0%). The decrease in the discount rate compared to the comparative period is due to the Group's favourable funding sources and decrease in the weighted average cost of capital. It has been determined that the fair value decreased by costs to sell does not exceed the value in use. As a result of this analysis, management did not recognise an impairment loss in the current year against goodwill with a book value of HUF 243,116 thousand at 31 December 2022, plus conversion differences.

Italian financial intermediary CGU
The recoverable amount of the Italian financial intermediary CGU of HUF 18,676,665 thousand as at 31 December 2022 was also determined on the basis of a value in use calculation based on cash flow projections from the financial plan approved by senior management for a three-year period. Projected cash flows have been updated to reflect the reduced market demand for credit intermediation and borrowing. The discount rate applied to the cash flow projections is 7.2%, and cash flows beyond the three-year period are extrapolated at a growth rate of 2.0%. It has been determined that the fair value decreased by costs to sell does not exceed the value in use. As a result of this analysis, management did not recognise an impairment loss in the current year against goodwill with a book value of HUF 3,822,895 thousand at 31 December 2022, plus conversion differences.

Main assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of the value in use in the case of all real estate franchises, own offices, and financial intermediary units is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Inflation
- Market share in the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margin - The gross margin is based on the average of the three years preceding the start of the forecast period, taking into account trends over the period. The gross margin of the Polish franchise CGU was 100.0%, the own office CGU's 30.0%, the Polish financial intermediary CGU's was 16.9%, and the Italian financial intermediary CGU's was 29.5%.
A fall in demand can lead to a fall in the gross margin. A 50 basis point decrease in the gross margin would result in an additional impairment of HUF 42,445 thousand for Polish own office CGU.

Discount rates - The discount rates reflect the current market valuation of the risks specific to each CGU, taking into account the time value of money and the specific risks of the underlying assets that are not taken into account in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from the weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investments by the Group's investors. The cost of debt is determined on the basis of interest-bearing bonds and loans payable by the Group. Segment-specific risk is taken into account by applying specific beta factors. Beta factors are assessed annually based on publicly available market data. An increase in the pre-tax discount rate to 9.5% (i.e. +1.0%) would result in an additional impairment of HUF 3,700 thousand for the Polish own office CGU.

Inflation - Estimates are derived from published inflation indices and forecasts for each country.
Projected inflation for 2023 is 13.1% in Poland, 10.8% in the Czech Republic, and 6.4% in Italy.

If raw material prices increase by an average of 1.0% more than the projected price inflation in 2023, the Group would suffer an additional impairment of HUF 22,720 thousand in the Polish own office CGU.

Market share assumptions - The Group has not anticipated a significant increase in the market share of the various CGU in the forecast period.

Growth rate estimates - The Group expects growth in the Polish CGUs to exceed 10% in the first two years of the forecast period, followed by a moderating annual growth rate of 5-10%. The Italian financial intermediary CGU was expected to grow by 5.0% per year. The Group has assumed a uniform annual growth rate of 2.0% for the long-term growth rate of the CGUs.

8. Investments in associated companies and joint ventures

The Group has a 50% ownership interest in Hunor utca 24. Kft., the entity jointly controlled by MyCity Residential Development Kft. The company is a real estate development project company. The Group recognises its 50% equity interest in its financial statements using the equity method.

From 13 January 2022 to 31 March 2022, the Group had joint control over Hgroup Spa. and its subsidiaries in Italy (see Section 2.4.2.1). The consolidated results of Hgroup Spa. for the period from 1 January 2022 to 31 March 2022 are recognised in the Group's financial statements at equity for the 70% share of the consolidated results.

Joint ventures do not have a quoted market price. Summary financial information of the joint ventures based on their IFRS financial statements and a reconciliation with the book value of investments in the consolidated financial statements is set out below:

31 December 2022	**Hunor utca 24. Kft.**
Cash, inventories, short-term assets	197 777
Real estate properties, machinery and equipment, and other long-term assets	9 766
Trade and other short-term liabilities	(5 289)
Total equity	**202 254**
Group ownership share	50,00%
Book value of the Group's investment	**101 127**

Period ending 31 December 2022	Hunor utca 24. Kft.	Hgroup Spa. *	Total
Revenues	454 434	4 078 818	4 533 252
Operating costs	(272 876)	(3 822 541)	(4 095 417)
Financial results	1 717	(25 175)	(23 458)
Profit before tax	**183 275**	**231 102**	**414 377**
Income taxes	(20 707)	(55 797)	(76 504)
Result per NCI		14 917	14 917
Taxed profit	162 568	190 222	352 790
Group share of profit after tax	**81 284**	**133 155**	**214 439**

** Note: Between 1 January 2022 and 31 March 2022*

December 31, 2021	Hunor utca 24. Kft.
Cash, inventories, short-term assets	589 227
Real estate properties, machinery and equipment, and other long-term assets	7 702
Trade and other short-term liabilities	(168 245)
Total equity	**428 684**
Group ownership share	50,00%
Book value of the Group's investment	**214 342**

Period ending 31 December 2021	Hunor utca 24. Kft.
Revenues	1 144 523
Operating costs	(812 157)
Financial results	37
Profit before tax	**332 403**
Income taxes	(39 671)
Taxed profit	292 732
Group share of profit after tax	**146 366**

In 2022, Hunor utca 24. Kft. paid the Group dividends of HUF 194,500 thousand (HUF 370,000 thousand in 2021).

As at 31 December 2022 and 31 December 2021, the Group had no contingent liabilities in respect of its interest in joint ventures, nor did the joint ventures themselves have any contingent liabilities for which the Group has contingent liability.

The Group has no capital commitment in respect of its interest in joint ventures.

9. Financial instruments

The Company's long-term financial assets were as follows:

	31 December 2022	31 December 2021
Deposit, security deposit	91 676	59 202
Other long-term loans granted	18 926	3 210
Total	**110 602**	**62 412**

10. Deferred tax receivables

In the course of calculation of deferred tax the Group compares the value that can be taken into account for taxation to the book value by asset and liability. If the difference is a temporary difference, i.e., it will be offset within a foreseeable time, then it will take a deferred tax liability or asset, depending on the prefix. When an asset is recorded, the Group examines recovery separately. The Group calculates the deferred tax incurred in relation to Hungarian activities at 9% tax rate, because the actual tax impact of the temporary differences relating to the particular assets and liabilities will occur in a period when the corporate profit tax rate is likely to be 9%. A 19% tax rate is applied to both the Polish and Czech operations, and a 24% rate is applied to the Italian operation.

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

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

Deferred tax receivables	**31.12.2022**	**31.12.2021**
From business combination-Hgroup	692 507	0
Due to taxation in accordance with the cash accounting principle	106 925	142 268
Losses carried forward	92 831	35 827
Impairment loss of receivables	26 886	29 944
Due to consolidation-related exclusions and accounting	(8 831)	17 183
Provisions	0	2 092
Due to the difference in the valuation of fixed assets and investment properties	157	905
Total	**910 475**	**228 219**

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

Maximum available tax loss amount

Year of use	Metrohouse Franchise S.A.	Metrohouse S.A.	Gold Finance Sp. z o.o.	Primse.com Sp. z o.o.	**Total (PLN)**	**Total (HUF thousand)**	Distribution between years
2021	0	0	0	0	**0**	**0**	0%
2022	0	0	0	0	**0**	**0**	0%
2023	351 981	151 882	943 504	336 623	**1 783 990**	**152 264**	40%
2024	796 665	232 175	943 504	678 278	**2 650 622**	**226 231**	60%
2025	0	0	0	0	**0**	**0**	0%
Total	**1 148 646**	**384 057**	**1 887 008**	**1 014 902**	**4 434 612**	**378 494**	**100%**

The Hungarian subsidiaries have a total additional negative tax base of HUF 69,252 thousand.

11. Inventories

	31.12.2022	**31.12.2021**
Real estate development projects under construction	0	7 407 313
Value of real estate property taken into inventory	6 038 280	0
Marketing tools	20 795	11 557
Total	**6 059 075**	**7 418 870**

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

There was a total of HUF 5,420,000 thousand mortgage of Takarékbank Zrt. registered in the land registry secured with alienation and debit ban on the value of the real estate development projects under construction recognised as inventory (including plots and building structures) as at 30 June 2022. The project loan was fully repaid on 18 July 2022 and the mortgage was deleted.

12. Trade receivables

	31.12.2022	**31.12.2021**
Trade receivables	3 400 374	2 265 180
Impairment loss of receivables	(170 609)	(163 129)
Total	**3 229 765**	**2 102 051**

The book value of trade receivables increased by HUF 2,432,534 thousand due to the consolidation of Hgroup Spa., and receivables from customers of the Forest Hill residential project decreased by HUF 710,633 thousand.

	31.12.2022	31.12.2021
Impairment of trade receivable opening values	**163 129**	**250 327**
Increase	95 668	37 711
Bad debts (derecognition)	0	0
Decrease	-88 188	-124 910
Impairment changes on trade receivables in the target year	7 480	-87 199
Impairment of trade receivable closing values	**170 609**	**163 129**

13. Amounts owed by related undertakings

The Group's affiliated parties may be individuals or entities that are affiliated with the Group.

In the case of a private individual or a close relative of a private individual, a relationship with the Group exists if such individual:

- exercises control or joint control, or
- has significant influence over the Company;
- is a member of key management of the reporting business unit or one of its parent companies.

The business unit is related to the reporting business unit if any of the following conditions are met:

- The business unit and the reporting business unit are part of the same group (i.e. each parent company, subsidiary, and associated company is related).
- One business unit is an associate or joint venture of another business unit (or an associate or joint venture of a member of a group of which the other business unit is a member).
- Both business units are joint ventures of the same third party.
- One business unit is a joint venture of a third business unit and the other business unit is an associate of the third business unit.
- The business unit provides a post-employment benefit plan for employees of the reporting business unit or of a business unit related to the reporting business unit. If the reporting business unit itself provides such a plan, the sponsoring employers are also related to the reporting business unit.
- The business unit is controlled or jointly controlled by an individual related to the Company or such an individual has a key management position in the business unit.
- A business unit, or any member of the group of which the business unit is a part, provides key management services to the reporting business unit or the parent of the reporting business unit.

The Group has entered into transactions with related parties on the same terms as transactions with unrelated parties, where these terms are reasonable.

Amounts owed by related undertakings

	31.12.2022	**31.12.2021**
Medasev Holding Kft.	0	10 080
Parent company	**0**	**10 080**
Loan receivables from Hunor utca 24. Kft.	4 161	4 161
Trade receivables Hunor utca 24. Kft.	0	13
Joint ventures	**4 161**	**4 175**
Assets classified as held for sale	21 184	728
Duna House Magyar Lakás Ingatlanalap [Duna House Hungarian Apartment Real Estate Fund]	0	151 809
Other related parties	**21 184**	**152 537**
Total	**25 345**	**166 792**

The total value of related receivables decreased to HUF 25,345 thousand in the target period (2021: HUF 166,792 thousand). Medasev Holding Kft. repaid its loan debt by 30 July 2022; the annual interest rate of the loan granted was the prevailing MNB base rate plus 5.0%. During 2021, the Group provided a liquidity loan to a real estate fund managed by Impact Alapkezelő Zrt, a 100% owned subsidiary of the Group, on a temporary basis.
As at 31 December 2022, the Group had a loan receivable of HUF 21,184 thousand from Impact Alapkezelő Zrt. classified as held for sale (Section 16). The fund manager repaid the loan during the month of January 2023.

The Group's liabilities to related parties are presented in Section 28 and the remuneration of the Board of Directors and the Supervisory Board in Section 49.

14. Other receivables

	31.12.2022	31.12.2021
Advances paid	945 502	307 235
Receivables related to the purchase of shares	585 121	0
Other receivables (taxes)	80 943	22 784
Short-term loans	17 175	17 175
Rental fee paid as attorney deposit	13 993	13 969
Other receivables	11 658	5 751
Security deposit	7 562	3 219
Duty receivable from lawsuits	1 914	1 730
Assigned receivables	1 180	1 180
Collateral	0	30 000
Total	**1 665 048**	**403 043**

The given advance and collateral lines consist of the advances on commissions given to credit consultants as part of certain promotions and of deposits given to the lessor in connection with vehicle leases. At the end of 2022, HUF 757,069 thousand was attributable to the Italian Hgroup.

The Group has a total receivable of HUF 585,121 thousand from the sellers of Hgroup Spa. in connection with a purchase price adjustment (see Section 2.4.2.1 regarding the acquisition). By agreement between the parties, the receivable is included in the deferred purchase price (see also Section 26 for more information on the deferred purchase price).

The Group had a total tax receivable of HUF 80,943 thousand (2021: HUF 22,784 thousand) from withholding tax.

15. Cash and cash equivalents

	31.12.2022	31.12.2021
Bank account balance – available	10 634 625	5 220 931
Bank account balance – restricted	92 550	1 270 504
Cash	11 739	5 597
Total	**10 738 914**	**6 497 032**

Regarding the aggregate bank account balance, HUF 92,550 thousand (2021: 1,270,504 thousand) is only available subject to the following restrictions.

Affected by restrictions		Reason for restriction
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 92,050 thousand	Blocked balance in the collateral management account for the construction of the Forest Hill residential complex, which manages payments to the former contractor (Pricons Kft.).
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 92,550 thousand**	

The Company has been managing its bank accounts linked to its operations in Hungary and Italy under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit 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. The cash pool limit is HUF 100 million in Hungary and EUR 1.56 million in Italy. The amount used at the end of the reporting period is shown in Section 22.

16. Accrued incomes

	31.12.2022	31.12.2021
Trail commission	734 386	657 673
Accrued incomes	171 193	74 972
Prepaid expenses	5 626	1 867
Total	**911 205**	**734 512**

The trail commission is the maintenance commission of long-term mediated loans. Although the settlement principles are slightly different by financial partner, in general it may be stated that the purpose of this type of commission is to make sure that the amount of the accountable intermediary commission is proportionate to the actual tenor of the mediated financial product. The factors affecting the amount of commission include the type of the mediated product and its tenor, the delay in the prepayment of the respective borrower and the continuation rate of the total active mediated loan portfolio. The rise in trail commissions was caused by the increase in the volume of brokered loans. The Group considers trail commissions as contractual assets (for contractual balances, see Section 32).

The accrued incomes line indicated the amount of commission revenue not yet invoiced at the end of the period.

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

The Group's Board of Directors has decided to gradually reduce the investment property portfolio in order to streamline its profile. The properties held for sale and three apartments in Budapest were reclassified as assets held for sale.

The Board of Directors also decided to sell Impact Alapkezelő Zrt. as the redemption rules adversely affecting public open-ended real estate funds have resulted in a continuous decline in the net asset value of the fund managed by it. The business of Impact Alapkezelő Zrt. was part of the Group's Related services operating segment until 1 October 2022.

The sale of assets held for sale is expected to be completed within one year of the reporting date. The following is a summary of the assets held for sale and the liabilities directly associated with them:

	Impact Alapkezelő Zrt. 31.12.2022	Investment property 31.12.20022	Total 31.12.2022
Derecognition of cost value (assets)	176 205	226 216	402 421
Derecognition of cost value (liabilities)	(32 836)	0	(32 836)
Total net assets	**143 369**	**226 216**	**369 585**
Derecognition of carrying value (assets)			
Investment property		226 216	226 216
Machinery and equipment	291	0	291
Deferred tax receivables	701	0	701
Related claims	46 718	0	46 718
Other short-term receivables	148	0	148
Corporate tax receivables	1 296	0	1 296
Accrued incomes	244	0	244
Liquid assets	126 806	0	126 806
Assets classified as held for sale	**176 205**	**226 216**	**402 421**
Derecognition of carrying value (liabilities)			
Trade payables	(4 041)	0	(4 041)
Related liabilities	(21 184)	0	(21 184)
Other tax liabilities	(1 327)	0	(1 327)
Other liabilities	(2 329)	0	(2 329)
Corporate tax liabilities	(262)	0	(262)
Accruals and deferred income	(3 693)	0	(3 693)
Assets classified as held for sale (liabilities)	**(32 836)**	**0**	**(32 836)**
Income Statement			
Results of discontinuing activity	881	0	881

18. 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:

	2022		2021	
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**

	2022		2021	
"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**

	2022		2021	
"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 decides to pay a dividend for a given year, the employee shares with preferential dividend rights are included in the after-tax profit for the same year in the consolidated financial statements prepared in accordance with IFRS (less (i) the effect on profit of property valuations (based on: IAS 40 Investment Property); (ii) the revaluation difference recognised in the income statement for equity accounted investments; (iii) the share of profit after tax attributable to outside equity holders), up to an amount equal to 6% of the profit before tax of the ordinary shares.

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

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

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

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

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

On 27 April 2022, the Company's general meeting decided to pay HUF 1,175,700 thousand in dividends. 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 75,300 thousand); HUF 1,100,400 thousand was paid to holders of ordinary shares (HUF 32.0 per share). The dividend was paid to holders of ordinary shares on 17 June 2022. Due to the treasury shares owned by the Company, the dividend actually paid was HUF 32.31 per share.
The Company's Board of Directors expects to propose a total dividend payment of HUF 3,690.0 million (HUF 107.3 per share) on the ordinary shares to the Company's Annual General Meeting scheduled for 27 April 2023.

Dividend calculations	**2022**	**2021**
Dividend for series "A" ordinary shares, based on a general meeting decision	(1 100 400)	(1 328 000)
Dividend for series "B" employee preferential shares, based on a general meeting decision	(75 300)	(60 449)
Total dividends allocated	**(1 175 700)**	**(1 388 449)**
Deducted PIT	(8 724)	0
Dividends allocated based on PIT	**(1 166 976)**	**(1 388 449)**
Q1	0	(450 537)
Q2	(1 091 381)	(877 375)
Q3	(8 724)	(88)
Dividends paid for series "A" ordinary shares	**(1 100 104)**	**(1 328 000)**
Q1	(15 112)	(15 125)
Q2	(18 825)	(15 112)
Q3	(18 825)	(15 112)
Q4	(18 825)	(15 112)
Dividends paid for series "B" employee shares	**(71 587)**	**(60 462)**
Total dividends paid	**(1 171 692)**	**(1 388 462)**

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

19. 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.
The management option scheme launched in 2022 pertains to a total of 250 thousand shares with the participation of 11 persons, at a call price of HUF 520/share, set in advance.

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.

Employee 2023 scheme

At the General Meeting held on 27 April 2022, the Company's "Employees 2023" share scheme was approved, under which all employees that are employed in Hungary by the Group since 1 April 2022 will receive shares in the amount of their average wage of 2022 if the performance conditions are met in 2024.

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 2022 consolidated sales revenue exceeds the Company's consolidated sales revenue for the 2020 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**.

	2022	2020
Consolidated sales revenue	**30 264 318**	**9 067 335**

On 27 April 2022, the General Meeting decided to acquire a total of 1,500,000 ordinary shares with a nominal value of HUF 5 each belonging to series "A", with a purchase price of minimum HUF 50, but not exceeding HUF 1,500 each.

Number of treasury shares	**31.12.2022**	**31.12.2021**
Start of the period	**614 671**	**507 830**
Purchase of shares	703 192	147 147
Provided in the framework of the Management option scheme	(535 660)	-
Provided in the framework of the Employee scheme	(37 916)	(40 306)
End of the period	**744 287**	**614 671**

20. Exchange reserves

The balance of the conversion reserve at the end of the year HUF 504,502 thousand (2021: HUF 112,494 thousand) equals the amount of the conversion difference recognised in compliance with the IAS 21 standard with the involvement of the foreign subsidiaries of the Duna House Group in the consolidation.

21. Non-controlling interests

This balance sheet line shows the amount of equity attributable to minority shareholders. The balance also contains the conversion difference allocated to minority shareholders in relation to the operation of those companies. In the report, the Group recognises non-controlling interests in HGroup using the method described in section 2.4.2.1.

The tables below present financial information of subsidiaries with significant non-controlling interests:

Ownership share of non-controlling interests

Name	Headquarters and country of operation	2022	2021
Hgroup S.p.A.	Italy	28,86%	-
Credipass S.r.l.	Italy	32,57%	-
Medioinsurance S.r.l.	Italy	28,86%	-
Realizza S.r.l.	Italy	35,97%	-
Relabora S.r.l.	Italy	28,86%	-
Duna House Franchise s.r.o	Czech Republic	20,00%	20,00%
Duna House Hypoteky s.r.o.	Czech Republic	20,00%	20,00%
Center Reality s.r.o.	Czech Republic	20,80%	20,80%
Primse.com Sp. z o.o.	Poland	10,00%	10,00%

Profit attributable to significant non-controlling interests	2022	2021
Hgroup S.p.A.	(21 115)	-
Credipass S.r.l.	255 461	
Medioinsurance S.r.l.	111 157	
Realizza S.r.l.	(35 052)	
Relabora S.r.l.	(71 419)	
Duna House Franchise s.r.o	(3 786)	410
Duna House Hypoteky s.r.o.	472	875
Center Reality s.r.o.	(1 363)	4 700
Primse.com Sp. z o.o.	(5 079)	(2 234)
Összesen	**229 275**	**3 751**

Summary financial information on these subsidiaries is provided below. The data is based on amounts before intra-group eliminations.

Summary income statement for 2022

	01.04.2022 - 31.12.2022					*01.01.2022 - 31.12.2022*			
	Hgroup S.p.A.	**Credipass S.r.l.**	**Medioinsurance S.r.l.**	**Realizza S.r.l.**	**Relabora S.r.l.**	**Duna House Franchise s.r.o**	**Duna House Hypoteky s.r.o.**	**Center Reality s.r.o.**	**Primse.com Sp. z o.o.**
Total income	820 427	12 808 978	2 396 747	443 537	14 228	33 046	4 069	364120	4 097
Operating costs	(851 249)	(11 592 061)	(1 792 907)	(565 986)	(297 014)	(51 867)	(1 652)	(368 007)	(61 280)
Financial results	(31 452)	(47 464)	(1 107)	(737)	(83)	(108)	(57)	(1 069)	(5 443)
Profit before tax	(62 274)	1 169 452	602 733	(123 186)	(282 869)	(18 929)	2 360	(4 956)	(62 626)
Income taxes	(16 511)	(324 947)	(187 988)	18 263	16 393	0	0	(1 859)	11 838
Taxed profit	**(78 785)**	**844 505**	**414 745**	**(104 923)**	**(266 476)**	**(18 929)**	**2 360**	**(6 815)**	**(50 788)**

Summary income statement for 2021

	Duna House Franchise s.r.o	**Duna House Hypoteky s.r.o.**	**Center Reality s.r.o.**	**Primse.com Sp. z o.o.**
Total income	51 377	5 360	422 741	0
Operating costs	(50 815)	(936)	(393 754)	(26 692)
Financial results	1 487	(51)	27	(887)
Profit before tax	2 050	4 373	29 014	(27 579)
Income taxes	0	0	(5 513)	5 237
Taxed profit	**2 050**	**4 373**	**23 502**	**(22 342)**

Summary statement of financial position at 31 December 2022

	Hgroup S.p.A.	Credipass S.r.l.	Medioinsurance S.r.l.	Realizza S.r.l.	Relabora S.r.l.	Duna House Franchise s.r.o	Duna House Hypoteky s.r.o.	Center Reality s.r.o.	Primse.com Sp. z o.o.
Cash, inventories, short-term assets	1 733 406	3 650 986	1 977 619	104 386	76 223	335 811	19 433	41 514	27 625
Real estate properties, machinery and equipment, and other long-term assets	2 373 186	7 469 072	29 580	133 669	1 651	0	0	252	47 937
Trade and other short-term liabilities	(2 193 832)	(2 771 126)	(967 626)	(500 098)	(795 402)	(346 066)	(1 081)	(377 412)	(147 528)
Loans, deferred tax, and other long-term liabilities	(1 518 519)	(2 788 972)	(43 518)	(117 761)	(6 804)	0	0	0	0
Total equity	**394 241**	**5 559 960**	**996 055**	**(379 804)**	**(724 331)**	**(10 255)**	**18 353**	**(335 647)**	**(71 966)**
Of which:									
Per the parent company	280 463	3 748 886	708 594	(243 173)	(515 289)	(8 204)	14 682	(265 832)	(64 769)
Per non-controlling interest	113 778	1 811 074	287 462	(136 631)	(209 042)	(2 051)	3 671	(69 815)	(7 197)

Summary statement of financial position at 31 December 2021

	Duna House Franchise s.r.o	Duna House Hypoteky s.r.o.	Center Reality s.r.o.	Primse.com Sp. z o.o.
Cash, inventories, short-term assets	322 281	14 202	125 875	8 797
Real estate properties, machinery and equipment, and other long-term assets	0	0	1 957	23 270
Trade and other short-term liabilities	(313 830)	27	(421 906)	(50 903)
Loans, deferred tax, and other long-term liabilities	0	0	0	0
Total equity	**8 452**	**14 229**	**(294 075)**	**(18 836)**
Of which:				
Per the parent company	6 761	11 383	(232 907)	(16 952)
Per non-controlling interest	1 690	2 846	(61 167)	(1 884)

22. Long and short-term credits and loans

Short-term loans and borrowings

	Interest	Maturity	31.12.2022	31.12.2021
Pusztakúti út 12. Kft. (Takarékbank)	Bubor 1m + 2.50%	Amortised: 18.07.2022		4373387
Cash-pool loan, Italy			357 048	
Total			**357 048**	**4 373 387**

Long-term loans

	Interest	Maturity	31.12.2022	31.12.2022	31.12.2021
			EUR	*thousand HUF*	*thousand HUF*
BPER mortgage, EUR 2,100,000	2,90%	2031.11.08	1 628 083	651 640	
Volksbank mortgage, EUR 440,000	1,60%	2032.06.11	355 162	142 154	
Unicredit EUR 2,000,000	5,20%	2024.05.05	49 404	19 774	
Creval, EUR 1,500,000	Euribor 3m + 2,75%	2024.10.05	901 168	360 692	
Banca Privata Leasing, EUR 560,000	Euribor 3m + 4,50%	2023.03.27	574 058	229 767	
Total			**3 507 875**	**1 404 027**	**0**

Pusztakúti 12. Kft.: Takarékbank

Pusztakúti 12. Kft. and Takarékbank Zrt. entered into a long-term loan contract for HUF 4,000,000 thousand on 19 July 2017 in order to implement Forest Hill residential development, which was increased by the parties on a number of occasions, finally to HUF 5,420,000 thousand. According to the contract, the amounts drawn down from the credit limit are amortised in one amount at the end of their maturity and was due on 31 January 2021; however, they were subject to the loan moratorium passed and extended on a number of occasions in response to the COVID-19 epidemic. The Group repaid the loan in its entirety on 18 July 2022.

With the exception of the Pusztakúti 12 Kft. project loan, all long and short-term loans are taken out by the Italian Hgroup Spa. and its subsidiaries.

BPER and Volksbank mortgages

The Hgroup group owns a total of two offices in the Italian cities of Bergamo and Castelfranco Veneto (see Section 3). The Group took out two fixed interest-rate mortgages in 2018 to purchase the properties, which are now mortgaged. The company amortises the loans in equal monthly instalments.

Unicredit, Creval, and Banca Privata Leasing loans
These loans were taken out by Hgroup Spa to finance past purchases. These are not secured with mortgages.

23. Bonds payable

Bonds are initially recognised at fair value decreased by transaction costs and subsequently carried at amortised cost using the effective interest method in accordance with IFRS 9. The difference between the value received for the bonds and the value due on redemption is recognised as interest expense over the term of the bond using the effective interest method.

In 2020, the Group initiated a review of its external financing structure in order to diversify and improve the maturity structure of the Group's loan portfolio. Accordingly, the Group issued bonds under the Growth Credit Programme (NKP) of the National Bank of Hungary (MNB) and obtained competitively priced funding.

On 1 July 2019, the MNB launched the Bond for Growth Scheme, which aims to increase the efficiency of monetary policy transmission by expanding liquidity in the domestic corporate bond market. The Group uses the proceeds from the bond issue to redeem existing loans, for acquisitions, and for other investments.

The table below shows the main parameters and the outstanding bond debt:

	Coupon	Maturity	31.12.2022	31.12.2021
Duna House NKP Bond 2030/I., HUF	3.00%	2030.09.02	6 875 081	6 909 514
Duna House NKP Bond 2032/I., HUF	4.50%	2032.01.12	6 184 747	
Total			**13 059 828**	**6 909 514**

Duna House NKP Bond 2030/I.
Following a private auction on 31 August 2020, on 2 September 2020 the Company issued bonds under the name "Duna House NKP Bond 2030/I" with a total nominal value of HUF 6,600,000 thousand, the consideration for which was made available to the Group by the bond subscribers on the day of issue. Subsequently, on 1 March 2021, the "Duna House NKP Bond 2030/I." bonds were registered in the XBond multilateral trading facility of the Budapest Stock Exchange.

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 3.0%, and the term is 10 years. The average yield realised by the issuance was 2.3477 percent and the total proceeds were HUF 6,909,902 thousand. 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 bond was recognised at fair value decreased by borrowing costs (HUF 6,889,368 thousand) when it was registered in 2020, with an average yield of 2.39%.

The Company used the issuance to refinance its loans used for other than financing projects and used 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 Duna House NKP Bond 2030/I. pays interest and capital as follows:

	Interest payment	**Payments of principal on loans**	**Total Cash Flow**
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	**-1 386 000**	**-6 600 000**	**-7 986 000**

Duna House NKP Bond 2032/I.

Following a private auction on 10 January 2022, on 12 January 2022 the Company issued bonds under the name "Duna House NKP Bond 2032/I" with a total nominal value of HUF 6,000,000 thousand, the consideration for which was made available to the Group by the bond subscribers on the day of issue. Subsequently, on 18 March 2022, the "Duna House NKP Bond 2032/I." bonds were registered in the XBond multilateral trading facility of the Budapest Stock Exchange.

The average issue value of the bonds is 98.649% of their face value. The bonds have a fixed-rate interest, the coupon is set at 4.5%, and the term is 10 years. The average yield realised by the issuance was 4.7076 percent and the total proceeds were HUF 5,918,940 thousand. In 2022, the Company capitalised borrowing costs for the issued bonds in a total of HUF 4,940 thousand (legal, organisation, and distributor fees). Activation rate: 100%

The bond was recognised at fair value decreased by borrowing costs (HUF 5,914,000 thousand) when it was registered in 2022, with an average yield of 4.72%.

The Group used the bond proceeds to finance the purchase of Hgroup Spa. and plans additional acquisitions.

The Duna House NKP Bond 2032/I. pays interest and capital as follows:

	Interest payment	Payments of principal on loans	Total Cash Flow
2023	-270 000	0	-270 000
2024	-270 000	0	-270 000
2025	-270 000	0	-270 000
2026	-270 000	0	-270 000
2027	-270 000	0	-270 000
2028	-270 000	-1 200 000	-1 470 000
2029	-216 000	-1 200 000	-1 416 000
2030	-162 000	-1 200 000	-1 362 000
2031	-108 000	-1 200 000	-1 308 000
2032	-54 000	-1 200 000	-1 254 000
Total	**-2 160 000**	**-6 000 000**	**-8 160 000**

24. Provisions

	Collateral type guarantees	Expected expenses related to litigation	Total
As at 31 December 2020	**0**	**0**	**0**
As at 31 December 2021	**0**	**0**	**0**
Business combinations		128 812	128 812
Incurred during the year	17 000	0	17 000
Used	0	(65 777)	(65 777)
As at 31 December 2022	**17 000**	**63 035**	**80 035**

Collateral type guarantees
Provisions are made for expected warranty claims on properties sold during the year, based on the experience of the extent of past warranty claims and repairs. These costs are expected to be incurred in the three financial years following technical delivery. As the effect of time value is minimal, the Group does not apply discounting. The warranty provision is based on current sales levels and the warranty period for all real estate properties sold.

Expected expenses related to litigation
In connection with the pending litigation of Hgroup, the Group set aside provisions of HUF 128,812 thousand at the time of the acquisition, of which HUF 65,777 thousand was used up during 2022.

25. Deferred tax liabilities

	31.12.2022	31.12.2021
From business combination-Hgroup	1 496 574	0
Due to the difference in the valuation of fixed assets and investment properties	111 531	168 892
Due to the recognition of trail commission	66 095	59 191
Other non-significant items	9 451	(9 058)
Total	**1 683 651**	**219 025**

Deferred tax assets and liabilities were netted at the level of the subsidiaries.

In 2022, the Group recognised a deferred liability of 1,496,574 in relation to the acquisition of the Hgroup business combination in respect of the identified assets.

In 2022, a balance of HUF 66,095 thousand is a deferred tax liability resulting from the difference in the recognition of the trail commission realised in the financial product intermediation segment between the Hungarian and international accounting.

26. Other long-term liabilities

	31.12.2022	31.12.2021
Deferred purchase price	3 800 802	
Liabilities pertaining to minority interest	4 985 424	
Severance pay fund	351 544	
Other long-term liabilities	1 328	
Total	**9 139 098**	**0**

The amount of other long-term liabilities increased due to the purchase of Hgroup Spa.: HUF 3,800,802 thousand is the present value of the deferred purchase price related to the acquisition of the 70% share, HUF 4,985,424 thousand is the present value of the expected consideration for put/call options on minority interests, HUF 351,544 thousand is the mandatory severance payment fund in Italy.

27. Accounts payable

	31.12.2022	31.12.2021
Trade payables	3 106 913	1 321 060
Total	**3 106 913**	**1 321 060**

Trade accounts payable increased by a total of HUF 2,394,752 thousand due to the consolidation of Hgroup Spa., while the lower volumes of credit intermediaries and real estate agents in Hungary and Poland, and thus lower commissions payable, reduced them by HUF 608,899 thousand.

28. Liabilities to related undertakings

The value of related liabilities contains the following:

	31.12.2022	31.12.2021
Parent company	**0**	**0**
Dividends due to employees	18 825	15 112
The executives in key positions in the business unit and its parent company	**18 825**	**15 112**
Dividends due to shareholders	628	333
Bitkover Kft.	2 457	2 505
Hunor interim dividend	70 000	0
Shareholder loan	51 029	0
Against discontinued operations	906	0
Other related parties	**125 020**	**2 838**
Total	**143 845**	**17 950**

The outstanding dividend liability to holders of employee shares is HUF 18,825 thousand. Section 18 presents the approved dividends.

The Italian Hgroup has a total of HUF 51,029 thousand in shareholder loans to non-controlling interests.

The Company's Czech subsidiary owes interest of HUF 2,457 thousand to Bitkover Kft., which owns 20% of the shares of Duna House Franchise s.r.o.

During 2022, the Group's jointly controlled entity, Hunor utca 24 Kft. paid a dividend advance of HUF 70,000 thousand to the Group.

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

The Group's receivables from related parties are presented in Section 13 and the remuneration of the Board of Directors and the Supervisory Board in Section 49.

29. Other liabilities

Other liabilities contain the following:

	31.12.2022	31.12.2021
Advance payments, earnest money and bid bonds	3 164 874	1 490 769
Tax liability	495 403	173 999
Settlement account of home owners	126 389	159 204
Settlement account of lessees	105 602	88 273
Insurance obligation	195 238	0
Liabilities from remuneration	103 749	83 522
Liabilities related to litigation	16 618	0
Received deposits	4 353	9 035
Other	13 427	9 313
Grants received	0	0
Total	**4 225 653**	**2 014 115**

Advances, deposits, and tender securities totalling HUF 3,164,873 thousand (2021: HUF 1,490,769 thousand) received from customers consist mainly of deposits and advances received from customers in connection with ongoing property development projects in MyCity project companies, which the Group considers as contractual obligations (see Section 32.)

The Group had outstanding tax debts of HUF 495,403 thousand (2021: HUF 173,999 thousand).

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

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

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

In 2020, the Group received a total of HUF 25,737 thousand in funding from the Polish Development Fund in connection with the COVID-19 epidemic. Of the aid, HUF 18,361 thousand was recognised as revenue (see Section 0); the remainder was repaid.

The Group had no contingent liabilities as at 31 December 2022 and 2021, with the exception of the liabilities related to the acquisition of Hgroup Spa., which are presented in Sections 2.4.2.1 and 26.

30. Accruals and deferred income

	31.12.2022	31.12.2021
Accrued costs and charges	482 348	11 501
Accrued revenues	249 429	357 779
Total	**731 777**	**369 280**

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

31. Sales revenue

Net sales revenues	**2022**	**2021**
Revenue from brokerage of loan and housing savings products	22 778 563	9 621 969
Revenue from property sales	3 284 655	773 656
Revenue from real estate agency services	2 004 325	2 053 932
Franchise fees	1 486 995	1 499 622
Revenue from real estate management	265 831	146 729
Revenue from fund management and success fee	78 193	81 523
Revenue from rental fee	73 256	50 023
Revenue from education, training	73 180	35 322
Revenue form insurance mediation	46 658	48 344
Other revenue (damages, contractual penalties)	39 519	27 804
Recharging (rental fee, utilities, etc.)	36 581	47 109
Revenue from appraisal	35 260	29 672
Marketing revenues from banks	26 400	1 953
Revenue from issuing energy certificates	21 857	24 957
Revenue from sales support	13 045	16 396
Sales revenue from operating fees	0	2 919
Total	**30 264 318**	**14 461 930**

The consolidated sales revenue of the Duna House Group jumped by 109% to HUF 30,264,318 thousand. The acquisition of Hgroup Spa., Italy's leading credit intermediary group, increased the Group's revenue by a total of HUF 15,569,015 thousand in 2022. Revenue from the brokerage of loan and housing savings products amounted to 75% of consolidated sales revenue. Revenues related to real estate agency activities, such as real estate brokerage revenue and franchise fees, dropped by 2% and 1%, respectively.

Within the MyCity real estate development division, real estate sales revenues amounted to HUF 3,284,655 thousand due to the delivery of apartments in the Forest Hill project (2021: HUF 773,656 thousand).

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

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

The franchise fees include the following types of fees:

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

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

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

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

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

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

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

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

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

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

32. Contractual balances

	31.12.2022	31.12.2021
Trade receivables	3 229 765	2 102 051
Contractual assets	734 386	657 673
Contractual obligations	3 390 922	1 742 057

An increase of HUF 2,432,534 thousand in trade receivables was caused by the acquisition of Hgroup (Section 2.4.2.1).

The Group considers the trail commissions of its credit intermediation activities in Hungary to be contractual assets. The Group recognises these commissions as revenue at the time the loan is disbursed, with a provision for churn. The amount of the trail commission volume varies based on the outstanding portfolio of mortgage loans brokered by the Group in Hungary.

Contractual obligations represent the amount of entry fees invoiced and accrued by the Group's real estate franchise business and the amount of advances and deposits invoiced by the real estate development business. The balance increased due to the ongoing delivery of apartments developed by the Group, with a balance of HUF 3,071,915 thousand at 31 December 2022 (2021: HUF 1,459,355 thousand).

The following sales revenue was recognised during the year:

	2022	2021
Recognition in sales revenue of balances contractually committed at the beginning of the year	3 975 474	586 785

Of the contractual obligation balances at the beginning of the year, predominantly advances and deposits related to the property development activity were recognised as revenue in 2022.

33. Other operating income

	2022	2021
Penalties and proceeds from litigation	200 180	145 576
Profit from the sale of tangible assets	71 118	31
Other	46 373	3 956
Reversal of impairment on receivables	50 613	55 670
Revaluation of investment properties	26 116	68 655
Time barred liabilities	6 379	5 287
Corporate tax support	3 868	0
Revenues from post-paid sales	213	132
Grants received	0	18 361
Inventory difference	0	2
Insured events	0	675
Total	**404 860**	**298 345**

In 2022, the Group realised other operating revenue of HUF 200,180 thousand from litigations (2021: HUF 145,576 thousand). Of these, the largest was a bank guarantee against one of Pusztakúti 12. Kft.'s former contractors, Pricons Kft., which amounted to HUF 154,383 thousand (2021: 125,662 thousand).

The Group realised profits of HUF 26,116 thousand (2021: HUF 68,655 thousand) on the revaluation of the investment property portfolio (the book value of the investment property portfolio is presented in Section 4). The Group has begun to sell its investment property portfolio in order to streamline its profile, and has reclassified the properties held for sale as Assets held for sale (see Section 16).

In 2021, the Group received a total of HUF 18,361 thousand in funding from Polish state funding programmes where it met the applicable conditions. The aid falls under the framework of a number of different aid programmes that aim to improve the situation of liquidity, have the state pay for the childcare costs of families with small children, and retain workers.

34. Variation in self-manufactured stock

	2022	2021
Pusztakúti 12. Kft.	(1 256 657)	411 183
Reviczky 6-10. Kft.	0	(169)
Total	**(1 256 657)**	**411 014**

Calculation of stock changes in the target year	**2022**	**2021**
Variations in self-manufactured stocks from the balance sheet	(1 364 815)	219 621
Variations in self-manufactured stocks from the profit and loss account	(1 256 657)	411 014
Difference	**108 158**	**191 393**
Of which:		
Stock changes taken into consideration as goods	258 697	44 949
Other operating expenses	0	315 890
Interest capitalised from the expenses of financial transactions	(150 539)	(169 446)
Changes to the total of self-manufactured stocks	**108 158**	**191 393**

For its real estate development projects, the Group capitalises its implementation costs for inventories and a part of interest paid to third parties for the financing of the projects.
In 2022, of the total of HUF 158,930 thousand in interest paid to third parties in connection with development projects (2021: 180,864 thousand), the Company capitalised HUF 150,539 thousand (2021: 169,446 thousand) (for a capitalisation rate of 94.72%; 2021: 95.02%).

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

35. Consumables and raw materials

	2022	2021
Utility fees and charges	110 590	73 058
Material costs of construction used	87 201	170 714
Official forms, office supplies	12 727	5 338
Fuel	12 511	8 152
Maintenance costs	5 645	4 310
Total	**228 674**	**261 572**

The construction material costs relate to the Forest Hill residential complex, developed by the Group and under its own general contracting since January 2020. The technical handover of the project was carried out in several phases during 2022, and the construction works are now complete.

36. Goods and services sold

	2022	2021
Cost of brokerage of financial product	1 069 001	1 151 800
Subcontractors' performances	467 735	755 607
Other recharging (e.g., sales support, utilities, marketing)	192 966	106 195
Direct cost of the sale of real properties	157 155	67 095
Direct costs of real estate agency services	142 939	119 570
Appraiser fees	11 401	16 810
Energy certificate fees	650	241
Total	**2 041 847**	**2 217 319**

In the row of the direct cost of property sales, the Group presents the value of land derecognised in respect of the sale of residential property projects, while capitalised construction costs are reported under the change in own production inventories presented in section 34.

37. Contracted services

	2022	2021
Direct cost of the brokerage of financial products	15 423 460	6 345 928
Other services purchased (insurance, training, postal services, photocopying, cleaning, etc.)	1 107 008	230 285
Professional service fees	1 029 785	394 249
Direct costs of real estate agency services	697 633	963 519
Cost of IT operation	608 637	44 594
Other professional services (IT development, sales support, marketing, etc.)	548 653	541 642
Advertising, promotion	338 209	113 711
Rent, common expenses	216 772	133 856
Legal fees	113 733	36 556
Bank fees, insurance premiums	76 466	34 877
Telephone and communications expenses	46 704	40 141
Cost of stock exchange listings (BSE, KELER)	16 604	24 197
Duna House Magyar Lakásingatlan Alap distribution costs	11 037	20 768
MyCity planning costs and architect fees	8 214	10 316
Direct cost of energy certificates	7 534	8 277
MyCity engineering consultancy and inspection	4 625	21 656
Direct cost of appraisal	3 139	2 361
Total	**20 258 213**	**8 966 933**

The direct costs of the brokering of financial products make up 76% of contracted services (2021: 71%). From the brokering commission it receives, the Group pays the part specified in its commission policy to its credit consultants. Year-on-year, this row grew by 143%, which slightly exceeds the growth rate of credit intermediary revenue due to the commission structures that differ from country to country (see Section 0). Within the direct costs of financial product intermediation, the acquired Italian subsidiaries accounted for HUF 10,763,515 thousand (2021: HUF 0 thousand) (Section 2.4.2.1).

Other services received (insurance, education, postal services, photocopying, cleaning, etc.) in 2022 amounted to HUF 669,931 thousand from the acquired Italian subsidiaries (2021: HUF 0 thousand).

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

38. Personnel costs

	2022	2021
Payroll cost	1 387 054	607 085
Contributions	226 563	59 777
Employee share programme	16 945	27 157
Other personnel-type benefits	186 723	147 197
Total	**1 817 286**	**841 216**
Average statistical headcount	217	141

The Group's employment policy and ensuring its consistency between the individual countries are continuously under development. The average statistical headcount increased from 141 to 217 in the comparative period. The expansion of the Group with Italian subsidiaries increased the average headcount by 62.2 persons. The statistical headcount in Poland increased by 4.1 persons. The number of Hungarian employees increased by an average of 9.6 persons thanks to the creation of a new sales channel. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2022.

The Company puts emphasis on the diversified filling of jobs based on the skills and qualifications of employees.

39. Other operating charges

	2022	2021
Non-profit taxes recognised as various expenses	199 737	155 798
Write-off of bad debts	194 894	415 274
Other	135 456	10 098
Impairment of receivables	29 849	39 164
Expenses related to litigation	21 785	8 827
Earnest money	10 308	233 435
Contractual penalty, late payment interest	7 174	472
Penalties	6 598	1 423
Cost of the sale of tangible assets	6 378	0
Grants provided	3 870	2 000
Missing inventories	0	22
Total	**616 049**	**866 513**

The Group has written off uncollectible receivables in the project company for the development of the Forest Hill residential complex amounting to HUF 181,135 thousand (2021: HUF 385,622 thousand) during 2022 from the former contractor Pricons Kft and its subcontractors. Deposits totalling HUF 10,308 thousand (2021: HUF 233,435 thousand) were paid to customers cancelling their orders, which are presented under the item earnest money.

The impairment of receivables amounted to HUF 29,849 thousand (2021: HUF 39,164 thousand).

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

40. Revenues of financial transactions

	2022	2021
Exchange rate gain	271 449	201 827
Interest received	532 040	23 735
Total	**803 489**	**225 562**

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

During 2022, the Group earned interest income and income from discount treasury bills held to maturity of HUF 532,040 thousand (2021: HUF 23,735 thousand). During 2022, the Group granted loans of HUF 32,500 thousand to directors for the exercise of MRP stock options (2021: 0). The loans were fully repaid by 31 December 2022, for which the Group received a total of HUF 2,240 thousand of interest during 2022.

41. Expenses of financial transactions

	2022	2021
Interest paid	217 758	29 300
Bond interest	434 314	164 371
Lease interest	37 909	15 178
Exchange rate losses	49 113	82 836
Total	**739 094**	**291 685**

In the 2021 annual accounts, Lease interest is presented under Interest paid. To ensure transparency, the Group has expanded the presentation of the expenses of financial operations and presents a separate line for interests related to leases.

Of the Group's interest expenses in 2022, HUF 80,843 thousand was incurred at the Italian subsidiaries (2021: 0) and HUF 434,314 thousand was recognised as bond interest expenses (2021: HUF 164,371 thousand).

For detailed information on the Group's bonds, see Section 23 and for information on loans and borrowings, see Section 22.

42. Income taxes

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

	2022	2021
Actual income tax – corporate tax	789 178	226 480
Actual income tax – local business tax	63 077	47 822
Actual income tax – innovation contribution	22 015	10 644
Deferred taxes	-98 334	26 885
Total	**775 936**	**311 831**

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

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

	2022	2021
Profit before tax	**3 715 166**	**1 786 000**
Hungarian corporate tax 9% (2021: 9%)	334 365	160 740
Non-deductible expenditures	194 785	40 366
Non-taxable income	(87 731)	(35 496)
Effects of foreign tax rates	249 425	87 754
Corporate tax in the profit and loss account	**690 844**	**253 365**
Business tax	63 077	47 822
Contribution for innovation	22 015	10 644
Total income taxes	**775 936**	**311 831**

43. Other comprehensive income

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

	2022	2021
Conversion differences on foreign subsidiaries	513 557	25 554
Other comprehensive income	**513 557**	**25 554**
Amounts to be reclassified to profit or loss in future periods		
Conversion differences on foreign subsidiaries	*513 557*	*25 554*

44. Earning per share (EPS)

To calculate the basic earning per share, the profit after tax available for distribution to the shareholders and the annual average number of the issued ordinary shares (excluding the own shares) has to be taken into account.

	2022	2021
After-tax profit that can be allocated to shareholders (thousand HUF)	2 940 110	1 474 169
Dividend that may be distributed to preferential shareholders	-146 996	-75 301
After-tax profit that can be allocated to shareholders holding ordinary shares (thousand HUF)	**2 793 114**	**1 398 868**
Weighted average number of issued ordinary shares (basic, thousand)	33 459	33 863
Weighted average number of issued ordinary shares (diluted thousand)	33 516	33 922
Earning per share (basic) (HUF)	**83,5**	**41,3**
Earning per share (diluted) (HUF)	**83,3**	**41,2**

The earning per share is diluted by the estimated 655 thousand shares that can be called during the course of 2022 using the stock option that forms part of the Company's employee stock ownership plan (the final number of shares under the 2021/2023 Management Stock Option Plan will be determined by the exercise price to be set by the 2023 AGM).

45. Segment information

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

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

1) The franchise segment carries out the operation of the franchise system that runs under the Duna House, Metrohouse, and Realizza brands. The Company is the largest franchise network of real estate agents in Hungary and Poland, and the Group is also present in Italy and the Czech Republic.
2) The operation of own office consists of the real estate agencies operated by the Company under the Duna House and Metrohouse brands.
3) Financial product brokerage segment: the Group offers a wide range of financial products to its clients under its multiple agency agreements with credit institutions and insurance companies, in Italy, Hungary, and Poland under the Credipass brand name.
4) Segment of the related services of residential property management, energy certification, appraisal services, and fund management.
5) The sector dealing with properties for investment purposes utilises the residential and commercial properties owned by the Company. This also includes the development projects that run under the MyCity brand name.
6) Transactions within each segment were consolidated in the statement. The "Other and eliminations" column includes the effect of the central services holding activities and filters out the transactions between the segments.

The Group prepares a balance sheet and income statement for its business divisions. The Group's financing (including financial expenses and financial revenues) and income taxes are managed on a consolidated basis for the Group and are not allocated to operating segments. Consequently, the income statements of the segments can be interpreted up to the level of the Business results.

Transfer pricing between operating segments takes place on an arm's length basis, similarly as transactions with third parties.

December 31, 2022	Franchise	Financial products brokerage	Operation of own office	Sale of related services	Property investments	Other and eliminations	Total
Intangible assets	379 572	6 247 807	69	29 873	35	8 778	6 666 133
Investment property	0	0	0	0	982 500	0	982 500
Land and buildings	0	5 395	35 611	2 812	366 599	1 376 632	1 787 050
Machinery and equipment	21 454	7 261	10 879	2 215	3 842	141 446	187 097
Trade receivables	270 321	2 813 852	55 894	41 162	1 909	46 627	3 229 765
Inventories	12 511	0	479	15	6 043 949	2 121	6 059 075
Assets that cannot be allocated to other segments	2 321 093	6 187 707	295 271	738 765	716 291	11 851 851	22 110 978
Total Assets	**3 004 952**	**15 262 022**	**398 202**	**814 842**	**8 115 125**	**13 427 455**	**41 022 598**
Trade payables	(168 213)	3 051 377	58 764	39 158	97 633	28 194	3 106 913
Liabilities that cannot be allocated to other segments	2 147 683	4 471 223	820 419	1 255 765	5 919 810	17 403 133	32 018 033
Total Liabilities	**1 979 470**	**7 522 600**	**879 183**	**1 294 923**	**6 017 443**	**17 431 327**	**35 124 946**
Net revenue from sales to third parties	2 190 980	22 806 664	1 617 616	322 674	3 321 583	4 800	30 264 318
Net revenue from sales between segments	236 360	253	48 070	10 267	81 692	(376 642)	(0)
Net sales revenues	**2 427 339**	**22 806 917**	**1 665 686**	**332 942**	**3 403 275**	**(371 841)**	**30 264 318**
Direct costs	**(543 482)**	**(16 186 647)**	**(972 842)**	**(75 732)**	**(1 964 603)**	**198 556**	**(19 544 749)**
Gross profit	**1 883 858**	**6 620 270**	**692 844**	**257 209**	**1 438 672**	**(173 285)**	**10 719 569**
Depreciation and amortisation	(247 062)	(609 521)	(53 814)	(5 786)	(30 026)	(67 910)	(1 014 120)
Indirect operating costs	(1 464 504)	(3 623 029)	(633 726)	(195 669)	(328 932)	(23 255)	(6 269 116)
Operating Profit (EBIT)	**172 291**	**2 387 720**	**5 305**	**55 754**	**1 079 714**	**(264 450)**	**3 436 332**
Financial revenues							803 489
Financial expenses							(739 094)
Share of the results of jointly controlled entities							214 439
Profit before tax from current operations							**3 715 166**

December 31, 2021	Franchise	Financial products brokerage	Operation of own office	Sale of related services	Property investments	Other and eliminations	Total
Intangible assets	315 785	71	481	17 666	42	749	334 794
Investment property	0	0	0	0	1 849 500	0	1 849 500
Land and buildings	0	582	23 397	1 964	382 904	223	409 070
Machinery and equipment	6 675	1 566	7 376	983	9 671	(3 431)	22 840
Trade receivables	232 289	1 001 285	48 007	42 379	778 049	42	2 102 051
Inventories	7 612	175	150	15	7 408 764	2 155	7 418 870
Assets that cannot be allocated to other segments	1 862 598	1 957 319	475 483	563 645	2 130 490	3 485 796	10 475 332
Total Assets	**2 424 958**	**2 960 999**	**554 894**	**626 652**	**12 559 420**	**3 485 534**	**22 612 458**
Trade payables	(198 959)	1 221 214	93 945	12 640	178 260	13 960	1 321 060
Liabilities that cannot be allocated to other segments	1 704 267	213 824	876 893	415 808	10 843 497	315 645	14 369 934
Total Liabilities	**1 505 308**	**1 435 038**	**970 838**	**428 448**	**11 021 757**	**329 605**	**15 690 994**
Net revenue from sales to third parties	1 656 871	9 670 318	1 874 209	324 018	936 051	463	14 461 930
Net revenue from sales between segments	225 416	0	77 233	129	71 553	(374 331)	0
Net sales revenues	**1 882 287**	**9 670 318**	**1 951 442**	**324 147**	**1 007 604**	**(373 868)**	**14 461 930**
Direct costs	**(134 439)**	**(7 578 336)**	**(1 246 163)**	**(78 879)**	**(187 189)**	**76 417**	**(9 148 588)**
Gross profit	**1 747 848**	**2 091 982**	**705 278**	**245 268**	**820 416**	**(297 451)**	**5 313 342**
Depreciation and amortisation	(193 581)	(11 223)	(69 936)	(4 963)	(28 966)	(13 620)	(322 290)
Indirect operating costs	(995 412)	(727 675)	(468 263)	(175 464)	(1 099 962)	171 171	(3 295 605)
Operating Profit (EBIT)	**558 855**	**1 353 084**	**167 079**	**64 841**	**(308 513)**	**(139 900)**	**1 695 447**
Financial revenues							225 562
Financial expenses							(291 685)
Share of the results of jointly controlled entities							156 676
Profit before tax from current operations							**1 786 000**

Below, the Group presents the breakdown of its revenue and operating profit by country:

	2022	2021
Net sales revenues		
Hungary	7 706 030	5 275 276
Italy	15 569 015	
Poland	6 620 557	8 756 209
Czech Republic	368 716	430 445
Total net sales revenues	**30 264 318**	**14 461 930**
EBITDA		
Hungary	2 333 020	1 194 292
Italy	2 119 816	
Poland	17 907	789 470
Czech Republic	(20 291)	33 974
Total EBITDA	**4 450 452**	**2 017 736**
Operating profit/loss		
Hungary	2 104 321	968 630
Italy	1 403 877	
Poland	(51 575)	692 843
Czech Republic	(20 291)	33 974
Total operating profit/loss	**3 436 332**	**1 695 447**

46. Capital management

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

The Group's capital comprises net external funds and the Group's equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders). Sections 18-20 and 22-23 of the notes to the financial statement provide detailed information regarding these capital elements. The Group's payment obligations in respect of acquisitions are presented in Sections 2.4.2.1 and 26.
The following table presents the ratio of equity to registered capital.

	31.12.2022	31.12.2021
Registered capital	171 989	171 989
Total equity	5 897 652	6 921 462
Equity capital/registered capital	**3429%**	**4024%**

The Group issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 23). The Group is obliged to redeem the bonds before maturity within 15 business days of the date of the occurrence, if the credit rating of the bonds:

- Is downgraded below B+ but not below B-, and the Bond is not rated B+ or higher within two years (2*365 days) after the downgrade is published, or
- Is downgraded to CCC or below at any time during the term.

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

The equity risk run by the Company was not significant in 2022.

47. Risk management

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

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This section describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group. The Group has a Supervisory Board and an Audit Committee consisting of three independent members.

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

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 and 2022.

A presentation of the impact of the 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.

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2022 and 31 December 2021.

Lending risk	**31.12.2022**	**31.12.2021**
Trade receivables	3 229 765	2 102 051
Other receivables	1 665 047	403 043
Financial instruments	110 602	62 412
Cash and cash equivalents	10 646 364	5 226 528
Restricted cash	92 550	1 270 504
Total	**15 744 328**	**9 064 538**
Restricted cash	**92 550**	**1 270 504**
Pusztakúti 12. kft.	92 050	1 159 304
Impact Asset Management Zrt.	0	110 700
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 92,550 thousand restricted cash (2021: HUF 1,270,504 thousand) is provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions are set out in note 15.

The Group’s cash and cash equivalents (including restricted cash) are held by the following banks:

	31.12.2022	**31.12.2021**
Raiffeisen Bank Zrt.	9 463 287	4 567 152
Takarékbank Zrt.	93 361	1 198 587
Bank Millennium SA	347 370	604 617
Société Générale	24 760	121 078
Banca Unicredit	673 789	0
UBI BANK	124 608	0
Total	**10 727 175**	**6 491 435**

Foreign currency risk

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

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

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

	31.12.2022	31.12.2021
HUF	7 742 825	1 819 228
EUR	2 623 959	3 952 109
PLN	347 370	604 617
CZK	24 760	121 078
Total	**10 738 914**	**6 497 032**

Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, the Company has been managing its bank accounts linked to its operations under a cash pooling regime starting from 7 December 2017, which makes automatic group financing possible.

The table below summarises the maturity of the Group's resources:

Repayment schedule summary
December 31, 2022

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings (Section 22)	890 308	672 044	416 622	**1 978 973**
Interest-bearing bonds (Section 23)	468 000	4 472 400	11 403 600	**16 344 000**
Deferred purchase price and option liability (Section 26)	2 104 019	7 701 939	0	**9 805 957**
Deposits received from tenants and owners (Section 29)	263 854			**263 854**
Lease liabilities (Section 6)	330 712	1 559 999	0	**1 890 711**
Accounts payable (Section 0)	3 106 913			**3 106 913**
Total	**7 163 805**	**14 406 381**	**11 820 222**	**33 390 409**

December 31, 2021

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings (Section 22)	4 373 387			**4 373 387**
Interest-bearing bonds (Section 23)	198 000	2 112 000	5 874 000	**8 184 000**
Deposits received from tenants and owners (Section 29)	248 449			**248 449**
Lease liabilities (Section 6)	95 625	402 717	0	**498 342**
Accounts payable (Section 0)	1 321 060			**1 321 060**
Total	**6 236 521**	**2 514 717**	**5 874 000**	**14 625 238**

The conditions of the Group's loans and issued bonds are presented in sections 22 and 23.

Market risk

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

Property development risks

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

Sensitivity analysis

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

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

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

With actual interest	**01.01.2022 31.12.2022**	**01.01.2021 31.12.2021**
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	203 852	-185 114
Profit before tax	**3 715 166**	**1 786 000**
5%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	214 044	-194 369
Profit before tax	**3 725 359**	**1 776 744**
Changes in profit before tax	***10 193***	***-9 256***
Changes in profit before tax (%)	***0,274%***	***-0,521%***
10%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	224 237	-203 625
Profit before tax	**3 735 551**	**1 767 489**
Changes in profit before tax	***20 385***	***-18 511***
Changes in profit before tax (%)	***0,546%***	***-1,047%***
15%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	234 429	-212 881
Profit before tax	**3 745 744**	**1 758 233**
Changes in profit before tax	***30 578***	***-27 767***
Changes in profit before tax (%)	***0,816%***	***-1,579%***
-5%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	193 659	-175 858
Profit before tax	**3 704 973**	**1 795 256**
Changes in profit before tax	***-10 193***	***9 256***
Changes in profit before tax (%)	***-0,275%***	***0,516%***
-10%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	183 466	-166 602
Profit before tax	**3 694 781**	**1 804 511**
Changes in profit before tax	***-20 385***	***18 511***
Changes in profit before tax (%)	***-0,552%***	***1,026%***
-15%		
Profit before tax - excluding interest expense and interest income	3 511 314	1 971 114
Net interest income (income and expenses)	173 274	-157 347
Profit before tax	**3 684 588**	**1 813 767**
Changes in profit before tax	***-30 578***	***27 767***
Changes in profit before tax (%)	***-0,830%***	***1,531%***

48. Financial instruments

December 31, 2022	Book value	Fair value
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	110 602	110 602
Trade receivables	3 229 765	3 229 765
Cash and cash equivalents	10 646 364	10 646 364
Financial liabilities		
Liabilities recorded at amortised historical cost		
Long-term loans	1 404 027	1 404 027
Debts on issue of bonds	13 059 828	8 579 325
Short-term loans and borrowings	357 048	357 048
Lease liabilities	1 762 557	1 762 557
Liabilities recorded at fair value		
Deferred purchase price and option payments	8 786 226	8 786 226

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

The book value of the financial instruments valued at amortised cost provides a rational approach to fair value, with the exception of the fixed interest rate bonds issued by the Group. The fair value of the Duna House NKP 2030/I and 2032/I bonds presented in Section 23 decreased to HUF 8,579,325 thousand (book value: HUF 13,059,828 thousand) due to the significant increase in long-term reference interest rates in 2022. Due to the chosen accounting policy, the Group does not present the difference between fair value and book value in its financial statements. The Group used the following inputs to calculate fair value:

	Duration (years)	Zero coupon yield	Felár	Expected return
NKP 2032/I. issue	6,74	4,66%	1,92%	6,58%
December 31, 2022				
NKP 2032/I.	5,46	10,18%	1,92%	12,10%
NKP 2030/I.	4,97	9,92%	1,92%	11,84%

The cash flow of the bonds is described in Section 23.

Breakdown of revenues of financial transactions

	2022	2021
Cashpool interest	35 247	11 272
Interest of given loans	70 696	7 630
Interest from banks	338 365	3 883
Interest income from securities	85 492	915
Interest of loans given to private individuals	2 240	35
Interest received	**532 040**	**23 735**
Exchange rate gain from securities	0	4 661
Exchange rate gain	271 449	197 167
Exchange rate gain	**271 449**	**201 827**
Total	**803 489**	**225 562**

Breakdown of expenses of financial transactions

	2022	2021
Interest paid on loans received	91 360	6 405
Cashpool interest	37 163	11 244
Interest paid on bank loans	89 235	11 651
Interest paid	**217 758**	**29 300**
Exchange rate losses	49 113	82 836
Exchange rate losses	**49 113**	**82 836**
Lease interest	37 909	15 178
Bond interest	434 314	164 371
Interest losses calculated with the effective interest method	**472 223**	**179 549**
Total	**739 094**	**291 685**

49. Remuneration of the Board of Directors and Supervisory Board

In 2022, the total amount of the remuneration due to the members of the Board of Directors and the Supervisory Board was HUF 123,755 thousand (In all of 2021: HUF 102,619 thousand). 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.

Remuneration of the Board of Directors and Supervisory Board

	2022	2021
Members of the Board of Directors	116 505	97 219
Short-term employee benefits (income from salary)	*60 388*	*49 334*
Short-term employee benefits (preferential dividend)	*52 975*	*44 742*
Share-based payment	*3 143*	*3 143*
Members of the Supervisory board	7 250	5 400
Short-term employee benefits (honorarium)	*7 250*	*5 400*
Total	**123 755**	**102 619**

The following option schemes are operated for members of the Group's management (for more details see Section 19). In addition to Ferenc Máté and Dániel Schilling, members of the Board of Directors and certain senior and middle managers of the Group participate in the programmes. The table shows the number of options available to all participants:

Programme	Condition of effectiveness	Entry into force	Start of the drawdown period	End of drawdown period	Drawdown exchange rate, HUF	2022	2021
						Number of existing units	Number of existing units
2018/2020	Completed	2018	2020	2022	375	0	259 000
2019/2021	Completed	2018	2021	2023	391	0	276 600
2020/2022	Completed	2020	2022	2023	511	311 990	311 990
2021/2023*	Completed	2021	2023	2023	Determined by the 2023 Annual General Meeting		
2022/2024	Pending	2022	2024	2026	520	250 000	-
Total						**561 990**	**847 590**

* The total drawdown rate of the options under the 2021/2023 plan is HUF 100,000 thousand, which will be converted into a number of options at the drawdown rate determined by the 2023 Annual General Meeting.

During 2022, the Group granted loans of HUF 32,500 thousand to directors for the exercise of MRP stock options (2021: 0). The loans were fully repaid by 31 December 2022, for which the Group received a total of HUF 2,240 thousand of interest during 2022.

The Group's receivables from related parties are presented in Section 13 and its liabilities in Section 28.

50. 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.

Hgroup minority purchases

On 26 January 2023, the Group acquired a 5.99% stake in Hgroup Spa. from a minority shareholder who is not active in the management of the company. The combined consideration for the share and the purchase price liabilities to the seller was EUR 2.35 million.
Subsequently, on 31 January 2023, the Group increased its shareholding in Hgroup Spa by a further 16.85% to 93.98%, through the acquisition of the share package of company founder Diego Locatelli. Under the sale and purchase agreement, the parties will settle the consideration for the share in the same amount and at the same time as the option obligation set out in the sale and purchase agreement dated 10 December 2021. The consideration will be increased by the dividend paid by Hgroup Spa on the 16.85% stake until the purchase price is paid.

Purchase of Fimaa
During March 2023, Hgroup Spa. increased its stake in Credipass S.r.l. to 99.87% by acquiring a 5.0% stake, bringing the Group's indirect ownership to 71.0%.

Recommended dividend

The Company’s Board of Directors expects to propose a total dividend payment of HUF 3,690.0 million (HUF 107.3 per share) on the ordinary shares to the Company's Annual General Meeting scheduled for 27 April 2023.

Purchase of treasury shares

Based on the decision of the General Meeting passed on 27 April 2022, the Company’s Board of Directors purchased a total of 71,812 treasury shares between 31 December 2022 and 20 March 2023 at stock market rates. The amount of Company treasury shares on 20 March 2023 was 816,099.

51. Other publication obligations required by the Accounting Act

The Group is obligated to have its consolidated report audited in line with the IFRS. The auditor is Ernst & Young Könyvvizsgáló Kft (1132 Budapest, Váci út 20., registration number: 001165). The chamber member auditor personally responsible for the audit: Rita Domoszlai (chamber registration number: 007371).

The value of the audit services provided by Ernst & Young Könyvvizsgáló Kft. to the Company was EUR 83,000 in 2022, which includes the audit fees for the individual and consolidated accounts of Duna House Holding Nyrt. but does not include the audit fees for the individual accounts of the subsidiaries. The auditor does not provide any other services to the Company.

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

The following persons are authorised to sign the report: Doron Dymschiz, Member of the Board of Directors, (1025 Budapest, Szépvölgyi út 206/A), Gay Dymschiz, Member of the Board of Directors (1125 Budapest, Mátyás király út 52.), Ferenc Máté, Member of the Board of Directors (1121 Budapest, Denevér út 70.), Dr. Jenő Nagy, Member of the Board of Directors (1037 Budapest, Vízmosás lejtő 22.), and Dániel Schilling, Member of the Board of Directors (1126 Budapest, Kiss János altábornagy utca 38.).

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

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

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

The Board of Directors of the Group discussed the consolidated financial statements at its meeting held on 6 April 2023 and approved their disclosure in this form.

Budapest, 6 April 2023

Persons authorised to sign the consolidated statements:

____
Doron Dymschiz
Member of the Board of Directors

____
Gay Dymschiz
Member of the Board of Directors

____
Ferenc Máté
Member of the Board of Directors

____
Dr. Jenő Nagy
Member of the Board of Directors

____
Dániel Schilling
Member of the Board of Directors

This is a translation of the Hungarian Report

DUNA HOUSE HOLDING NYRT.

CONSOLIDATED BUSINESS REPORT

ON THE 2022 ACTIVITIES OF THE GROUP

DUNA HOUSE
GROUP

1. Group profile

This business report was prepared by the Board of Directors based on the consolidated financial statements of Duna House Holding Nyrt. (the "Company") and its subsidiaries (hereinafter jointly the "Group" or "Duna House Group") for the year ending with 31 December 2022. Duna House Holding Nyrt, as the parent company, is a public limited company registered in Budapest, with its registered office at 1016 Budapest, Gellérthegy utca 17. Duna House Group was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 315 real estate offices and more than 5,000 real estate agents and credit consultants.

The Group has been growing steadily since its IPO in November 2016:

- It acquired Metrohouse, the largest real estate network in Poland, in April, 2016,
- in September, 2016, it acquired an 80% stake in Duna House Franchise s.r.o. in the Czech Republic and through it in its two subsidiaries Center Reality s.r.o. and Duna House Hypotéky s.r.o,
- It acquired the Polish credit intermediary Gold Finance Sp. z.o.o in November 2018 and the Polish credit intermediary Alex T. Great Sp. z o.o in early January 2020,
- in January 2022, the Group acquired a 70% stake in HGroup, the Italian market leader in credit intermediation, and further future put/call options could increase the Group's stake to 100%. The Group is consolidating the Italian subsidiaries with a starting date of 1 April 2022.

It is a strategic objective of Duna House Group to extend its expertise to the Central-European region and to become a major international player.

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 and 2022.

A presentation of the impact of the 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.

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

The Group's principal activities:

- selling and operating franchise systems
- real estate agency services
- financial products brokerage
- insurance brokerage

- real estate appraisal services and the mediation thereof,
- energy certification services and the mediation thereof,
- real estate management
- buying and selling of own real estate
- residential real estate fund management
- real estate development

1.1 Consolidated companies

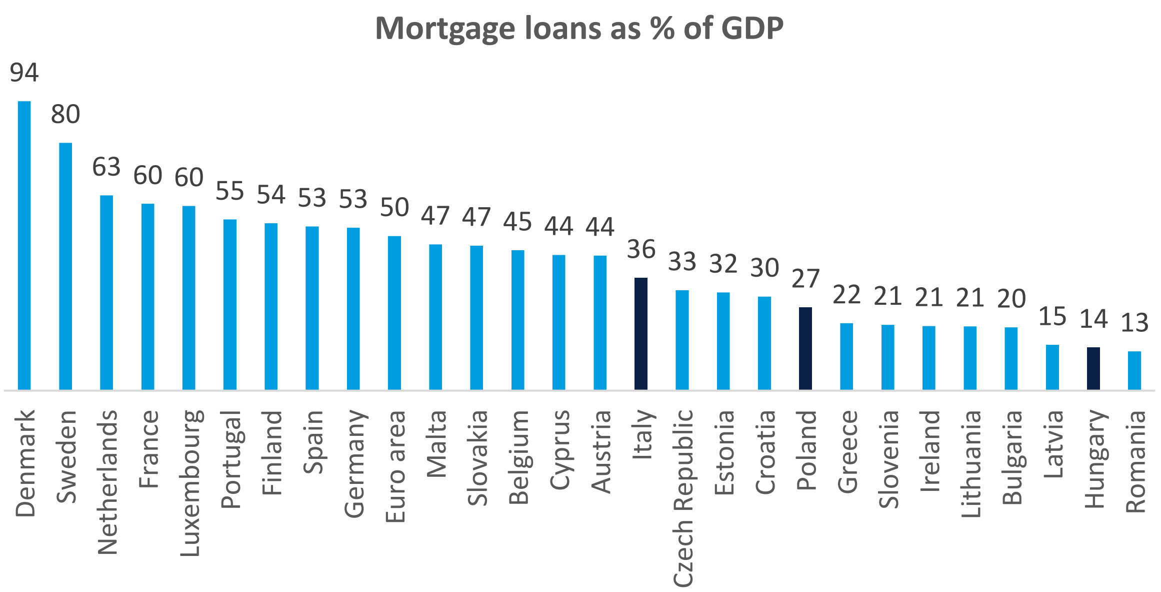
As a Subsidiary	address:	**31.12.2022**	**31.12.2021**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	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%
Credipass Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	-
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
MyCity Residential Development Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	1016 Budapest, Gellérthegy u. 17.	100%	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%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	71%	0%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	67%	0%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	71%	0%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	58%	0%
Relabora S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	53%	0%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

2. Markets and economic environment

2.1 Loan market[1]

In January 2022, the Group acquired Hgroup Spa., a subsidiary of Credipass S.r.l., one of the largest credit intermediaries in Italy. Following the acquisition, the Group will be active as a credit intermediary in Italy, Poland, and Hungary.

In 2022, the credit exposure of the population in the regions of the Group's operations are not high 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 36% of the GDP in Italy, 32% of the GDP in Poland, and 14% of the GDP in Hungary in 2022 Q3. The annual change in household credit was moderate in the region: it fell by 6.3% in Hungary, 3.3% in Italy, and 4.4% in Poland.



Source: National Bank of Hungary, Credit processes, March 2023

As inflation reared its head at the end of 2021, central banks started raising interest rates first in Hungary and then in Poland; in 2022, the war between Russia and Ukraine and the energy market shock also forced American and European central banks to increase their rates. The interest rate hike may have different effects on the credit markets of various countries depending on the nature of the retail loan volume and typical interest rate periods.

Housing loan interest rates in Hungary rose gradually from 4.7% in January 2022 to 11.3% in December. According to the data of the National Bank of Hungary, HUF 2,418 billion in residential loans were issued in 2022, 10.1% less than the previous year's figure. The decline accelerated in the third and fourth quarters of the year, reaching 25.2% and 34.3% respectively on a year-on-year basis. The share of housing loans in total lending remained stable on an annual average, but the year-end decline was more pronounced for housing loans, where the year-on-year decline in the third and fourth quarters was 28.9% and 53.9%, respectively.

1 Source: https://www.mnb.hu/kiadvanyok/jelentesek/hitelezesi-folyamatok/hitelezesi-folyamatok-2023-marcius

In total, HUF 1,195 billion of housing loans were received by individuals, 8.3% less than in 2021. The Group expects a gradual reduction in lending rates over 2023 as inflation slows.

According to the MNB survey, 18% of banks expect mortgage loan volumes to increase in the retail segments, while 8% expect them to decrease.

According to the Polish Bank Association, the housing loan market in Poland fell by 40.8% to PLN 37.5 billion in the first three quarters of 2022[2]. According to the Polish Credit Information Bureau (BIK), the mortgage market will contract by 49.1% in 2022 as a whole. The dramatic fall is due to a product structure characterized by typically short interest periods, rising interest rates, strict PTI (payment-to-income) rules, and the resulting disappearance of household creditworthiness. The Polish regulation authority (KNF) has relaxed the PTI rules for fixed-rate loans, increasing the amount of credit that can be borrowed by an average of 20%. As the positive impact of the change could be more significant as early as the second quarter of 2023, the market is expected to bottom in the last quarter of 2022 or the first quarter of 2023. In addition, the Polish government plans to introduce subsidised loans for young first-time home buyers later this year, which could give a further boost to the property and credit markets.

According to Hypostat data, new mortgage lending in Italy amounted to EUR 79 billion (+3.6% year on year) in 2021, while outstanding loans amounted to EUR 409 billion. Long-term loans are popular in the Italian credit market and, as lending rates rise, the overall Italian mortgage market fell by 22.7% in 2022 as a whole, according to analysts at CRIF[3], and the double-digit decline continued in the first month of 2023, with the market down 22.8% compared to January 2022. Although the market share of mediators increased significantly in recent years from around 10% before COVID-19, the figure is still around 20% and holds additional possibilities for long-term growth for the Group. There is also an opportunity for the Group to increase market share in CQS (cessione del quinto), salary and pension backed loans, which are considered less sensitive to interest rate fluctuations and more crisis resistant in the credit mix.

2.2 Real estate market

According to Eurostat’s 2021 data, 69.9% of the population of the European Union lives in real estate they own. The Group’s countries have an above-average home ownership rate (91.7% in Hungary, 86.8% in Poland, 78.3% in the Czech Republic, and 73.7% in Italy), which provides a stable market for the Group's real estate brokerage activities, that mainly serve private home buyers and sellers. In Hungary, Poland, and Italy, the share of overcrowded residential property is above the EU average, and the housing stock in these markets is expected to grow in the long term.

According to estimates by Duna House Group, there were 125 thousand transactions on the Hungarian residential market in 2022, which is 22% less than in 2021. The housing market, which bounced back after COVID-19 due to changing consumer behaviour, cooled significantly as lending rates were raised in response to inflation pressure. According to the data published by the Group in the Duna House Barometer, depending on the location and type of dwelling, the average price of second-hand dwellings increased by 20-25% compared to the end of 2021, while in the last two quarters there was a decrease in nominal terms compared to the peak in the second quarter of 2022[4]. The role of state

[2] *Source: Raport Amron-Sarfin 2022 Q3, Polish Bank Association (ZBP)*

[3] *Source:* https://www.crif.it/ricerche-e-pubblicazioni/barometri/

[4] *Source: Duna House Barométer No 138 published by Duna House Franchise Kft.*

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 24.7% of all loans.

Several negative factors have shaped the real estate market in Poland. The war between Russia and Ukraine is creating a general sense of uncertainty in the region, compounded by a sharp rise in interest rates. Prices are up 6-7% compared to the end of 2021 but down a significant 5-10% per region compared to the peak in the third quarter of 2022[5]. In Poland, there were approximately 700,000 property transactions in 2021, with no official figures available for 2022. In Poland, unlike in Hungary, access to housing subsidy schemes is much more limited, and the market recovery will be significantly affected by interest rates and borrowing limits.

In Italy, housing transactions have been on an upward trend since 2014, broken only by COVID-19 in 2020. The number of housing sales was around 748,500 in 2021, 34% more than in 2020 and 24% more than in 2019. According to preliminary estimates by the Italian National Institute of Statistics (ISTAT), the house price index rose by 3.0% year-on-year in the third quarter of 2022. Q2 2022 data show that the number of real estate transactions increased by 6.4% over a year.

[5] *Source: The Q4 2022 issues of Barometr Metrohouse i Credipass, published by Metrohouse Franchise S.A.*

3. The Group's financial and equity situation

3.1 Income Statement

data in HUF thousands	**2022**	**2021**
Net sales revenues	30 264 318	14 461 930
Other operating income	404 860	298 345
Total revenue	**30 669 178**	**14 760 275**
Variation in self-manufactured stock	(1 256 657)	411 014
Consumables and raw materials	(228 674)	(261 572)
Goods and services sold	(2 041 847)	(2 217 319)
Contracted services	(20 258 213)	(8 966 933)
Personnel costs	(1 817 286)	(841 216)
Depreciation and amortisation	(778 531)	(187 507)
Depreciation on right-of-use	(235 589)	(134 782)
Other operating charges	(616 049)	(866 513)
Operating costs	**(27 232 846)**	**(13 064 828)**
Operating profit	**3 436 332**	**1 695 447**
Financial income	803 489	225 562
Financial charges	(739 094)	(291 685)
Share of the results of jointly controlled undertakings	214 439	156 676
Profit before tax from continuing operations	**3 715 166**	**1 786 000**
Income tax expense	(775 936)	(311 831)
Profit for the year from continuing operations	**2 939 230**	**1 474 169**
Discontinued operations		
Profit or loss after tax from a discontinued operations	881	
Profit for the year	**2 940 111**	**1 474 169**
Conversion differences of foreign subsidiaries	513 557	25 554
Other comprehensive income	**513 557**	**25 554**
Total comprehensive income	**3 453 668**	**1 499 723**
From profit for the year		
Attributable to the parent company	2 710 837	1 470 419
Attributable to non-controlling interest	229 274	3 751
Of the total comprehensive income		
Attributable to the parent company	3 102 846	1 499 573
Attributable to non-controlling interest	350 822	150

Source: Annual Report of the Group audited in accordance with the IFRS

Duna House Group achieved exceptional growth in 2022, with consolidated revenue increasing by 109% to HUF 30,264 million (2021: HUF 14,462 million) and operating profit increasing by 103% to HUF 3,436 million (2021: HUF 1,695 million). The increase was mainly due to the acquisition of the Italian Hgroup Spa., which generated HUF 15,569 million in revenue and HUF 1,404 million in operating profit in 2022 within the Group's consolidated profit. Meanwhile, as a result of the market trends described in Section 2, the Group's turnover also decreased in Poland (-24%, 2021: +70%) and the Czech Republic

(-14%, 2021: +34%). In Hungary, the current handovers of the Forest Hill residential project led to a 46% increase in turnover (2021: +47%).

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

Revenue by segments	**2022**	**2021**	**Change %**
Revenues from brokerage of financial products	22 806 917	9 670 318	136%
Revenues of the own office segment	1 665 686	1 951 442	-15%
Revenues of the franchise segment	2 427 339	1 882 287	29%
Revenues of the related services segment	332 942	324 147	3%
Revenues of the investment segment	3 403 275	1 007 604	238%
Transactions between segments	-371 841	-373 868	-1%
Total	**30 264 318**	**14 461 930**	**109%**

Source: Annual Report of the Group audited in accordance with the IFRS

The Group's business segments developed along very different dynamics in 2022. Financial product intermediary revenues more than doubled as the acquisition of Hgroup Spa. in Italy added HUF 400 billion to the Group's intermediated loan volume, bringing the Group's intermediated loan volume to nearly HUF 730 billion (2021: HUF 429 billion). Investment segment revenues in the MyCity real estate development division also showed strong growth, increasing fivefold due to the delivery of the Forest Hill apartments. The segment's revenue more than tripled to HUF 3,403 million (2021: HUF 1,008 million).

Operating costs increased by 108% compared to the 2021 business year to reach HUF 27,233 million. The increase was mainly driven by higher brokerage commission payments in the context of increased sales.

The MyCity Residence real estate development project, 50% of which is owned by the Group, ended in 2020, and the delivery of the apartments mainly affected 2020. The Group indicates the results achieved by the project company under the row "Share of the results of jointly controlled undertakings", which was equal to HUF 81 million during the year (2021 HUF 146 million). Between the acquisition date of ownership of 13 January 2022 and the acquisition date of control of 1 April 2022, the Group also recognises the HUF 133 million profit attributable to the 70% stake in Hgroup Spa under "Share of the results of jointly controlled undertakings".

The Company records its corporate income tax and local business tax payment obligations under its tax payment obligations. The total amount of actual and deferred tax income for the 2022 business year amounted to HUF 776 million (2021: HUF 312 million).

Overall, the Group's profit after tax doubled to HUF 2,940 million (2021: HUF 1,474 million). Within profit after tax, HUF 229 million is allocated to non-controlling interests (2021: HUF 4 million).

Clean core results

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

In 2022, the Group applied the following adjustments:

- The results of the portfolio revaluation: Every half year, the Group revaluates its properties used for investment purposes at their market value, and recognises the valuation difference in its profit and loss. Although revaluations may reflect real estate market tendencies, the concentration of the portfolio may distort the evaluation of core business activities.
- Profit from the sale of tangible assets: The Group's real estate property sales are not considered by management to be core activities, and therefore the Group adjusts the results to facilitate the assessment of its core activities.
- Support received: In connection with COVID-19, the Group has received employment incentives in Poland, which do not form part of the core business.
- Acquisition costs: The Group pursues an active acquisition policy and might participate in multiple negotiations at the same time. During this process, legal, financial, and other consultancy costs are incurred during the due diligence and negotiation phases, regardless of the outcome of the negotiations. The management considers the consultancy fees related to potential acquisitions to be one-off items.

data in HUF thousands	**2022**	**2021**	**Change %**
EBITDA	4 450 452	2 017 736	121%
(-) MyCity EBITDA	987 419	-442 167	-323%
Core EBITDA	**3 463 033**	**2 459 903**	**41%**
(-) The results of the portfolio revaluation	26 116	68 655	-62%
(-) Profit from the sale of tangible assets	71 118		-
(-) Received COVID support	0	18 361	-100%
(-) Acquisition costs	-125 924	-3 864	3159%
Total of adjustments affecting the core	**28 690**	**-83 152**	**-135%**
Clean core EBITDA	**3 491 723**	**2 376 751**	**47%**

The Group's clean core EBITDA increased by 47% to HUF 3,492 million in 2022 (2021: HUF 2,377 million). The main driver of growth was the Italian activity, which contributed HUF 2,120 million to the Group's EBITDA.

The EBITDA of the MyCity business was HUF 987 million in 2022 (2021: HUF -442 million).

Segment income statement

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

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

1) The franchise segment carries out the operation of the franchise system that runs under the Duna House, Metrohouse, and Realizza brands. The Company is the largest franchise network of real estate agents in Hungary and Poland, and the Group is also present in Italy and the Czech Republic.
2) The operation of own office consists of the real estate agencies operated by the Company under the Duna House and Metrohouse brands.
3) Financial product brokerage segment: the Group offers a wide range of financial products to its clients under its multiple agency agreements with credit institutions and insurance companies, in Italy, Hungary, and Poland under the Credipass brand name.
4) Segment of the related services of residential property management, energy certification, appraisal services, and fund management.
5) The sector dealing with properties for investment purposes utilises the residential and commercial properties owned by the Company. This also includes the development projects that run under the MyCity brand name.
6) Transactions within each segment were consolidated in the statement. The “Other and eliminations" column includes the effect of the central services holding activities and filters out the transactions between the segments.

The Group prepares a balance sheet and income statement for its business divisions. The Group's financing (including financial expenses and financial revenues) and income taxes are managed on a consolidated basis for the Group and are not allocated to operating segments. Consequently, the income statements of the segments can be interpreted up to EBIT level.

Transfer pricing between operating segments takes place on an arm's length basis, similarly as transactions with third parties.

Group -1

2022

millió Ft	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**2 427**	**22 807**	**1 666**	**333**	**3 403**	**(372)**	**30 264**
Direct costs	(543)	(16 187)	(973)	(76)	(1 965)	199	(19 545)
Gross profit	**1 884**	**6 620**	**693**	**257**	**1 438**	**(173)**	**10 719**
Indirect operating costs	(1 465)	(3 623)	(634)	(196)	(329)	(22)	(6 269)
EBITDA	**419**	**2 997**	**59**	**61**	**1 109**	**(195)**	**4 450**
Depreciation and amortisation	(247)	(610)	(54)	(6)	(30)	(68)	(1 015)
EBIT	**172**	**2 387**	**5**	**55**	**1 079**	**(263)**	**3 435**

Gross margin	**78%**	**29%**	**42%**	**77%**	**42%**	**47%**	**35%**
EBITDA margin	**17%**	**13%**	**4%**	**18%**	**33%**	**52%**	**15%**
EBIT margin	**7%**	**10%**	**0%**	**17%**	**32%**	**71%**	**11%**

Group

2021

millió Ft	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**1 882**	**9 670**	**1 951**	**324**	**1 008**	**(374)**	**14 461**
Direct costs	(134)	(7 578)	(1 246)	(79)	(187)	76	(9 148)
Gross profit	**1 748**	**2 092**	**705**	**245**	**821**	**(298)**	**5 313**
Indirect operating costs	(995)	(729)	(468)	(175)	(1 100)	171	(3 296)
EBITDA	**753**	**1 363**	**237**	**70**	**(279)**	**(127)**	**2 017**
Depreciation and amortisation	(194)	(11)	(70)	(5)	(29)	(14)	(323)
EBIT	**559**	**1 352**	**167**	**65**	**(308)**	**(141)**	**1 694**

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

Source: Annual Report of the Group audited in accordance with the IFRS

The Group's business segments developed along very different dynamics in 2022.

Revenues from the franchise segment increased by 29%. Its performance indicators were worsened by the currently loss-making operation of the Italian subsidiary Realizza.

Revenues from financial product intermediation increased by 136% in 2022. On a gross margin basis, operating results improved significantly to 29%, while EBITDA and EBIT margins deteriorated due to lower revenues. Growth was driven by the acquisition of the Italian Hgroup, while the Group's Polish and Hungarian financial intermediary activities saw their loan volumes decline by 24-25% in total as a result of the market changes described in Section 2.1.

The revenue of the own office real estate segment decreased by 15% in 2022 and, although the gross marginincreased to 42%, the segment's result disappeared due to declining volumes.

Investment segment showed excellent results due to the handovers of the Forest Hill project of the MyCity real estate development division. The segment's revenue more than tripled to HUF 3,403 million (2021: HUF 1,008 million) and its EBITDA margin jumped to 33%.

The consolidated EBITDA of the Group increased by 121% from HUF 2,018 million in the benchmark period up to HUF 4,450 million.

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

data in HUF thousands	**2022**	**2021**
Net sales revenues		
Hungary	7 706 030	5 275 276
Italy	15 569 015	
Poland	6 620 557	8 756 209
Czech Republic	368 716	430 445
Total net sales revenues	**30 264 318**	**14 461 930**
EBITDA		
Hungary	2 333 020	1 194 292
Italy	2 119 816	
Poland	17 907	789 470
Czech Republic	(20 291)	33 974
Total EBITDA	**4 450 452**	**2 017 736**
Operating profit/loss		
Hungary	2 104 321	968 630
Italy	1 403 877	
Poland	(51 575)	692 843
Czech Republic	(20 291)	33 974
Total operating profit/loss	**3 436 332**	**1 695 447**

Source: Annual Report of the Group audited in accordance with the IFRS

With the acquisition in Italy, the Group has repositioned itself on international markets. The Italian Hgroup accounted for more than 51% of the Group's revenue and 48% of EBITDA in 2022.

In Hungary, annual revenue increased by 46% and EBITDA jumped by 95% compared to 2021. Domestic revenue was significantly impacted by the intensified handovers of Forest Hill apartments, which increased revenue by HUF 2,427 million and improved EBITDA by nearly HUF 1,430 million compared to 2021.

The Group's Polish subsidiaries' sales revenue decreased by 24% year-on-year, its EBITDA fell to HUF 18 million and operating profit turned into a loss of HUF 52 million due to the drastic drop in volumes and the increase in operating costs.

Differences between the non-audited financial statement published in the 2022 Q4 quarterly report and the audited financial statement included in the Annual Report

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

In the 2022 business year, the Group's audited annual EBITDA is HUF 8.4 million more and its after-tax profit is HUF 59.0 million less than the values in the 2022 Q4 quarterly report.

in HUF million	**Quarterly report**	**Annual report**	**Difference**
EBITDA 2022	4 442,1	4 450,5	8,4
After-tax profits 2022	2 999,1	2 940,1	-59,0

The differences relate mainly to the accounting items of the Hgroup acquisition, in connection with the accounting of the receivables and payables arising from the transaction.

3.2 Assets

Data in thousand HUF

ASSETS	31.12.2022	31.12.2021
Long-term assets		
Intangible assets	6 666 133	334 794
Right-of-use	1 540 929	347 380
Investment property	982 500	1 849 500
Land and buildings	1 787 050	409 070
Machinery and equipment	187 097	22 840
Goodwill	5 662 784	1 775 523
Investments in associated companies and joint ventures	101 127	214 342
Financial instruments	110 602	62 412
Deferred tax assets	910 475	228 219
Total long-term assets	**17 948 697**	**5 244 080**
Current assets		
Inventories	6 059 075	7 418 870
Trade receivables	3 229 765	2 102 051
Amounts owed by related undertakings	25 345	166 792
Other receivables	1 665 048	403 043
Actual income tax assets	192 168	46 077
Cash and cash equivalents	10 646 364	5 226 528
Restricted cash	92 550	1 270 504
Accrued incomes	911 205	734 512
Assets held for sale	402 421	
Total current assets	**23 223 941**	**17 368 377**
Total Assets	**41 172 638**	**22 612 457**

Source: Annual Report of the Group audited in accordance with the IFRS

The balance sheet total increased by 82.1% compared to 31 December 2021, driven by the acquisition of Hgroup Spa. and the Group’s bond issue. In the acquisition, the Group identified intangible assets totalling HUF 6,136 million as the fair value of the Credipass brand name and the existing contracts with bank intermediaries and agents of the credit brokerage business. These items have not been included in Hgroup’s accounts, however the Group believes that these assets represent significant value and will generate value for the Group over their useful lives. The acquisition also created goodwill of HUF 3,822 million in the Group's consolidated financial statements.

3.3 Liabilities

data in HUF thousands

LIABILITIES	31.12.2022	31.12.2021
Equity		
Registered capital	171 989	171 989
Treasury shares repurchased	(370 862)	(243 406)
Capital reserve	1 564 066	1 544 146
Exchange reserves	504 502	112 494
Profit reserve	3 205 707	5 400 252
Total equity of the parent company's owners	**5 075 402**	**6 985 475**
Non-controlling interests	175 508	(64 013)
Total equity:	**5 250 910**	**6 921 462**
Long-term liabilities		
Long-term loans	1 404 027	
Provisions for expected liabilities	80 035	
Deferred tax liabilities	1 683 651	219 025
Other long-term liabilities	9 139 098	
Bonds payable	13 059 828	6 909 514
Long-term liabilities from leases	1 470 175	372 250
Total long-term liabilities	**26 836 814**	**7 500 789**
Current liabilities		
Short-term loans and borrowings	357 048	4 373 387
Accounts payable	3 106 913	1 321 060
Liabilities to related undertakings	143 845	17 950
Other liabilities	4 225 653	2 014 115
Short-term liabilities from leases	292 382	76 667
Actual income tax liabilities	194 460	17 747
Accruals and deferred income	731 777	369 280
Liabilities directly linked to instruments classified as held for sale	32 836	
Total current liabilities	**9 084 914**	**8 190 206**
Total liabilities and equity	**41 172 638**	**22 612 457**

Source: Annual Report of the Group audited in accordance with the IFRS

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

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

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

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

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

The liabilities side of the Group's balance sheet has significantly changed compared to 31 December 2021 due to the acquisition of Hgroup SPA. The Group has paid a total purchase price of HUF 3,019 million and has an earn-out obligation of HUF 3,801 million for the 71.14% stake in Hgroup Spa., which amounts are due in 2023-2025. In addition, the Group has identified an expected option liability of HUF 4,985 million which is expected to fall due in 2027.

3.4 Consolidated Cash Flow Statement

	2022	2021
OPERATING CASH FLOW		
Profit before tax from current operations	3 715 166	1 786 000
Profit/(loss) before tax from discontinued operations	968	
Profit before tax	3 716 134	1 786 000
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	1 014 120	322 289
Amortisation and impairment of intangible assets and impairment of goodwill	57 954	
Share-based payment expense	16 945	27 157
Decrease in fair value of investment properties	16 500	17 800
Increase in fair value of investment properties	(26 116)	(68 655)
Net foreign exchange differences	(283 991)	(91 254)
Gain on disposal of property, plant and equipment	(71 118)	(31)
Financial revenues	(803 489)	(225 562)
Finance costs	739 094	291 685
Share of profit of an associate and a joint venture	(214 439)	(156 676)
Movements in provisions, pensions and government grants	(48 777)	
Changes in working capital		
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	2 410 035	(1 852 722)
Decrease in inventories and right of return assets	1 359 795	(183 061)
Increase in trade and other payables, contract liabilities and refund liabilities	1 550 360	1 278 028
	9 433 007	1 144 998
Interest received	485 018	23 735
Interest paid	(479 166)	(244 184)
Income tax paid	(1 006 956)	(205 321)
Net cash flow from operating activity	***8 431 903***	***719 228***
Cash flow from investing activity		
Proceeds from sale of property, plant and equipment	703 850	92 600
Purchase of property, plant and equipment	(193 185)	(168 599)
Purchase of financial instruments	(12 882)	(10 294)
Dividends from associates and joint ventures	194 500	370 000
Acquisition of a subsidiary, net of cash acquired	(2 816 389)	
Net cash flow from investing activity	***(2 124 105)***	***283 707***
Cash flow from financing activity		
Proceeds from exercise of share options	155 612	
Purchase of own shares	(388 941)	(65 613)
Acquisition of non-controlling interests	(123 356)	
Payment of principal portion of lease liabilities	(236 731)	(133 776)
Proceeds from borrowings	5 914 000	80 147
Repayment of borrowings	(5 169 202)	(557 220)
Dividends paid to equity holders of the parent	(1 171 987)	(1 388 462)
Net cash flow from financing activity	***(1 020 605)***	***(2 064 923)***
Net change in cash and cash equivalents	5 287 192	(1 061 988)
Cash and cash equivalents at start of period	5 226 528	6 169 525
Currency exchange differences on cash and cash equivalents	132 644	118 991
Cash and cash equivalents at end of period	**10 646 364**	**5 226 528**

Source: Annual Report of the Group audited in accordance with the IFRS

The Group's operating cash flow amounted to HUF 8,432 million in 2022 (2021: HUF 719 million), which was significantly increased by the delivered apartments of the Forest Hill project, which are reported as inventory.

The Group received HUF 704 million from the sale of tangible assets (2021: HUF 93 million) and HUF 195 million from dividends received from a jointly controlled entity (2021: HUF 370 million).

The total initial purchase price less the cash holdings of Hgroup Spa. and its subsidiaries amounted to HUF 2,816 million.

The Group repaid HUF 5,169 million in project loans and other borrowings (2021: HUF 557 million loan repayments) and raised a total of HUF 5,914 million through NKP bond issues in January 2022 to finance acquisitions (2021: HUF 80 million in borrowings). Interest paid amounted to HUF 479 million (2021: HUF 244 million) with interest income of HUF 485 million in 2022 (2021: HUF 24 million).

The Group paid a total dividend of HUF 1,172 million to its shareholders in 2022 (2021: HUF 1,388 million).

The end-period balance of cash and cash equivalents increased from HUF 5,227 million at the end of 2021 to HUF 10,646 million at the end of 2021. In addition to this amount, additional use of HUF 93 million is possible with the following restrictions:

Affected by restrictions		**Reason for restriction**
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 92,050 thousand	Blocked balance in the collateral management account for the construction of the Forest Hill residential complex, which manages payments to the former contractor (Pricons Kft.).
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 92,550 thousand**	

The Company has been managing its bank accounts linked to its operations in Hungary and Italy under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit 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. The cash pool limit is HUF 100 million in Hungary and EUR 1.56 million in Italy.

3.5 Statement of changes in consolidated equity

	Registered capital	Treasury shares repurchased	Capital reserve	Retained earnings	Exchange reserves	Total equity of the parent company	Non-controlling interests	Total equity
Balance as at 31 December 2020	**171 989**	**(193 614)**	**1 526 164**	**5 318 283**	**83 340**	**6 906 162**	**(64 163)**	**6 841 999**
Profit for the year				1 470 419		1 470 419	3 750	1 474 169
Other comprehensive income					29 154	29 154	(3 600)	25 554
Total comprehensive income				1 470 419	29 154	1 499 573	150	1 499 723
Dividends				(1 388 450)		(1 388 450)		(1 388 450)
Purchase of treasury shares		(49 792)				(49 792)		(49 792)
ESOP and executive share program			17 982			17 982		17 982
Balance as at 31 December 2021	**171 989**	**(243 406)**	**1 544 146**	**5 400 252**	**112 494**	**6 985 475**	**(64 013)**	**6 921 462**
Profit for the year				2 710 837		2 710 837	229 274	2 940 111
Other comprehensive income					392 008	392 008	121 549	513 557
Total comprehensive income				2 710 837	392 008	3 102 845	350 823	3 453 668
Acquisition			0	(3 729 682)		(3 729 682)	(111 302)	(3 840 984)
Dividends				(1 175 700)		(1 175 700)		(1 175 700)
Purchase of treasury shares		(127 456)				(127 456)		(127 456)
ESOP and executive share program			19 920			19 920		19 920
Balance at 31 December 2022	**171 989**	**(370 862)**	**1 564 066**	**3 205 707**	**504 502**	**5 075 402**	**175 508**	**5 250 910**

Source: Annual Report of the Group audited in accordance with the IFRS

4. The Group's plans for 2023

On 28 February 2023, the Group's Board of Directors published a Management Outlook for 2023:

	2023 EBITDA range, HUF million		2023 Profit after tax range, HUF million	
Italy	2 020	2 469	775	1 049
Hungary	829	1 013	934	1 120
Poland	-105	-70	-112	-75
Czech Republic	-30	-10	-35	-12
Clean core total	**2 714**	**3 402**	**1 562**	**2 082**
Clean core 2022	**3 492**		**2 290**	

	Free cash flow
MyCity real estate development, Hungary	HUF 4.5 billion in 2023-2024

The Group's core activity closed a record year in 2022 thanks to the acquisition of the Italian Hgroup. Although the Hgroup Group was consolidated from 1 April 2022 only, the Duna House Group was still able to meet its EBITDA and profit after tax targets for 2022.

The Forest Hill real estate development project generated HUF 3.3 billion in revenue, HUF 1.0 billion in EBITDA, HUF 617 million in profit after tax and HUF 1.7 billion in cash flow for the Group in 2022. The remaining total cash flow is HUF 4.7 billion, of which the Group expects to generate HUF 4.5 billion in 2023-2024.

The Group will continue to sell its investment property portfolio in order to streamline its profile. The market value of this portfolio was HUF 1.2 billion at 31 December 2022 (including assets held for sale).

The total cash flow of HUF 5.9 billion expected from the Forest Hill project and the sale of the entire investment property portfolio will be used by the Board of Directors for dividend payments or acquisitions in the future.

Comments

The present management forecast has been prepared in a highly uncertain macroeconomic environment. The Russian-Ukrainian war and the energy and inflation crisis unfolding in 2022 have had a very negative impact on the Group's markets, and therefore this year's management forecast can vary to a greater extent.

The biggest challenge facing the Group's markets is the impact of interest rate increases on lending and, by extension, property purchases. The Group's geographic presence has diversified significantly in recent years, and sensitivity to these impacts may vary from country to country, and their combined impact may be reduced:

- Italy: Loan extensions have fallen by 20-25% in a year and are set to fall by a further 23% in the first months of 2023. The Group's market potential compared to the overall market is enhanced by the growth in brokerage shares and the Group's leading position, which allows profitability to be maintained,
- Hungary: The housing loan market fell sharply in the second half of 2022, down 54% year-on-year in the fourth quarter. With the 20-year BIRS peaking in October 2022, the Group expects a gradual reduction in lending rates during 2023 as inflation slows,
- Poland: Credit markets fell by 70-80% in the final months of 2022, but favourable changes to fixed-rate loans could put credit and real estate markets back on a growth path from the second quarter of 2023.

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

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

Our Company's employment policy and ensuring its consistency between the individual countries are currently under way. The average statistical headcount increased from 141 to 217 in the comparative period. The expansion of the Group with Italian subsidiaries increased the average headcount by 62.2 persons. The statistical headcount in Poland increased by 4.1 persons. The number of Hungarian employees increased by an average of 9.6 persons thanks to the creation of a new sales channel. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2022. The Company puts emphasis on the diversified filling of jobs based on the skills and qualifications of employees.

6. 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 2022

Type of shares	Share class	Share series	Number of shares issued	from this: treasury shares	Nominal value per share	Total nominal value
ordinary shares	-	"A"	34,387,870 pcs	744,287 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	3,721,435 pcs	744,287 pcs
"B"	1,000 pcs	50	50,000 pcs	0 pcs	0 pcs
Total	**34,388,870 pcs**	**-**	**171,989,350 pcs**	**3,721,435 pcs**	**744,287 pcs**

7. 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[6], including ownership based on a pyramid structure and the cross-ownership:

Shareholder Name	Number of shares held (number)	Share in equity (%)
Gay Dymschiz	13 470 777	39,17%
Doron Dymschiz	13 470 777	39,17%
AEGON Magyarország Befektetési Alapkezelő Zrt.	2 613 865	7,60%
Total of equity	**34 388 870**	**100,00%**

[6] As at 31 December 2022

8. 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		
	2022.11.12	2023.11.11	120 000	120 000
	2023.11.12	2024.11.11	90 000	90 000
	2024.11.12	2025.11.11	60 000	60 000
	2025.11.12	2026.11.11	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 (Civil Code), the shareholder grants 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*

9. Other issues regarding controlling powers and executive officers

Board of Directors

The Board of Directors is responsible for all matters relating to the management and business of the Company which, by virtue of the Articles of Association or by law, do not fall within the exclusive competence of the General Meeting or other corporate bodies. The Board of Directors shall report to the General Meeting at the end of the financial year and to the Supervisory Board on a quarterly basis on the management of the Company, the Company's assets, the financial situation of the Company, and the Company's business policy.

Members of the Board of Directors of the Company as at 31 December 2022:

- Doron Dymschiz (President),
- Gay Dymschiz,
- Ferenc Máté,
- Dr. Jenő Nagy (non-operative),
- Dániel Schilling.

Doron Dymschiz and Gay Dymschiz rotate the presidency annually.

Supervisory Board

The Supervisory Board shall examine the proposals submitted to the General Meeting and present its position on them to the General Meeting. Regarding the financial statements prepared in accordance with the Act on Accounting and the allocation of the profits after tax, the Board of Directors shall make any decision only in possession of the written reports of the Supervisory Board. The Supervisory Board directly proposes to the General Assembly the election, remuneration, and recalling of the Statutory Auditor.

In accordance with the Company's Articles of Association, the Supervisory Board consists of three independent members. The members of the Supervisory Board are elected by the General Meeting for a term of one year, unless the General Meeting decides otherwise. Supervisory Board meetings shall have a quorum if two thirds of the members, but at least three members, are present.

Members of the Supervisory Board of the Company as at 31 December 2022:

- Károly Redling (President),
- György Martin-Hajdu,
- Kálmán Nagy.

Audit Committee

The members of the Audit Committee are elected by the General Meeting from among the independent members of the Supervisory Board for the same term as the Supervisory Board.

Members of the Audit Committee of the Company as at 31 December 2022:

- Károly Redling (President),
- György Martin-Hajdu,
- Kálmán Nagy.

Other declarations

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.

10. Risk management

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

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This section describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group. The controlling tasks over the operation of the Company are performed by the Supervisory Committee and the Audit Committee.

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

Capital management

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

The Group's capital comprises net external funds and the Group's equity (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders). Sections 18-20 and 22-23 of the notes to the financial statement provide detailed information regarding these capital elements. The Group's payment obligations in respect of acquisitions are presented in Sections 2.4.2.1 and 26.
The following table presents the ratio of equity to registered capital.

	31.12.2022	**31.12.2021**
Registered capital	171 989	171 989
Total equity	5 897 652	6 921 462
Equity capital/registered capital	**3429%**	**4024%**

The Group has issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 23 of the notes to the financial statement). The Group is obliged to redeem the bonds before maturity within 15 business days of the date of the occurrence, if the credit rating of the bonds:

- Is downgraded below B+ but not below B-, and the Bond is not rated B+ or higher within two years (2*365 days) after the downgrade is published, or
- Is downgraded to CCC or below at any time during the term.

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

The equity risk run by the Company was not significant in 2022.

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2022 and 31 December 2021.

Lending risk	**31.12.2022**	**31.12.2021**
Trade receivables	3 229 765	2 102 051
Other receivables	1 665 047	403 043
Financial instruments	110 602	62 412
Cash and cash equivalents	10 646 364	5 226 528
Restricted cash	92 550	1 270 504
Total	**15 744 328**	**9 064 538**

Restricted cash	**92 550**	**1 270 504**
Pusztakúti 12. kft.	92 050	1 159 304
Impact Asset Management Zrt.	0	110 700
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 92,550 thousand restricted cash (2021: HUF 1,270,504 thousand) is provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions are reflected in the comment 15 of the financial statements.

The Group's cash and cash equivalents (including restricted cash) are held by the following banks:

	31.12.2022	31.12.2021
Raiffeisen Bank Zrt.	9 463 287	4 567 152
Takarékbank Zrt.	93 361	1 198 587
Bank Millennium SA	347 370	604 617
Société Générale	24 760	121 078
Banca Unicredit	673 789	0
UBI BANK	124 608	0
Total	**10 727 175**	**6 491 435**

Foreign currency risk

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

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

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

	31.12.2022	31.12.2021
HUF	7 742 825	1 819 228
EUR	2 623 959	3 952 109
PLN	347 370	604 617
CZK	24 760	121 078
Total	**10 738 914**	**6 497 032**

Liquidity risk
Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, starting from 7 December 2017 the Company has been managing its bank accounts linked to its operations under a cash pooling regime, which makes automatic group financing possible.

The table below summarises the maturity of the Group's resources:

Repayment schedule summary
December 31, 2022

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings (Section 22)	890 308	672 044	416 622	**1 978 973**
Interest-bearing bonds (Section 23)	468 000	4 472 400	11 403 600	**16 344 000**
Deferred purchase price and option liability (Section 26)	2 104 019	7 701 939	0	**9 805 957**
Deposits received from tenants and owners (Section 29)	263 854			**263 854**
Lease liabilities (Section 6)	330 712	1 559 999	0	**1 890 711**
Accounts payable (Section 0)	3 106 913			**3 106 913**
Total	**7 163 805**	**14 406 381**	**11 820 222**	**33 390 409**

December 31, 2021

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings (Section 22)	4 373 387			**4 373 387**
Interest-bearing bonds (Section 23)	198 000	2 112 000	5 874 000	**8 184 000**
Deposits received from tenants and owners (Section 29)	248 449			**248 449**
Lease liabilities (Section 6)	95 625	402 717	0	**498 342**
Accounts payable (Section 0)	1 321 060			**1 321 060**
Total	**6 236 521**	**2 514 717**	**5 874 000**	**14 625 238**

The conditions of the Group's loans and issued bonds are presented in Sections 22 and 23 of the annex to the financial statement.

Market risk

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

Property development risks

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

11. 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.

Hgroup minority purchases

On 26 January 2023, the Group acquired a 5.99% stake in Hgroup Spa. from a minority shareholder who is not active in the management of the company. The combined consideration for the share and the purchase price liabilities to the seller was EUR 2.35 million.
Subsequently, on 31 January 2023, the Group increased its shareholding in Hgroup Spa by a further 16.85% to 93.98%, through the acquisition of the share package of company founder Diego Locatelli. Under the sale and purchase agreement, the parties will settle the consideration for the share in the same amount and at the same time as the option obligation set out in the sale and purchase agreement dated 10 December 2021. The consideration will be increased by the dividend paid by Hgroup Spa on the 16.85% stake until the purchase price is paid.

Purchase of Fimaa

During March 2022, Hgroup Spa. increased its stake in Credipass S.r.l. to 99.87% by acquiring a 5.0% stake, bringing the Group's indirect ownership to 71.0%.

Recommended dividend

The Company's Board of Directors expects to propose a total dividend payment of HUF 3,690.0 million (HUF 107.3 per share) on the ordinary shares to the Company's Annual General Meeting scheduled for 27 April 2023.

Purchase of treasury shares

Based on the decision of the General Meeting passed on 27 April 2022, the Company's Board of Directors purchased a total of 71,812 treasury shares between 31 December 2022 and 20 March 2023 at stock market rates. The amount of Company treasury shares on 20 March 2023 was 816,099.

12. 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[7].

13. The Auditor of the Company

The Group is obligated to have its consolidated report audited in line with the IFRS. The auditor is Ernst & Young Könyvvizsgáló Kft (1132 Budapest, Váci út 20., registration number: 001165). The chamber member auditor personally responsible for the audit: Rita Domoszlai (chamber registration number: 007371).

The value of the audit services provided by Ernst & Young Könyvvizsgáló Kft. to the Company was EUR 83,000 in 2022, which includes the audit fees for the individual and consolidated accounts of Duna

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

House Holding Nyrt. but does not include the audit fees for the individual accounts of the subsidiaries. The auditor does not provide any other services to the Company.

14. Declaration on responsibility

The Board of Directors of the Company prepared this business report on the basis of the data included in the consolidated accounts for 2022 compiled in accordance with the International Financial Reporting Standards (IFRS) and to the best of their knowledge.

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

Budapest, 6 April 2023

Persons authorised to sign the (consolidated) business report:

____
Doron Dymschiz
Member of the Board of Directors

____
Gay Dymschiz
Member of the Board of Directors

____
Ferenc Máté
Member of the Board of Directors

____
Dr. Jenő Nagy
Member of the Board of Directors

____
Dániel Schilling
Member of the Board of Directors