**This is a translation of the Hungarian Report**



# DUNA HOUSE HOLDING NYRT.

# CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

# IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
# 30 JUNE 2023

DUNA HOUSE
GROUP

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## Statement of consolidated financial position

data in thousands of forints, unless otherwise indicated

| ASSETS | *Annex* | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| **Long-term assets** | | | |
| Intangible assets | *5* | 6 007 279 | 6 666 133 |
| Right-of-use | *6* | 1 755 312 | 1 540 929 |
| Investment property | *4* | 0 | 982 500 |
| Land and buildings | *3* | 1 621 432 | 1 787 050 |
| Machinery and equipment | *3* | 165 457 | 187 097 |
| Goodwill | *7* | 5 332 678 | 5 662 784 |
| Investments in associated companies and joint ventures | | 12 839 | 101 127 |
| Financial instruments | *8, 47* | 111 064 | 110 602 |
| Deferred tax assets | *9* | 842 989 | 910 475 |
| **Total long-term assets** | | **15 849 050** | **17 948 697** |
| | | | |
| **Current assets** | | | |
| Inventories | *10, 33* | 2 927 638 | 6 059 075 |
| Trade receivables | *11* | 2 740 613 | 3 229 765 |
| Amounts owed by related undertakings | *0* | 11 161 | 25 345 |
| Other receivables | *13* | 1 957 832 | 1 665 048 |
| Actual income tax assets | *41* | 302 545 | 192 168 |
| Cash and cash equivalents | *14* | 7 259 663 | 10 646 364 |
| Restricted cash | *14* | 500 | 92 550 |
| Prepayments and accruals | *15* | 1 147 014 | 911 205 |
| Assets held for sale | *16* | 1 116 569 | 402 421 |
| **Total current assets** | | **17 463 535** | **23 223 941** |
| **Total Assets** | | **33 312 585** | **41 172 638** |

## Statement of consolidated financial position

data in thousands of forints, unless otherwise indicated

| **LIABILITIES** | *Annex* | **30.06.2023** | **31.12.2022** |
|---|---|---|---|
| **Equity** | | | |
| Registered capital | *17* | 171 989 | 171 989 |
| Treasury shares repurchased | *18* | (138 016) | (370 862) |
| Capital reserve | *17* | 1 548 398 | 1 564 066 |
| Exchange reserves | *19* | (148 812) | 504 502 |
| Retained earnings | *17* | 1 387 439 | 3 205 707 |
| **Total equity of the parent company** | | **2 820 998** | **5 075 402** |
| Non-controlling interests | *20* | 242 058 | 175 508 |
| **Total equity:** | | **3 063 056** | **5 250 910** |
| | | | |
| **Long-term liabilities** | | | |
| Long-term loans | *21* | 1 082 173 | 1 404 027 |
| Provisions for expected liabilities | *0* | 75 449 | 80 035 |
| Deferred tax liabilities | *24* | 1 515 001 | 1 683 651 |
| Other long-term liabilities | *25* | 6 892 033 | 9 139 098 |
| Bonds payable | *22* | 13 009 305 | 13 059 828 |
| Long-term liabilities from leases | *6* | 1 518 579 | 1 470 175 |
| **Total long-term liabilities** | | **24 092 540** | **26 836 814** |
| | | | |
| **Current liabilities** | | | |
| Short-term loans and borrowings | *21* | 468 370 | 357 048 |
| Accounts payable | *26* | 2 709 068 | 3 106 913 |
| Liabilities to related undertakings | *27* | 112 328 | 143 845 |
| Other liabilities | *28* | 1 332 615 | 4 225 653 |
| Short-term liabilities from leases | *6* | 461 673 | 292 382 |
| Actual income tax liabilities | *41* | 407 038 | 194 460 |
| Prepayments and accruals | *29* | 649 878 | 731 777 |
| Liabilities directly linked to instruments classified as held for sale | *16* | 16 019 | 32 836 |
| **Total current liabilities** | | **6 156 989** | **9 084 914** |
| | | | |
| **Total liabilities and equity** | | **33 312 585** | **41 172 638** |

## Statement of consolidated profit and loss and other comprehensive income

data in thousands of forints, unless otherwise indicated

| *Continuing activities* | *Annex* | 30.06.2023 | 30.06.2022 Restated |
|---|---|---|---|
| Net sales revenues | *30* | 16 566 494 | 12 940 891 |
| Other operating income | *32* | 120 716 | 264 052 |
| **Total revenue** | | **16 687 210** | **13 204 943** |
| | | | |
| Variation in self-manufactured stock | *33* | (2 832 258) | (192 026) |
| Consumables and raw materials | *34* | (67 120) | (120 620) |
| Goods and services sold | *35* | (795 862) | (1 111 824) |
| Contracted services | *36* | (9 833 949) | (8 606 445) |
| Personnel costs | *37* | (1 107 063) | (858 676) |
| Depreciation and amortisation | | (368 830) | (313 566) |
| Depreciation of right-of-use | *6* | (191 936) | (92 986) |
| Other operating charges | *38* | (229 512) | (377 389) |
| **Operating costs** | | **(15 426 530)** | **(11 673 532)** |
| | | | |
| **Operating profit** | | **1 260 680** | **1 531 411** |
| | | | |
| Financial income | *39* | 1 190 842 | 249 654 |
| Financial charges | *40* | (538 629) | (270 091) |
| Share of the results of jointly controlled undertakings | | 3 212 | 212 711 |
| **Profit before tax from continuing operations** | | **1 916 105** | **1 723 685** |
| Income tax expense | *41* | (342 673) | (305 324) |
| **Profit for the year from continuing operations** | | **1 573 432** | **1 418 361** |
| | | | |
| *Discontinued operations* | | | |
| Profit or loss after tax from a discontinued operations | *16* | (35 439) | 0 |
| **Profit for the year** | | **1 537 993** | **1 418 361** |
| | | | |
| Conversion differences of foreign subsidiaries | | (673 829) | 450 304 |
| **Other comprehensive income** | *42* | **(673 829)** | **450 304** |
| **Total comprehensive income** | | **864 164** | **1 868 665** |
| | | | |
| **From profit for the year** | | | |
| Attributable to the parent company | | 1 525 523 | 1 297 305 |
| Attributable to non-controlling interest | | 12 470 | 121 056 |
| | | | |
| **Of the total comprehensive income** | | | |
| Attributable to the parent company | | 872 208 | 1 757 495 |
| Attributable to non-controlling interest | | (8 044) | 111 170 |
| | | | |
| **Earnings per share (HUF)** | *43* | | |
| Base | | 43,6 | 36,4 |
| Diluted | | 43,4 | 36,4 |

The annexes on pages 9 to 92 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 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 | | | | | 1 297 305 | | 1 297 305 | 121 056 | 1 418 361 |
| Other comprehensive income | *42* | | | | | 460 190 | 460 190 | (9 886) | 450 304 |
| Total comprehensive income | | 0 | 0 | 0 | 1 297 305 | 460 190 | 1 757 495 | 111 170 | 1 868 665 |
| Acquisition | *2.5.2.1* | | | | 2 650 075 | | 2 650 075 | 450 852 | 3 100 928 |
| Dividends | *17* | | | | (1 175 700) | | (1 175 700) | | (1 175 700) |
| Purchase of own shares | *18* | | (61 288) | | | | (61 288) | | (61 288) |
| ESOP and executive share program | *18* | | | 2 362 | | | 2 362 | | 2 362 |
| **Balance at 30 June 2022 (Restated; note 2.3)** | | **171 989** | **(304 694)** | **1 546 508** | **8 171 932** | **572 684** | **10 158 420** | **498 009** | **10 656 429** |
| Profit for the year | | | | | 1 413 532 | | 1 413 532 | 108 218 | 1 521 750 |
| Other comprehensive income | *42* | | | | | (68 182) | (68 182) | 131 435 | 63 253 |
| Total comprehensive income | | | | | 1 413 532 | (68 182) | 1 345 350 | 239 653 | 1 585 003 |
| Reclassification of group deferred liability | *2.5.2.1* | | | | (6 379 757) | | (6 379 757) | (562 154) | (6 941 912) |
| Purchase of own shares | *18* | | (66 168) | | | | (66 168) | | (66 168) |
| ESOP and executive share program | *18* | | 0 | 17 558 | | | 17 558 | | 17 558 |
| **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** |

| | *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 2022** | | **171 989** | **(370 862)** | **1 564 066** | **3 205 707** | **504 502** | **5 075 402** | **175 508** | **5 250 910** |
| Profit for the year | | | | | 1 525 523 | | 1 525 523 | 12 470 | 1 537 993 |
| Other comprehensive income | *42* | | | | | (653 314) | (653 314) | (20 515) | (673 829) |
| Total comprehensive income | | | | | 1 525 523 | (653 314) | 872 209 | (8 045) | 864 164 |
| Hgroup ownership purchases | *2.5.3* | | | | 493 109 | | 493 109 | 74 595 | 567 704 |
| Dividends | *17* | | | | (3 836 900) | | (3 836 900) | | (3 836 900) |
| Purchase of own shares | *18* | | 232 846 | | | | 232 846 | | 232 846 |
| ESOP and executive share program | *18* | | | (15 668) | | | (15 668) | | (15 668) |
| **Balance at 30 June 2023** | | **171 989** | **(138 016)** | **1 548 398** | **1 387 439** | **(148 812)** | **2 820 998** | **242 058** | **3 063 056** |

The annexes on pages 9 to92 are integral parts of the consolidated accounts

## Consolidated Cash Flow Statement

data in thousands of forints, unless otherwise indicated

| a | Annex | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|---|
| **Cash flow from operating activity** | | | |
| Profit before tax from continuing operations | | 1 573 432 | 1 418 361 |
| Profit/(loss) before tax from discontinued operations | 16 | (35 439) | 0 |
| Profit before tax | | **1 537 993** | **1 418 361** |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | |
| Depreciation and impairment of property, plant and equipment and right-of-use assets | | 348 464 | 406 551 |
| Amortisation and impairment of intangible assets and impairment of goodwill | 5,7 | 212 302 | 106 151 |
| Share-based payment expense | 37 | 8 738 | 14 639 |
| Net foreign exchange differences | | (481 234) | (24 250) |
| Gain on disposal of property, plant and equipment | 32 | (76 900) | (38 500) |
| Fair value adjustment of a contingent consideration | | (277 000) | |
| Finance income | 39 | (913 842) | (249 654) |
| Finance costs | 40 | 538 629 | 270 091 |
| Share of profit of an associate and a joint venture | | (3 212) | (212 711) |
| Movements in provisions, pensions and government grants | 0 | 4 586 | (10 245) |
| Changes of working capital | | | |
| Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash | 11-15 | 66 793 | (4 504 029) |
| Decrease in inventories and right of return assets | 10 | 3 131 436 | 118 183 |
| Increase in trade and other payables, contract liabilities and refund liabilities | 26-29 | (3 022 426) | 2 572 152 |
| | | **1 074 327** | **(133 262)** |
| Interest received | 39 | 671 546 | 127 996 |
| Interest paid | 40 | (388 254) | (23 199) |
| Income tax paid | 41 | (278 030) | 14 706 |
| ***Net cash flow from operating activity*** | | ***1 079 589*** | ***(13 758)*** |
| **Cash flow from investing activity** | | | |
| Proceeds from sale of property, plant and equipment | 3, 32 | 322 000 | 290 400 |
| Purchase of property, plant and equipment | 3 | (4 876) | (7 511) |
| Purchase of financial instruments | 8 | 462 | (6 762) |
| Dividends from associates and joint ventures | | 183 000 | 194 500 |
| Development expenditures | | (59 791) | (65 304) |
| Acquisition of a subsidiary, net of cash acquired | 2.5.2.1 | 0 | (2 816 389) |
| ***Net cash flow from investing activity*** | | ***440 795*** | ***(2 411 065)*** |
| **Cash flow from financing activity** | | | |
| Proceeds from exercise of share options | 18 | 259 426 | 155 612 |
| Purchase of own shares | 18 | (53 181) | (251 481) |
| Acquisition of non-controlling interests | 2.5.3 | (1 011 062) | 0 |
| Payment of principal portion of lease liabilities | 6 | (220 624) | (103 113) |
| Proceeds from borrowings | 22 | 0 | 5 914 000 |
| Repayment of borrowings | 21, 22 | (210 532) | (867 956) |
| Dividends paid to equity holders of the parent | 17 | (3 745 550) | (1 134 337) |
| ***Net cash flow from financing activity*** | | ***(4 981 523)*** | ***3 712 724*** |
| Net change of cash and cash equivalents | | (3 461 139) | 1 287 901 |
| Cash and cash equivalents at start of period | | 10 646 364 | 5 226 528 |
| Currency exchange differences on cash and cash equivalents | | 74 438 | 176 231 |
| **Cash and cash equivalents at end of period** | 14 | **7 259 663** | **6 690 659** |

The annexes on pages 9 to 92 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 30 June 2023. 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 2.5.2.1.

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 name | Ownership share as at 30 June 2023 | Ownership share as at 31 December 2022 |
|---|---|---|
| Gay Dymschiz | 39.18% | 39,17% |
| Doron Dymshiz | 39.18% | 39,17% |
| VIG Asset Management Hungary Zrt. | 8.24% | 7.60% |
| Employees | 2.43% | 2.13% |
| Repurchased own shares | 0.75% | 2.16% |
| Other investors | 10.23% | 9.76% |
| **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 interim consolidated financial statements were approved by the Board of Directors on 29 September 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 30 June 2023 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 15. 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 30).

### 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 30 June 2023.

## 2.3 Restatement of historical statement

In its consolidated financial statements as at 31 December 2022, the Group changed the effective date of the acquisition of control of Hgroup S.p.A. from 1 January 2022 to 1 April 2022, and therefore the date of consolidation, and the purchase price allocation for the acquisition was prepared for this date. As a result of the modification, the components of the consolidated financial statements of Hgroup S.p.A. and its subsidiaries have changed, including the figures published in the Group's consolidated half-yearly financial statements as at 30 June 2022. The Group presents in these consolidated interim financial statements the restated financial figures as at 30 June 2022 and this section describes the restatements.

| thousand HUF | 30.06.2022 (Restated) | Restatement | 30.06.2022 |
|---|---|---|---|
| **ASSESTS affected by the restatement** | | | |
| Intangible assets | 6 891 145 | 6 514 197 | 376 948 |
| Goodwill | 7 842 543 | -2 906 618 | 10 749 161 |
| Land and buildings | 1 803 753 | 28 997 | 1 774 757 |
| Machinery and equipment | 59 783 | -14 072 | 73 854 |
| Investments in subsidiaries | 111 417 | -82 157 | 193 573 |
| Investments in associated companies | 232 554 | 133 155 | 99 399 |
| Deferred tax assets | 978 801 | 727 882 | 250 919 |
| Trade receivables | 4 084 974 | -36 348 | 4 121 321 |
| Prepayments and accruals | 2 207 105 | 1 | 2 207 104 |
| **Total assets affected by the change** | **24 212 075** | **4 365 037** | **19 847 036** |
| **BALANCE SHEET TOTAL** | **47 708 939** | **4 365 037** | **43 343 902** |
| | | | |
| **LIABILITIES affected by the restatement** | | | |
| Exchane reserves | 939 440 | 240 809 | 698 632 |
| Retained earnings | 6 874 628 | 2 650 075 | 4 224 552 |
| Profit or loss for the year | 1 297 305 | -84 595 | 1 381 900 |
| Non-controlling interest | 498 009 | -147 298 | 645 308 |
| Provisions for expected liabilities | 139 057 | 139 057 | 0 |
| Deferred tax liabilities | 1 827 254 | 1 566 989 | 260 265 |
| Prepayments and accruals | 987 079 | 0 | 987 078 |
| **Total liabilities affected by the restatement** | **12 562 772** | **4 365 037** | **8 197 735** |
| **BALANCE SHEET TOTAL** | **47 708 939** | **4 365 037** | **43 343 902** |

Statement of consolidated profit and loss and other comprehensive income

| *Continuing activities* | 30.06.2022 (Restated) | Restatement | 30.06.2022 (Original) |
|---|---|---|---|
| Net sales revenue | 12 940 891 | (4 053 967) | 16 994 858 |
| Other operating income | 264 052 | (24 851) | 288 903 |
| **Total revenue** | **13 204 943** | **(4 078 818)** | **17 283 761** |
| | | | |
| Variation in self-manufactured stock | (192 026) | 0 | (192 026) |
| Consumables and raw materials | (120 620) | 4 737 | (125 357) |
| Cost of goods and services sold | (1 111 824) | 0 | (1 111 824) |
| Contractual services | (8 606 445) | 3 437 496 | (12 043 941) |
| Personnel costs | (858 676) | 278 841 | (1 137 517) |
| Depreciation and amortization | (313 566) | (137 173) | (176 393) |
| Depreciation of right-of use assests | (92 986) | 42 032 | (135 018) |
| Other operating charges | (377 389) | 32 148 | (409 537) |
| **Operating costs** | **(11 673 532)** | **3 658 081** | **(15 331 613)** |
| | | | |
| **Operating income** | **1 531 411** | **(420 737)** | **1 952 148** |
| | | | |
| Financial income | 249 654 | 0 | 249 654 |
| Financial charges | (270 091) | 25 175 | (295 267) |
| Share of the results of jointly controlled undertakings | 212 711 | 133 155 | 79 556 |
| **Profit before tax from continuing operations** | **1 723 685** | **(262 407)** | **1 986 091** |
| Income tax expense | (305 324) | 84 489 | (389 813) |
| **Profit after tax from continuing operations** | **1 418 361** | **(177 918)** | **1 596 278** |
| | | | |
| ***Discontinued operations*** | | | |
| Profit or loss after tax from a discontinued operations | 0 | 0 | 0 |
| **Profit for the year** | **1 418 361** | **(177 918)** | **1 596 278** |
| | | | |
| Conversion differences of foreign subsidiaries | 450 304 | (179 923) | 630 227 |
| **Other comprehensive income** | **450 304** | **(179 923)** | **630 227** |
| **Total comprehensive income** | **1 868 665** | **(357 841)** | **2 226 505** |

## 2.4 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:

### 2.4.1 **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.

### 2.4.2 **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."

### 2.4.3 **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.

### 2.4.4 **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

### 2.4.5 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".

### 2.4.6 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.

## 2.5 Business combination details, enterprises involved in the consolidation

| ***As a Subsidiary*** | address: | **30.06.2023** | **31.12.2022** |
|---|---|---|---|
| Duna House Biztosításközvetítő Kft. | 1016 Budapest, Gellérthegy u. 17. | 100% | 100% |
| Credipass 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% | 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) | 94,0% | 71,1% |
| Credipass S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 93,8% | 67,4% |
| Medioinsurance S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 94,0% | 71,1% |
| Realizza S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 84,6% | 58,3% |
| Realizza Franchising S.r.l. (previously: Relabora S.r.l.) | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 94,0% | 52,6% |
| | | | |
| ***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" from 01 October 2022 (Section 15).

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 provides credit and insurance agent services.

During 2023, the Company increased its shareholdings in the following subsidiaries:

a) In January 2023, the Company acquired an additional 22.84% stake of HGroup S.p.A., increasing its direct ownership to 94.0%,
b) In the first quarter of 2023, HGroup S.p.A. acquired an additional 5% direct shareholding in Credipass S.r.l., increasing the Group's indirect shareholding to 93.8%.

### 2.5.1 Presentation of the subsidiaries involved in the consolidation

#### 2.5.1.1 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.

#### 2.5.1.2 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.

#### 2.5.1.3 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.

#### 2.5.1.4 Duna House Biztosításközvetítő Kft.

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

#### 2.5.1.5 **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.

#### 2.5.1.6 **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.

#### 2.5.1.7 **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.

#### 2.5.1.8 **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.

#### 2.5.1.9 **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.

#### 2.5.1.10 **GDD Commercial Kft.**

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

#### 2.5.1.11 **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.

#### 2.5.1.12 **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.

#### 2.5.1.13 **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.

#### 2.5.1.14 **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.

#### 2.5.1.15 **Duna House Szolgáltatóközpont Kft .**

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

#### 2.5.1.16 **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.

#### 2.5.1.17 **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.

#### 2.5.1.18 **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 | Duna House Group's ownership share on 13. 01. 2022 | Duna House Group's share after the acquisition on 31. 12.2022 | Duna House Group's share after the acquisition on 30.06.2023 |
|---|---|---|---|
| Hgroup S.p.A. | 70,0% | 71,1% | 94,0% |
| Credipass S.r.l. | 66,3% | 67,4% | 93,8% |
| Medioinsurance S.r.l. | 70,0% | 71,1% | 94,0% |
| Realizza S.r.l. | 57,4% | 58,3% | 84,6% |
| Relaizza Franchising S.r.l. (previously Relabora S.r.l.) | 51,8% | 52,6% | 94,0% |

### 2.5.2 Acquisitions during the year 2022

#### 2.5.2.1 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 2.5.1.18. 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 | 70.0% (71.1% from 06.12.2022, 94,0% from 31.01.2023) |

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** | **4 749** | **4 918** |
| | | | |
| ***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 HUF 2 596 013 thousand on 30 June 2023 (HUF 3 800 802 thousand on 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 HUF 4 021 091 thousand on 30 June 2023 (HUF 4 985 424 thousand on 31 December 2022).

### 2.5.3 Transactions in year 2023

#### 2.5.3.1 Buy-out of minority shareholders - Hgroup S.p.A.

On January 25, 2023, the Company entered into an agreement with Vgroup Ltd. to acquire its 5.99% stake in Hgroup S.p.A. and to settle the deferred purchase price liabilities under the Investor Agreement dated 10 December 2021 for a total consideration of EUR 2.35 million.

On 31 January 2023, the Company entered into an agreement with Diego Locatelli to acquire his 16.85% stake in Hgroup S.p.A. Under the terms of the sale and purchase agreement, the consideration for the stake will be settled between the parties in the same amount and at the same time as the option obligation set out in the sale and purchase agreement of 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.

#### 2.5.3.2 Buy-out of minority shareholders - Credipass S.r.l.

During March 2023, Hgroup Spa. 202323, Hgro Spa increased its shareholding in Credipass S.r.l. to 99.87% by acquiring a 5.0% stake.

## 3. Property, machinery and equipment

| Gross amount | Land and buildings | Machinery and equipment | Total |
|---|---|---|---|
| **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** |
| Acquisition | 0 | 1 353 | 1 353 |
| Business combinations | 0 | 0 | 0 |
| Sale | (35 557) | (1 562) | (37 119) |
| Foreign currency conversion differences | (110 483) | (15 411) | (125 894) |
| **As at 30 June 2023** | **1 974 717** | **480 956** | **2 455 673** |
| **Depreciation** | | | |
| **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)** |
| Business combinations | 0 | 0 | 0 |
| Annual depreciation | (31 360) | (20 387) | (51 747) |
| Sale | 280 | 1 181 | 1 461 |
| Foreign currency conversion differences | 11 502 | 13 186 | 24 688 |
| **As at 30 June 2023** | **(353 285)** | **(315 499)** | **(668 784)** |
| **Net book value** | | | |
| As at 30 June 2023 | 1 621 432 | 165 457 | 1 786 889 |
| As at 31 December 2022 | 1 787 050 | 187 097 | 1 974 147 |
| As at 31 December 2021 | 409 070 | 22 840 | 431 910 |

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 21. presents the details of the mortgage. In the first half of 2023, the Group sold one self-used premise in Hungary.

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 property are shown in the table below.

| thousand HUF | **Investment properties** |
|---|---|
| **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** |
| Valuation gains | 0 |
| Sale | (218 000) |
| Valuation losses | 0 |
| Reclassification to assets held for sale | (764 500) |
| **As at 30 June 2023** | 0 |
| | |
| **Net book value** | |
| As at 30 June 2023 | 0 |
| As at 31 December 2022 | 982 500 |
| As at 31 December 2021 | 1 849 500 |

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, all existing properties are reclassified as 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).

## 5. Intangible assets

| Gross amount | **Intangible assets** |
|---|---|
| **As at 31 December 2021** | **825 517** |
| Acquisition | 248 209 |
| Business combinations | 6 634 708 |
| Foreign currency conversion differences | 600 811 |
| **As at 31 December 2022** | **8 309 245** |
| Acquisition | 104 869 |
| Foreign currency conversion differences | (529 719) |
| **As at 30 June 2023** | **7 884 395** |
| **Depreciation** | |
| **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)** |
| Annual depreciation | (322 847) |
| Foreign currency conversion differences | 88 843 |
| **As at 30 June 2023** | **(1 877 116)** |
| **Net book value** | |
| As at 30 June 2023 | 6 007 279 |
| As at 31 December 2022 | 6 666 133 |
| As at 31 December 2021 | 334 794 |

The acquisition of Hgroup Spa. increased the Group's intangible assets by a total of HUF 6,634,708 thousand in 2022 (see Section 2.5.2.1 for the intangible assets identified). In the first half of 2023, upgrades to the ERP systems of the credit and real estate brokerage companies amounting to 104 869 eFt were capitalised (full year 2022: 248 209 eFt).

## 6. Leases

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Right-of-use** | | |
| Land and buildings | 1 519 034 | 1 251 998 |
| Machinery and equipment | 236 278 | 288 931 |
| | **1 755 312** | **1 540 929** |
| **Lease liabilities by maturity** | | |
| less than 1 year | 461 673 | 292 382 |
| between 1 and 5 years | 1 173 078 | 1 470 175 |
| more than 5 years | 0 | 0 |
| | **1 980 257** | **1 762 557** |
| **Depreciation of right-of-use asset** | (191 936) | (235 513) |
| **Interest expenditure** | (48 818) | (37 909) |
| | **(240 754)** | **(273 422)** |

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 |
|---|---|---|---|
| **31.12.2021** | **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** |
| (+) Increase | 121 798 | 416 625 | 538 424 |
| (-) Decrease | (130 296) | (1 810) | (132 106) |
| Depreciation | (44 156) | (147 780) | (191 936) |
| **30.06.2023** | **236 278** | **1 519 034** | **1 755 312** |

Lease liabilities and movements during the period are presented below:

| Liabilities | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Start of period** | **1 762 557** | **448 917** |
| (+) Growth from business combinations | 0 | 1 311 151 |
| (+) Increase | 493 949 | 201 311 |
| (+) Interest rate increase | 48 818 | 37 909 |
| (-) Decrease | (132 808) | 0 |
| (-) Lease payments | (192 263) | (236 731) |
| **End of period** | **1 980 252** | **1 762 557** |

The Company has long term leases on offices and vehicles for its central administration, real estate brokerage activities, and credit intermediary activities.

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

| | 30.06.2023 | Conversion Differencet | 31.12.2022 | Increase (Decrease) | Conversion Difference | 31.12.2021 |
|---|---|---|---|---|---|---|
| Polish franchise CGU *Metrohouse Franchise S.A.* | 696 221 | (16 364) | 712 585 | | 712 585 | 0 |
| Polish own office CGU *Metrohouse Sp. Zoo.* | 195 904 | (5 966) | 201 870 | (57 954) | 259 824 | 0 |
| Polish financial intermediary CGU *Gold Finance Sp. z o.o.* *Alex TG Sp. z o.o.* | 633 805 | (15 596) | 649 401 | | 38 384 | 611 017 |
| Cseh franchise CGU *Duna House Franchise s.r.o.* | 18 945 | 3 829 | 15 116 | | 1 586 | 13 530 |
| Czech own office CGU *Center Reality s.r.o.* | 304 702 | 61 586 | 243 116 | | 25 514 | 217 602 |
| Hungarian related services CGU *Home Management Kft.* | 18 500 | 0 | 18 500 | | 0 | 18 500 |
| Italian financial intermediary CGU | 3 464 601 | (357 595) | 3 822 196 | 3 822 196 | 0 | |
| Accumulated conversion difference on the balance sheet date | | | 0 | | | |
| **Total** | **5 332 678** | **(330 106)** | **5 662 784** | **3 764 242** | **1 037 893** | **860 649** |

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.

## 8. Financial instruments

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

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Deposit, security deposit | 66 383 | 91 676 |
| Other long-term loans granted | 44 681 | 18 926 |
| **Total** | **111 064** | **110 602** |

## 9. 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** | **30.06.2023** | **31.12.2022** |
|---|---|---|
| From business combination-Hgroup | 620 912 | 692 507 |
| Due to taxation in accordance with the cash accounting principle | 127 653 | 106 925 |
| Losses carried forward | 72 621 | 92 831 |
| Impairment loss of receivables | 21 015 | 26 886 |
| Due to consolidation-related exclusions and accounting | (885) | (8 831) |
| Provisions | 1 530 | 0 |
| Due to the difference in the valuation of fixed assets and investment properties | 143 | 157 |
| **Total** | **842 989** | **910 475** |

### 10. Inventories

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Value of real estate property taken into inventory | 2 914 212 | 6 038 280 |
| Marketing tools | 13 411 | 20 795 |
| Wrappings | 15 | 0 |
| **Total** | **2 927 638** | **6 059 075** |

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 2023-2025, in line with the project's handover schedule. The stock is not subject to a prohibition on alienation or encumbrance.

### 11. Trade receivables

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Trade receivables | 2 982 409 | 3 400 374 |
| Impairment loss of receivables | (241 796) | (170 609) |
| **Total** | **2 740 613** | **3 229 765** |

The book value of trade receivables decreased by HUF 4 417 965 thousand mainly due to the usual interim dynamics of credit intermediation activity in Italy.

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Impairment of trade receivable opening values** | **170 609** | **163 129** |
| Increase | 55 909 | 95 668 |
| Bad debts (derecognition) | (55 147) | 0 |
| Decrease | (8 242) | (88 188) |
| Impairment changes on trade receivables in the target year | 7 480 | 7 480 |
| **Impairment of trade receivable closing values** | **163 129** | **170 609** |

## 12. 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**

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Medasev Holding Kft. | 0 | 0 |
| **Parent company** | **0** | **0** |
| Loan receivables from Hunor utca 24. Kft. | 4 161 | 4 161 |
| Dividend from Hunor utca 24 Kft. | 7 000 | 0 |
| **Joint ventures** | **11 161** | **4 161** |
| Assets classified as held for sale | 0 | 21 184 |
| Duna House Magyar Lakás Ingatlanalap [Duna House Hungarian Apartment Real Estate Fund] | 0 | 0 |
| **Other related parties** | **0** | **21 184** |
| **Total** | **11 161** | **25 345** |

The total value of related receivables decreased to HUF 11 161 thousand in the target period (2022: HUF 25 345 thousand).

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 15). The fund manager repaid the loan during the month of January 2023.

The Group's liabilities to related parties are presented in Section 27 and the remuneration of the Board of Directors and the Supervisory Board in Section 0.

## 13. Other receivables

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Advances paid | 994 960 | 945 502 |
| Receivables related to the purchase of shares | 429 878 | 585 121 |
| Other receivables (taxes) | 325 216 | 80 943 |
| Short-term loans | 18 525 | 17 175 |
| Rental fee paid as attorney deposit | 1 742 | 13 993 |
| Other receivables | 87 216 | 11 658 |
| Security deposit | 4 196 | 7 562 |
| Duty receivable from lawsuits | 2 868 | 1 914 |
| Assigned receivables | 1 180 | 1 180 |
| Other collaterals, deposits | 92 050 | 0 |
| **Total** | **1 957 832** | 1 665 048 |

The given advance line consist of the advances on commissions given to credit consultants as part of certain promotions.

The Group has a total receivable of HUF 429 878 thousand from the sellers of Hgroup Spa. in connection with a purchase price adjustment (2022: HUF 585 121 thousand, see Section 2.5.2.1 regarding the acquisition). By agreement between the parties, the receivable is included in the deferred purchase price (see also Section 25 for more information on the deferred purchase price).

The Group had a total tax receivable of HUF 325 216 thousand (2022: HUF 80 943 thousand) from tax advances and withholding tax by banking partners.

## 14. Cash and cash equivalents

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Bank account balance – available | 7 244 663 | 10 542 075 |
| Bank account balance – restricted | 500 | 92 550 |
| Cash | 14 500 | 11 739 |
| **Total** | **7 259 663** | **10 646 364** |

Regarding the aggregate bank account balance, HUF 500 thousand (2022: 92 500 thousand) is only available subject to the following restrictions.

| **Affected by restrictions** | | **Reason for restriction** |
|---|---|---|
| **Companies involved in the consolidation** | **Bank account balance** | |
| Akadémia Plusz 2.0 Kft. deposit | HUF 500 thousand | The institution had to provide financial security to continue its adult education activity. |
| **Total:** | **HUF 500 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 21.

## 15. Accrued incomes

| | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Trail commission | 733 798 | 734 386 |
| Accrued incomes | 45 734 | 171 193 |
| Prepaid expenses | 367 482 | 5 626 |
| **Total** | **1 147 014** | **911 205** |

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 31).

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

Accrued expenses mainly include prepaid fees for public authorities and IT services.

## 16. 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. 30.06.2023** | **Investment property 30.06.2023** | **Total 30.06.2023** |
|---|---|---|---|
| Derecognition of cost value (assets) | 123 949 | 992 620 | 1 116 569 |
| Derecognition of cost value (liabilities) | (16 019) | 0 | (16 019) |
| **Total net assets** | **107 930** | **992 620** | **1 100 550** |
| **<u>Derecognition of carrying value (assets)</u>** | | | |
| Investment property | | 992 620 | 992 620 |
| Machinery and equipment | 168 | 0 | 168 |
| Deferred tax receivables | 690 | 0 | 690 |
| Related claims | 1 697 | 0 | 1 697 |
| Other short-term receivables | 238 | 0 | 238 |
| Corporate tax receivables | 1 194 | 0 | 1 194 |
| Accrued incomes | 97 | 0 | 97 |
| Liquid assets | 119 865 | 0 | 119 865 |
| **Assets classified as held for sale** | **123 949** | **992 620** | **1 116 569** |
| **<u>Derecognition of carrying value (liabilities)</u>** | | | |
| Trade payables | (6 177) | 0 | (6 177) |
| Related liabilities | (5 025) | 0 | (5 025) |
| Other tax liabilities | (952) | 0 | (952) |
| Other liabilities | (1 494) | 0 | (1 494) |
| Corporate tax liabilities | 0 | 0 | 0 |
| Accruals and deferred income | (2 371) | 0 | (2 371) |
| **Assets classified as held for sale (liabilities)** | **(16 019)** | **0** | **(16 019)** |
| **<u>Income Statement</u>** | | | |
| Results of discontinuing activity | (35 439) | 0 | (35 439) |

| | Impact Alapkezelő Zrt. 31.12.2022 | Investment property 31.12.2022 | 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** |
| **<u>Derecognition of carrying value (assets)</u>** | | | |
| 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** |
| **<u>Derecognition of carrying value (liabilities)</u>** | | | |
| 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)** |
| **<u>Income Statement</u>** | | | |
| Results of discontinuing activity | 881 | 0 | 881 |

### 17. 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:

| | 30.06.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| **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 General Meeting of the Company decided on 27 April 2023 to pay a dividend of HUF 3,836,900 thousand. As stated above, an amount corresponding to 6% of the consolidated profit after tax adjusted for the result of 2022 from the revaluation of investment properties and the revaluation of equity method investments included in the consolidation (i.e. HUF 146,900 thousand) was paid to the preference shareholders, while HUF 3,690,000 thousand was paid to the ordinary shareholders (107.3 HUF per share). The dividend declared was paid to the ordinary shareholders on 19 June 2023. Due to the treasury shares held by the Company, the dividend actually paid was HUF 108.12 per share.

| **Dividend calculations** | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Dividend for series “A” ordinary shares, based on a general meeting decision | (3 690 000) | (1 100 400) |
| Dividend for series “B” employee preferential shares, based on a general meeting decision | (146 900) | (75 300) |
| **Total dividends allocated** | **(3 836 900)** | **(1 175 700)** |
| Deducted PIT | 0 | (8 724) |
| **Dividends allocated based on PIT** | **(3 836 900)** | **(1 166 976)** |
| Q1 | 0 | 0 |
| Q2 | (3 653 053) | (1 091 381) |
| Q3 | 0 | (8 724) |
| **Dividends paid for series “A” ordinary shares** | **(3 653 053)** | **(1 100 104)** |
| Q1 | (18 250) | (15 112) |
| Q2 | (36 725) | (18 825) |
| Q3 | 0 | (18 825) |
| Q4 | 0 | (18 825) |
| **Dividends paid for series “B” employee shares** | **(55 550)** | **(71 587)** |
| **Total dividends paid** | **(3 708 603)** | **(1 171 692)** |

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

## 18. 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.
The executive stock option plan launched in 2023 with 11 participants covers a total of 250,000 shares at a pre-fixed exercise price of HUF 508 per share.

**2023/2033 scheme**

The General Meeting of Shareholders held on 27 April 2023 approved the Company's 2023/2033 Plan, under which the Group's founder and CEO may acquire 1 719 394 shares by way of a capital increase at a price of HUF 400 per share, subject to performance conditions. The exercise price will be increased by the rate of inflation of Hungary in excess of 6%.

**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.

**Employee 2024 scheme**

The General Meeting of Shareholders held on 27 April 2023 approved the Company's Employees 2024 Share Incentive Plan, under which all employees of the Group in Hungary employed since 1 April 2023 will receive a share incentive in 2025 at the average salary of year 2023, subject to the fulfilment of performance conditions.

On 27 April 2023, 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** | **30.06.2023** | **31.12.2022** |
|---|---|---|
| **Start of the period** | **744 287** | **614 671** |
| Purchase of shares | 114 001 | 703 192 |
| Provided in the framework of the Management option scheme | (522 515) | (535 660) |
| Provided in the framework of the Employee scheme | (35 014) | (37 916) |
| **End of the period** | **300 759** | **744 287** |

## 19. Exchange reserves

The balance of the conversion reserve at the end of the year HUF 148,812 thousand (2022: HUF 504,502 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.

## 20. Non-controlling interests

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 | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| Hgroup S.p.A. | Italy | 6,02% | 28,86% |
| Credipass S.r.l. | Italy | 6,23% | 32,57% |
| Medioinsurance S.r.l. | Italy | 6,02% | 28,86% |
| Realizza S.r.l. | Italy | 15,42% | 35,97% |
| Relabora S.r.l. | Italy | 6,02% | 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% |

## 21. Long and short-term credits and loans

**Short-term loans and borrowings**

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Cash-pool loan, Italy | 426 401 | 357 048 |
| Short term loan, Poland | 41 969 | 0 |
| **Total** | **468 370** | **357 048** |

| | Interest | Maturity | 30.06.2023 | 31.12.2022 |
|---|---|---|---|---|
| | | | *thousand HUF* | *thousand HUF* |
| BPER mortgage, EUR 2,100,000 | 2,90% | 2031.11.08 | 574 252 | 651 640 |
| Volksbank mortgage, EUR 440,000 | 1,60% | 2032.06.11 | 126 090 | 142 154 |
| Unicredit EUR 2,000,000 | 5,20% | 2024.05.05 | 225 826 | 19 774 |
| Creval, EUR 1,500,000 | Euribor 3m + 2,75% | 2024.10.05 | 156 005 | 360 692 |
| Banca Privata Leasing, EUR 560,000 | Euribor 3m + 4,50% | 2023.03.27 | 0 | 229 767 |
| **Total** | | | **1 082 173** | **1 404 027** |

***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.

## 22. 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 | 30.06.2023 | 31.12.2022 |
|---|---|---|---|---|
| Duna House NKP Bond 2030/I., HUF | 3.00% | 2030.09.02 | 6 685 924 | 6 875 081 |
| Duna House NKP Bond 2032/I., HUF | 4.50% | 2032.01.12 | 6 323 381 | 6 184 747 |
| **Total** | | | **13 009 305** | **13 059 828** |

**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** |

### 23. Provisions

| | Collateral type guarantees | Expected expenses related to litigation | Total |
|---|---|---|---|
| **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** |
| Exchange rate difference | 0 | (4 586) | (4 586) |
| **As at 30 June 2023** | **17 000** | **58 449** | **75 449** |

**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.

### 24. Deferred tax liabilities

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| From business combination-Hgroup | 1 337 888 | 1 496 574 |
| Due to the difference in the valuation of fixed assets and investment properties | 81 392 | 111 531 |
| Due to the recognition of trail commission | 66 042 | 66 095 |
| Loss carry-forward | 24 928 | 6 363 |
| Provision | 4 680 | 2 935 |
| Impairment of trade receivables | 71 | 153 |
| **Total** | **1 515 001** | **1 683 651** |

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

The Group has a deferred liability of 1,337,888 (2022: HUF 1,496,574 thousand) in relation to the acquisition of the Hgroup business combination in respect of the identified assets.

### 25. Other long-term liabilities

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Deferred purchase price | 2 596 013 | 3 800 802 |
| Liabilities pertaining to minority interest | 4 021 091 | 4 985 424 |
| Severance pay fund | 273 697 | 351 544 |
| Other long-term liabilities | 1 232 | 1 328 |
| **Total** | **6 892 033** | **9 139 098** |

Within other non-current liabilities, the present value of the deferred purchase price related to the acquisition of 70% of the shares in Hgroup S.p.A. amounts to HUF 2,596,013 thousand (2022: HUF 3,800,802 thousand) and the present value of the expected consideration for put/call options on minority interests amounts to eF 4,021,091 (2022: HUF 4,985,424 thousand).

The Group has a liability of eFt 273 697 (2022: eFt 351 544) in Italy in relation to a mandatory severance payment fund.

## 26. Accounts payable

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Trade payables | 2 709 068 | 3 106 913 |
| **Total** | **2 709 068** | **3 106 913** |

The main driver of trade payables is the evolution of fees payable to credit intermediaries during the year.

## 27. Liabilities to related undertakings

The value of related liabilities contains the following:

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Parent company** | **0** | **0** |
| Dividends due to employees | 110 174 | 18 825 |
| **The executives in key positions in the business unit and its parent company** | **110 174** | **18 825** |
| Dividends due to shareholders | 0 | 628 |
| Bitkover Kft. | 2 154 | 2 457 |
| Hunor interim dividend | 0 | 70 000 |
| Shareholder loan | 0 | 51 029 |
| Against discontinued operations | 0 | 906 |
| **Other related parties** | **2 154** | **125 020** |
| **Total** | **112 328** | **143 845** |

The outstanding dividend liability to holders of employee shares is HUF 110,174 thousand (2022: HUF 18,825 thousand). Section 17. presents the approved dividends.

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

The Company's Czech subsidiary owes interest of HUF 2,154 thousand to Bitkover Kft., which owns 20% of the shares of Duna House Franchise s.r.o (2022: HUF 2 457 thousand)

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 0. and the remuneration of the Board of Directors and the Supervisory Board in Section 0.

## 28. Other liabilities

Other liabilities contain the following:

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Advance payments, earnest money and bid bonds | 143 035 | 3 164 874 |
| Tax liability | 559 009 | 495 403 |
| Settlement account of home owners | 163 778 | 126 389 |
| Settlement account of lessees | 114 942 | 105 602 |
| Insurance obligation | 182 530 | 195 238 |
| Liabilities from remuneration | 120 915 | 103 749 |
| Liabilities related to litigation | 16 463 | 16 618 |
| Received deposits | 2 905 | 4 353 |
| Other | 29 038 | 13 427 |
| **Total** | **1 332 615** | **4 225 653** |

Advances, deposits, and tender securities totalling HUF 143,035 thousand (2022: HUF 3,164,873 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 31.). The amount of these items decreased significantly during 2023 due to the transfer of dwellings to buyers and the advances recognised in the purchase price.

The Group had outstanding, not overdue tax liability of HUF 559,009 thousand (2022: HUF 495,403 thusand).

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

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

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

The Group had no contingent liabilities as at 31 December 2022 and 30 June 2023, with the exception of the liabilities related to the acquisition of Hgroup Spa., which are presented in Sections 2.5.2.1 and 25.

### 29. Accruals and deferred income

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Accrued costs and charges | 454 023 | 482 348 |
| Accrued revenues | 195 855 | 249 429 |
| **Total** | **649 878** | **731 777** |

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.

### 30. Sales revenue

| **Net sales revenues** | **30.06.2023** | **30.06.2022 (Restated)** |
|---|---|---|
| Revenue from brokerage of loan and housing savings products | 10 788 138 | 9 645 571 |
| Revenue from property sales | 3 791 980 | 943 156 |
| Revenue from real estate agency services | 870 787 | 1 054 076 |
| Franchise fees | 710 281 | 858 293 |
| Revenue from real estate management | 110 147 | 108 709 |
| Other revenue (damages, contractual penalties) | 95 780 | 112 531 |
| Marketing revenues from banks | 58 000 | 34 249 |
| Recharging (rental fee, utilities, etc.) | 53 363 | 20 735 |
| Revenue from education, training | 29 769 | 33 293 |
| Revenue from insurance mediation | 22 203 | 23 001 |
| Revenue from rental fee | 13 436 | 34 144 |
| Revenue from issuing energy certificates | 8 401 | 13 140 |
| Revenue from appraisals | 7 592 | 17 744 |
| Revenue from fund management and success fee | 4 837 | 32 551 |
| Revenue from sales support | 1 690 | 9 698 |
| Sales revenue from operating fees | 90 | 0 |
| **Total** | **16 566 494** | **12 940 891** |

The consolidated revenue of Duna House Group increased by 28% to HUF 16,566,494 thousand in the first half of 2023. The acquisition of Hgroup Spa., Italy's leading credit intermediary group, contributed a total of HUF 8,451,891 thousand (2022: HUF 5,182,587 thousand) to the Group's figures. Revenues from the intermediation of credit and home savings products accounted for 65% of consolidated revenues (2022: 75%). Revenues related to real estate intermediation, such as Real Estate Intermediation revenues and franchise fees, decreased by 17-17%. Within the MyCity real estate development business, revenues from real estate sales amounted to HUF 3,791,980 thousand (2022: HUF 943,145 thousand) due to the handover of apartments in the Forest Hill project.

**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.

### 31. Contractual balances

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Trade receivables | 2 740 613 | 3 229 765 |
| Contractual assets | 733 798 | 734 386 |
| Contractual obligations | 338 890 | 3 390 922 |

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. Its balance decreased due to the Group's residential units handed over, with a related balance of HUF 63,499 thousand at 30 June 2023 (2022: HUF 3,071,915 thousand).

The following sales revenue was recognised during the year:

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Recognition in sales revenue of balances contractually committed at the beginning of the year | 4 154 377 | 3 975 474 |

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 years 2022 and 2023.

### 32. Other operating income

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Penalties and proceeds from litigation | 30 715 | 185 989 |
| Profit from the sale of tangible assets | 79 614 | 24 810 |
| Reversal of impairment on receivables | 6 332 | 24 644 |
| Revaluation of investment properties | 0 | 17 500 |
| Time barred liabilities | 16 297 | 6 384 |
| Consolidation correction | -12 242 | 4 202 |
| Corporate tax support | 0 | 524 |
| **Total** | **120 716** | **264 052** |

### 33. Variation in self-manufactured stock

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Pusztakúti 12. Kft. | (2 832 258) | (192 026) |
| **Total** | **(2 832 258)** | **(192 026)** |

| **Calculation of stock changes in the target year** | **30.06.2023** | **30.06.2022** |
|---|---|---|
| Variations in self-manufactured stocks from the balance sheet | (3 129 737) | (124 372) |
| Variations in self-manufactured stocks from the profit and loss account | (2 832 258) | (192 026) |
| **Difference** | **297 479** | **(67 654)** |
| Of which: | | |
| Stock changes taken into consideration as goods | 298 388 | 71 833 |
| Other operating expenses | 0 | 0 |
| Interest capitalised from the expenses of financial transactions | (909) | (139 487) |
| **Changes to the total of self-manufactured stocks** | **297 479** | **(67 654)** |

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 the first half of 2023, the company capitalised interest of HUF 909 thousand (2022: HUF 139 487 thousand) out of the total interest of HUF 960 thousand paid to third parties in connection with development projects (capitalisation rate of 94.72%, 2022: 94.72%).

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

### 34. Consumables and raw materials

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Utility fees and charges | 52 757 | 46 282 |
| Official forms, office supplies | 6 701 | 7 674 |
| Fuel | 6 577 | 4 049 |
| Maintainance cost | 1 085 | 2 249 |
| Material cost of construction used | 0 | 60 366 |
| **Total** | **67 120** | **120 620** |

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.

### 35. Goods and services sold

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Cost of brokerage of financial product | 358 219 | 596 163 |
| Direct cost of the sale of real properties | 312 275 | 75 853 |
| Other recharging (e.g., sales support, utilities, marketing) | 63 228 | 29 934 |
| Direct costs of real estate agency services | 58 097 | 83 174 |
| Appraiser fees | 3 019 | 7 357 |
| Subcontractors' performances | 899 | 318 806 |
| Energy certificate fees | 125 | 536 |
| **Total** | **795 862** | **1 111 824** |

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 33.

## 36. Contracted services

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Direct cost of the brokerage of financial products | 7 220 430 | 6 582 974 |
| Professional service fees | 942 354 | 457 976 |
| Other services purchased (insurance, training, postal services, photocopying, cleaning, etc.) | 432 790 | 352 067 |
| Other professional services (IT development, sales support, marketing, etc.) | 317 980 | 363 439 |
| Cost of IT operation | 308 728 | 79 793 |
| Direct cost of real estete agency services | 298 642 | 487 307 |
| Advertising, promotion | 135 886 | 110 859 |
| Legal fees | 64 736 | 36 276 |
| Rent, common expenses | 30 307 | 53 477 |
| Telephone and communications expenses | 23 802 | 36 539 |
| Bank fees, insurance premiums | 23 261 | 14 044 |
| Cost of stock exchange listings (BSE, KELER) | 16 251 | 10 497 |
| MyCity planning cost and architect fees | 9 651 | 3 604 |
| Direct cost of energy certificates | 5 987 | 4 164 |
| Duna House Magyar Lakásingatlan Alap distribution costs | 3 138 | 6 217 |
| MyCity engineering consultancy and inspection | 6 | 4 073 |
| Direct cost of appraisal | 0 | 3 139 |
| **Total** | **9 833 949** | **8 606 445** |

The direct costs of the brokering of financial products make up 73% of contracted services (2022: 76%). 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 10%, which slightly exceeds the growth rate of credit intermediary revenue due to the commission structures that differ from country to country (see Section 30). Within the direct costs of financial product intermediation, the acquired Italian subsidiaries accounted for HUF 5,605,535 thousand (2022: HUF 3,524,984 thousand) (Section 2.5.2.1).

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".

### 37. Personnel costs

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Payroll cost | 796 410 | 667 554 |
| Contributions | 200 323 | 125 242 |
| Management share program | -2 017 | 22 750 |
| Employee share programme | 8 738 | 14 639 |
| Other personnel-type benefits | 103 608 | 28 491 |
| **Total** | **1 107 063** | **858 676** |
| Average statistical headcount | 225 | 188 |

The Group's employment policy and its integration across countries are under continuous development. The average statistical headcount has increased from 188 to 225 compared to the reference period. The main reason for this increase is the consolidation of the Italian subsidiaries as of 1 April 2022. In Poland, the statistical headcount decreased by 2.3 persons. The number of Hungarian employees increased by 2.9 on average. For the Czech subsidiaries, the number of employees remained unchanged at 1 in 2023.
The Company puts emphasis on the diversified filling of jobs based on the skills and qualifications of employees.

### 38. Other operating charges

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Non-profit taxes recognised as various expenses | 101 273 | 79 386 |
| Write-off of bad debts | 3 898 | 156 621 |
| Impairment of receivables | 48 418 | 52 406 |
| Expenses related to litigation | 5 150 | 10 486 |
| Cost of the sale of tangible assets | 330 | 3 872 |
| Grants provided | 1 750 | 3 000 |
| Penalties | 2 990 | 2 492 |
| Contracual penalty, late payment interest | 1 525 | 1 989 |
| Missing inventories | 0 | 863 |
| Other | 64 178 | 66 273 |
| **Total** | **229 512** | **377 389** |

The Group wrote off HUF 154,383 thousand of uncollectible receivables in the project company developing the Forest Hill residential complex during the first half of 2022 from the former contractor Pricons Kft and its subcontractors, while no further write-offs were made in the project company in 2023. The impairment of receivables amounted to HUF 48,418 thousand (2022: HUF 52 406 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.

### 39. Revenues of financial transactions

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Exchange rate gain | 248 391 | 190 327 |
| Interest received | 665 477 | 59 327 |
| Revaluation of receivables/payables held at fair value | 276 974 | 0 |
| **Total** | **1 190 842** | **249 654** |

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.

In the first half of 2023, the Group earned interest income and income from discount treasury bills held to maturity of HUF 665,477 (2022: HUF 59,327 thousand)
The Group realised a gain of HUF 276,974 thousand on the revaluation of deferred liabilities and receivables related to the Hgroup acquisition.

### 40. Expenses of financial transactions

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Interest paid | 85 275 | 39 836 |
| Bond interest | 219 477 | 198 646 |
| Lease interest | 48 818 | 17 513 |
| Exchange rate losses | 185 059 | 14 096 |
| **Total** | **538 629** | **270 091** |

Of the Group's interest expenses in the first half of 2023, HUF 43,572 thousand were incurred in the Italian subsidiaries (2022: HUF 17,570 thousand). Detailed information on the Group's bonds is provided in chapter 22, and information on loans and borrowings in chapter 21.

## 41. Income taxes

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

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Actual income tax – corporate tax | 294 991 | 285 828 |
| Actual income tax – local business tax | 81 814 | 22 578 |
| Actual income tax – innovation contribution | 3 896 | 4 347 |
| Deferred taxes | -38 027 | -7 429 |
| **Total** | **342 674** | **305 324** |

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

## 42. 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.

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Conversion differences on foreign subsidiaries | (673 829) | 450 304 |
| **Other comprehensive income** | **(673 829)** | **450 304** |
| | | |
| Amounts to be reclassified to profit or loss in future periods | | |
| *Conversion differences on foreign subsidiaries* | *(673 829)* | *450 304* |

## 43. 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.

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| After-tax profit that can be allocated to shareholders (thousand HUF) | 1 537 993 | 1 297 305 |
| Dividend that may be distributed to preferential shareholders | -90 913 | -70 963 |
| **After-tax profit that can be allocated to shareholders holding ordinary shares (thousand HUF)** | **1 447 080** | **1 226 342** |
| Weighted average number of issued ordinary shares (basic, thousand) | 33 322 | 33 658 |
| Weighted average number of issued ordinary shares (diluted thousand) | 33 344 | 33 713 |
| **Earning per share (basic) (HUF)** | **43,4** | **36,4** |
| **Earning per share (diluted) (HUF)** | **43,4** | **36,4** |

The Company does not have a share option plan, which performance conditions are currently met.

## 44. 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.

| 30 June 2023 | Franchise | Financial products brokerage | Operation of own office | Sale of related services | Property investments | Other and eliminations | Total |
|---|---|---|---|---|---|---|---|
| Intangible assets | 392 922 | 5 584 184 | 54 | 29 187 | 31 | 901 | 6 007 279 |
| Investment property | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land and buildings | 0 | 3 805 | 34 300 | 2 769 | 321 543 | 1 259 015 | 1 621 432 |
| Machinery and equipment | 18 125 | 4 863 | 8 792 | 257 | 3 045 | 130 375 | 165 457 |
| Trade receivables | 255 699 | 2 362 098 | 77 561 | 13 062 | 3 171 | 29 022 | 2 740 613 |
| Inventories | 10 756 | 0 | 534 | 15 | 2 914 212 | 2 121 | 2 927 638 |
| Assets that cannot be allocated to other segments | 2 465 104 | 5 700 173 | 459 817 | 567 229 | 1 503 068 | 9 154 775 | 19 850 165 |
| **Total Assets** | **3 142 606** | **13 655 122** | **581 058** | **612 519** | **4 745 070** | **10 576 208** | **33 312 585** |
| Trade payables | (134 990) | 2 620 320 | 1 265 | 18 723 | 142 198 | 61 552 | 2 709 068 |
| Liabilities that cannot be allocated to other segments | 3 278 219 | 6 171 964 | 1 133 865 | 546 094 | 2 340 499 | 14 069 820 | 27 540 461 |
| **Total Liabilities** | **3 143 229** | **8 792 284** | **1 135 130** | **564 817** | **2 482 697** | **14 131 372** | **30 249 529** |
| Net revenue from sales to third parties | 1 040 846 | 10 905 348 | 657 812 | 155 790 | 3 806 657 | 40 | 16 566 494 |
| Net revenue from sales between segments | 120 192 | 0 | 25 419 | 23 011 | 43 043 | (211 666) | (0) |
| ***Net sales revenues*** | **1 161 039** | **10 905 348** | **683 231** | **178 802** | **3 849 700** | **(211 626)** | **16 566 494** |
| ***Direct costs*** | **(312 093)** | **(7 815 593)** | **(415 347)** | **(54 079)** | **(3 227 241)** | **113 117** | **(11 711 236)** |
| ***Gross profit*** | **848 945** | **3 089 755** | **267 884** | **124 722** | **622 459** | **(98 509)** | **4 855 258** |
| Depreciation and amortisation | (156 999) | (284 518) | (48 421) | (2 591) | (12 192) | (56 044) | (560 766) |
| Indirect operating costs | (782 244) | (2 020 300) | (274 096) | (96 481) | 84 150 | 55 159 | (3 033 812) |
| **Operating Profit (EBIT)** | **(90 298)** | **784 937** | **(54 633)** | **25 650** | **694 417** | **(99 394)** | **1 260 680** |
| Financial revenues | | | | | | | 1 190 842 |
| Financial expenses | | | | | | | (538 629) |
| Share of the results of jointly controlled entities | | | | | | | 3 212 |
| **Profit before tax from current operations** | | | | | | | **1 916 105** |

| 30 June 2022 Restated | Franchise | Financial products brokerage | Operation of own office | Sale of related services | Property investments | Other and eliminations | Total |
|---|---|---|---|---|---|---|---|
| Intangible assets | 315 699 | 6 535 501 | 194 | 23 262 | 39 | 16 451 | 6 891 145 |
| Investment property | 0 | 0 | 0 | 0 | 1 597 600 | 0 | 1 597 600 |
| Land and buildings | 0 | 6 753 | 38 791 | 1 947 | 372 654 | 1 383 609 | 1 803 753 |
| Machinery and equipment | 9 847 | 17 592 | 13 756 | 3 211 | 4 692 | 10 684 | 59 783 |
| Trade receivables | 262 367 | 2 018 209 | 59 297 | 45 930 | 1 721 865 | (22 694) | 4 084 974 |
| Inventories | 13 832 | 0 | 294 | 15 | 7 284 392 | 2 155 | 7 300 688 |
| Assets that cannot be allocated to other segments | 2 410 502 | 7 375 693 | 425 281 | 946 537 | 2 967 075 | 11 845 908 | 25 970 996 |
| **Total Assets** | **3 012 247** | **15 953 747** | **537 613** | **1 020 902** | **13 948 317** | **13 236 113** | **47 708 939** |
| Trade payables | (126 433) | 2 728 980 | 50 343 | 28 488 | 172 614 | (4 957) | 2 849 035 |
| Liabilities that cannot be allocated to other segments | 2 142 571 | 6 350 703 | 866 323 | 1 275 537 | 12 256 764 | 10 944 819 | 33 836 717 |
| **Total Liabilities** | **2 016 138** | **9 079 683** | **916 666** | **1 304 025** | **12 429 378** | **10 939 862** | **36 685 752** |
| Net revenue from sales to third parties | 1 152 698 | 9 735 228 | 921 280 | 194 115 | 935 883 | 1 685 | 12 940 889 |
| Net revenue from sales between segments | 125 488 | 253 | 25 869 | 9 264 | 34 295 | (195 169) | 0 |
| ***Net sales revenues*** | **1 278 186** | **9 735 481** | **947 149** | **203 380** | **970 179** | **(193 484)** | **12 940 889** |
| ***Direct costs*** | **(240 688)** | **(7 064 743)** | **(539 447)** | **(43 680)** | **(416 138)** | **117 157** | **(8 187 539)** |
| ***Gross profit*** | **1 037 497** | **2 670 738** | **407 702** | **159 700** | **554 041** | **(76 328)** | **4 753 350** |
| Depreciation and amortisation | (114 984) | (206 025) | (25 717) | (3 178) | (19 640) | (37 007) | (406 551) |
| Indirect operating costs | (715 682) | (1 329 159) | (292 761) | (130 679) | (314 888) | (32 220) | (2 815 388) |
| **Operating Profit (EBIT)** | **206 832** | **1 135 554** | **89 223** | **25 843** | **219 513** | **(145 555)** | **1 531 411** |
| Financial revenues | | | | | | | 249 654 |
| Financial expenses | | | | | | | (270 091) |
| Share of the results of jointly controlled entities | | | | | | | 212 711 |
| **Profit before tax from current operations** | | | | | | | **1 723 685** |

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

| | 01.01.2023-30.06.2023 | 01.01.2022-30.06.2022 (Restated) |
|---|---|---|
| **Net sales revenues** | | |
| Hungary | 5 450 529 | 3 372 306 |
| Italy | 8 451 891 | 5 182 587 |
| Poland | 2 572 419 | 4 202 808 |
| Czech Republic | 91 655 | 183 190 |
| **Total net sales revenues** | **16 566 494** | **12 940 891** |
| | | |
| **EBITDA** | | |
| Hungary | 1 025 029 | 974 187 |
| Italy | 842 310 | 814 202 |
| Poland | (34 951) | 149 766 |
| Czech Republic | (10 942) | (192) |
| **Total EBITDA** | **1 821 446** | **1 937 963** |
| | | |
| **Operating profit/loss** | | |
| Hungary | 869 196 | 838 339 |
| Italy | 496 988 | 579 096 |
| Poland | (89 203) | 114 168 |
| Czech Republic | (16 301) | (192) |
| **Total operating profit/loss** | **1 260 680** | **1 531 411** |

## 45. 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 leverage only against a higher rate of return.

The Group's capital structure consists of net debt and the Group's equity (the latter comprising subscribed capital, reserves and non-controlling interests). Details of these capital elements are given in notes 17 to 19 and 21 to 22 of the notes. The Group's payment obligations in respect of acquisitions are described in points 2.5.2.1 and 25.
The ratio of equity to subscribed capital is shown in the table below.

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Registered capital | 171 989 | 171 989 |
| Total equity | 3 063 056 | 5 250 910 |
| **Equity capital/registered capital** | **1781%** | **3053%** |

The Group issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 22). 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 the first half of 2023.

## 46. 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 years 2022 and 2023.

**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 30 June 2023 and 31 December 2022.

| **Lending risk** | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Trade receivables | 2 740 613 | 3 229 765 |
| Other receivables | 1 999 844 | 1 665 047 |
| Financial instruments | 111 064 | 110 602 |
| Cash and cash equivalents | 7 218 152 | 10 646 364 |
| Restricted cash | 500 | 92 550 |
| **Total** | **12 070 173** | **15 744 328** |
| **Restricted cash** | | |
| | **500** | **92 550** |
| Pusztakúti 12. kft. (Forest Hill) | 0 | 92 050 |
| Akadémia Plusz 2.0 Kft. deposit | 500 | 500 |

The earmarked funds in 2022 included HUF 92,550 thousand in an escrow account for the Forest Hill project and HUF 500 thousand as collateral for the capital needed for the educational activities and available to the Group only with certain restrictions. These restrictions are described in note 14.
The Group’s cash and cash equivalents (including restricted cash) are held by the following banks:

| | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Raiffeisen Bank Zrt. | 3 130 759 | 9 370 737 |
| Takarékbank Zrt. | 0 | 93 361 |
| Magyar Bankholding Zrt. | 1 033 | 0 |
| Gránit Bank Zrt. | 2 095 891 | 0 |
| OTP Bank Nyrt. | 1 037 471 | 0 |
| Bank Millennium SA | 249 252 | 347 370 |
| Société Générale | 15 533 | 24 760 |
| Banca Unicredit | 487 213 | 673 789 |
| BPER BANCA | 163 322 | 0 |
| UBI BANK | 64 689 | 124 608 |
| **Total** | **7 245 163** | **10 634 625** |

**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:

| | **30.06.2023** | **31.12.2022** |
|---|---|---|
| HUF | 6 235 147 | 7 650 275 |
| EUR | 759 323 | 2 623 959 |
| PLN | 248 521 | 347 370 |
| CZK | 16 672 | 24 760 |
| **Total** | **7 259 663** | **10 646 364** |

**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**
**30 June 2023**

| | less than 1 year | between 1 and 5 years | more than 5 years | Total |
|---|---|---|---|---|
| Interest-bearing loans and borrowings (Section 21) | 695 359 | 636 158 | 390 124 | **1 721 642** |
| Interest-bearing bonds (Section 22) | 468 000 | 5 672 400 | 9 537 600 | **15 678 000** |
| Deferred purchase price and option liability (Section 25) | 966 114 | 5 822 127 | 0 | **6 788 240** |
| Deposits received from tenants and owners (Section 28) | 278 673 | | | **278 673** |
| Lease liabilities (Section 6) | 461 673 | 1 173 078 | 345 501 | **1 980 252** |
| Accounts payable (Section 26) | 2 709 068 | | | **2 709 068** |
| **Total** | **5 578 887** | **13 303 763** | **10 273 225** | **29 155 876** |

**31 December 2022**

| | less than 1 year | between 1 and 5 years | more than 5 years | Total |
|---|---|---|---|---|
| Interest-bearing loans and borrowings (Section 21) | 890 308 | 672 044 | 416 622 | **1 978 973** |
| Interest-bearing bonds (Section 22) | 468 000 | 4 472 400 | 11 403 600 | **16 344 000** |
| Deferred purchase price and option liability (Section 25) | 2 104 019 | 7 701 939 | 0 | **9 805 957** |
| Deposits received from tenants and owners (Section 28) | 263 854 | | | **263 854** |
| Lease liabilities (Section 6) | 330 712 | 1 559 999 | 0 | **1 890 711** |
| Accounts payable (Section 26) | 3 106 913 | | | **3 106 913** |
| **Total** | **7 163 805** | **14 406 381** | **11 820 222** | **33 390 409** |

The conditions of the Group's loans and issued bonds are presented in sections 21. and 22.

**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** | **01.01.2023 30.06.2023** | **01.01.2022 31.12.2022 (Restated)** |
|---|---|---|
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 613 128 | -23 198 |
| **Profit before tax** | **1 916 106** | **1 986 089** |
| | | |
| **1%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 619 260 | -23 430 |
| **Profit before tax** | **1 922 237** | **1 985 857** |
| ***Changes in profit before tax*** | ***6 131*** | ***-232*** |
| ***Changes in profit before tax (%)*** | ***0,319%*** | ***-0,012%*** |
| | | |
| **5%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 643 785 | -24 358 |
| **Profit before tax** | **1 946 762** | **1 984 929** |
| ***Changes in profit before tax*** | ***30 656*** | ***-1 160*** |
| ***Changes in profit before tax (%)*** | ***1,575%*** | ***-0,058%*** |
| | | |
| **10%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 674 441 | -25 518 |
| **Profit before tax** | **1 977 419** | **1 983 769** |
| ***Changes in profit before tax*** | ***61 313*** | ***-2 320*** |
| ***Changes in profit before tax (%)*** | ***3,101%*** | ***-0,117%*** |
| | | |
| **-1%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 606 997 | -22 966 |
| **Profit before tax** | **1 909 975** | **1 986 321** |
| ***Changes in profit before tax*** | ***-6 131*** | ***232*** |
| ***Changes in profit before tax (%)*** | ***-0,321%*** | ***0,012%*** |
| | | |
| **-5%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 582 472 | -22 038 |
| **Profit before tax** | **1 885 449** | **1 987 249** |
| ***Changes in profit before tax*** | ***-30 656*** | ***1 160*** |
| ***Changes in profit before tax (%)*** | ***-1,626%*** | ***0,058%*** |
| | | |
| **-10%** | | |
| Profit before tax - excluding interest expense and interest income | 1 302 977 | 2 009 287 |
| Net interest income (income and expenses) | 551 816 | -20 878 |
| **Profit before tax** | **1 854 793** | **1 988 409** |
| ***Changes in profit before tax*** | ***-61 313*** | ***2 320*** |
| ***Changes in profit before tax (%)*** | ***-3,306%*** | ***0,117%*** |

## 47. Financial instruments

| 30 June 2023 | Book value | Fair value |
|---|---|---|
| **Financial instruments** | | |
| *Assets recorded at amortised historical cost* | | |
| Financial instruments | 111 064 | 111 064 |
| Trade receivables | 2 740 613 | 2 740 613 |
| Cash and cash equivalents | 7 259 663 | 7 259 663 |
| **Financial liabilities** | | |
| *Liabilities recorded at amortised historical cost* | | |
| Long-term loans | 1 082 173 | 1 082 173 |
| Debts on issue of bonds | 13 009 305 | 9 797 107 |
| Short-term loans and borrowings | 468 370 | 468 370 |
| Lease liabilities | 1 980 252 | 1 980 252 |
| *Liabilities recorded at fair value* | | |
| Deferred purchase price and option payments | 6 617 104 | 6 617 104 |

| 31 December 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 carried at fair value* | | |
| Deferred purchase price and option payments | 8 786 226 | 8 786 226 |

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 22 amounts to HUF 9,797,107 thousand on 30

June 2023 (book value: HUF 13,009,305 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% |
| | | | | |
| **30 June 2023.** | | | | |
| NKP 2032/I. | 5,46 | 7,42% | 1,92% | 9,34% |
| NKP 2030/I. | 4,53 | 7,84% | 1,92% | 9,76% |
| | | | | |
| **31 December 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 22.

**Breakdown of revenues of financial transactions**

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Cashpool interest | 36 363 | 15 712 |
| Interest of given loans | 0 | 8 900 |
| Interest from banks | 7 053 | 6 110 |
| Interest income from securities | 0 | 28 604 |
| Interest of bank deposit | 622 061 | 0 |
| **Interest received** | **665 477** | **59 327** |
| Exchange rate gain from securities | 0 | 68 644 |
| Exchange rate gain | 248 391 | 121 684 |
| **Exchange rate gain** | **248 391** | **190 327** |
| Purchase price correction of Hgroup | 276 974 | 0 |
| **Revaluation of liabilities held on real price** | **276 974** | **0** |
| | | |
| **Total** | **1 190 842** | **249 654** |

**Breakdown of expenses of financial transactions**

| | 30.06.2023 | 30.06.2022 Restated |
|---|---|---|
| Interest paid on loans received | 40 031 | 16 486 |
| Cashpool interest | 2 341 | 2 365 |
| Interest paid on bank loans | 42 903 | 20 985 |
| **Interest paid** | **85 275** | **39 836** |
| Exchange rate losses | 185 059 | 14 096 |
| **Exchange rate losses** | **185 059** | **14 096** |
| Lease interest | 48 818 | 17 513 |
| Bond interest | 219 477 | 198 646 |
| **Interest losses calculated with the effective interest method** | **268 295** | **216 159** |
| **Total** | **538 629** | **270 091** |

## 48. Remuneration of the Board of Directors and Supervisory Board

In the first half of 2023, the total amount of the remuneration due to the members of the Board of Directors and the Supervisory Board was HUF 78,281 thousand (In all of 2022: HUF 48,669 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**

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| Members of the Board of Directors | 74 381 | 45 969 |
| *Short-term employee benefits (income from salary)* | *27 616* | *23 593* |
| *Short-term employee benefits (preferential dividend)* | *43 347* | *22 376* |
| *Share-based payment* | *3 417* | *0* |
| Members of the Supervisory board | 3 900 | 2 700 |
| *Short-term employee benefits (honorarium)* | *3 900* | *2 700* |
| **Total** | **78 281** | **48 669** |

In addition, the following option schemes are operated for members of the Group's management (for more details see Section 18). 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 | 30.06.2023 | 31.12.2022 |
|---|---|---|---|---|---|---|---|
| | | | | | | Number of existing units | Number of existing units |
| 2018/2020 | Completed | 2018 | 2020 | 2022 | 375 | 0 | 0 |
| 2019/2021 | Completed | 2018 | 2021 | 2023 | 391 | 0 | 0 |
| 2020/2022 | Completed | 2020 | 2022 | 2023 | 511 | 0 | 311 990 |
| 2021/2023 | Completed | 2021 | 2023 | 2023 | 475 | | 210 526 |
| 2022/2024 | Pending | 2022 | 2024 | 2026 | 520 | 250 000 | 250 000 |
| 2022/2024 | Pending | 2023 | 2025 | 2027 | 520 | 250 000 | |
| **Total** | | | | | | **250 000** | **772 516** |

The Group's receivables from related parties are presented in Section 12and its liabilities in Section 27.

## 49. 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.

**Purchase of treasury shares**

Based on the decision of the General Meeting passed on 27 April 2023, the Company's Board of Directors purchased a total of 20,000 treasury shares between 30 June 2023 and 26 September 2023 at stock market trades. The amount of Company treasury shares on 26 September 2023 was 320,759.

## 50. Other publication obligations required by the Accounting Act

The Group is not obliged to have its consolidated half yearly report audited in line with the IFRS.

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.).

The Company publishes its consolidated half-year report on the Company's website: https://dunahouse.com/hu/kozzetetelek.

## 51. Liability declaration and approval of the financial statements for disclosure

The Board of Directors of the Company hereby declares, in accordance with Annex 2 to Decree No.24/2008 ot 15 August of the Minister of Finance on the detailed rules of the disclosure requirements in relation to publicly offered securities, that these consolidated financial statements - unaudited and therefore not accompanied by an independent auditor's report - give a true and fair view of the assets, liabilities, financial situation and performance of the Company and its subsidiaries included in consolidation.

These consolidated financial statements were discussed and approved for issue in this form by the Board of Directors of the Company at its meeting on 29 September 2023.

Budapest, 29 September 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

# DUNA HOUSE HOLDING NYRT.

## CONSOLIDATED BUSINESS REPORT

## ON THE 2023 FIRST HALF-YEAR ACTIVITIES OF THE 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 half-year ending with 30 June 2023. 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 2022 and 2023.

**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

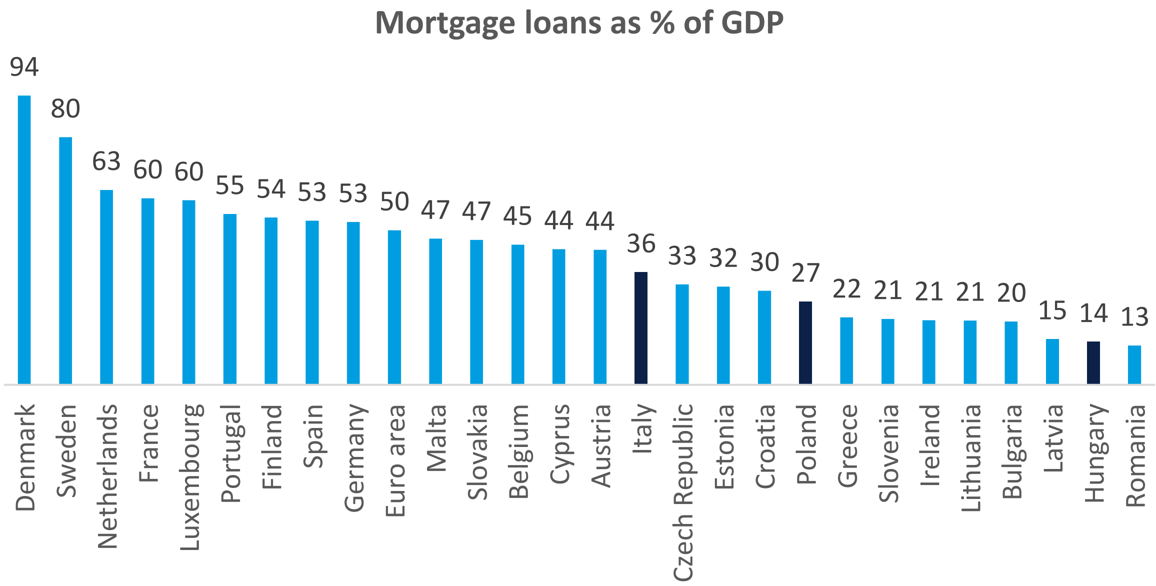
| ***As a Subsidiary*** | address: | **30.06.2023** | **31.12.2022** |
|---|---|---|---|
| Duna House Biztosításközvetítő Kft. | 1016 Budapest, Gellérthegy u. 17. | 100% | 100% |
| Credipass Kft. | 1016 Budapest, Gellérthegy u. 17. | 100% | 100% |
| DH Projekt Kft. | 1016 Budapest, Gellérthegy u. 17. | 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% | 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) | 94,0% | 71,1% |
| Credipass S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 93,8% | 67,4% |
| Medioinsurance S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 94,0% | 71,1% |
| Realizza S.r.l. | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 84,6% | 58,3% |
| Realizza Franchising S.r.l (previously Relabora S.r.l.) | 24121 Bergamo, via Martiri di Cefalonia 5 (Italy) | 94,0% | 52,6% |
| ***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.




*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.

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[2], and the double-digit decline of 22-24% continued in the first half of 2023. 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.

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

2 *Source:* https://www.crif.it/ricerche-e-pubblicazioni/barometri/

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[3]. 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 a result of the change, mortgage disbursements doubled for the months of May-July 2023, from the levels between October 2022 and February 2023. In addition, the Polish government plans to introduce subsidised loans for young first-time home buyers later this year, which could provide a further boost to the property and credit markets.

In Hungary, new housing loan disbursements decreased by 29% in the third quarter of 2022, by 54% in the fourth quarter and by 65% in the first and second quarters of 2023 on an annual basis. The 20-year BIRS peaked in October 2022 at close to 11% and is currently in the range of 6.5-7.5%. With inflation slowing, a gradual reduction in lending rates and an increase in lending is expected over 2023-2024.

## 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 44 thousand transactions on the Hungarian residential market in the first half of 2023, which is 41% less than in same period of 2022. 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, in nominal terms, prices of second-hand houses stagnated compared to June 2022[4]. The role of state subsidies used was significant: according to the Group's own data, in the second quarter of 2023, buyers submitted applications for CSOK (Family Housing Support Programme) support for 28.3% of all loans. The market dynamics in the second half of 2023 are expected to be shaped by the year-end changes in family support programmes.

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 have stagnated over the past year and a half and a significant recovery in the market is expected in the second half of 2023, driven by the newly introduced subsidised loan schemes for first-time buyers available from 1 July 2023[5].

In Italy, the ongoing growth in housing transactions since 2014 has been slowed by rising interest rates after COVID-19. The number of housing sales was around 748,500 in 2021, 34% more than in 2020 and

[3] *Source:* Raport Amron Sarfin 2023 Q2, Polish Bank Association (ZBP)
[4] *Source: Duna House Barométer No 144 published by Duna House Franchise Kft.*
[5] *Source: The Q2 2023 issues of Barometr Metrohouse i Credipass, published by Metrohouse Franchise S.A.*

24% more than in 2019. According to the Italian National Institute of Statistics (ISTAT), there were 3.5% fewer residential transactions in Q4 2022 than a year earlier, with prices rising at an annual rate of 2.0%, according to the latest data for Q2 2023.

## 3. The Group's financial and equity situation

### 3.1 Income Statement

| *Continuing activity* | **30.06.2023** | **30.06.2022 (Restated)** |
|---|---|---|
| Net sales revenues | 16 566 494 | 12 940 891 |
| Other operating income | 120 716 | 264 052 |
| **Total revenue** | **16 687 210** | **13 204 943** |
| Variation in self-manufactured stock | (2 832 258) | (192 026) |
| Consumables and raw materials | (67 120) | (120 620) |
| Goods and services sold | (795 862) | (1 111 824) |
| Contracted services | (9 833 949) | (8 606 445) |
| Personnel costs | (1 107 063) | (858 676) |
| Depreciation and amortisation | (368 830) | (313 566) |
| Depreciation on right-of-use | (191 936) | (92 986) |
| Other operating charges | (229 512) | (377 389) |
| **Operating costs** | **(15 426 530)** | **(11 673 532)** |
| **Operating profit** | **1 260 680** | **1 531 411** |
| Financial income | 1 190 842 | 249 654 |
| Financial charges | (538 629) | (270 091) |
| Share of the results of jointly controlled undertakings | 3 212 | 212 711 |
| **Profit before tax from continuing operations** | **1 916 105** | **1 723 685** |
| Income tax expense | (342 673) | (305 324) |
| **Profit for the year from continuing operations** | **1 573 432** | **1 418 361** |
| ***Discontinued operations*** | | |
| Profit or loss after tax from a discontinued operations | (35 439) | 0 |
| **Profit for the year** | **1 537 993** | **1 418 361** |
| Conversion differences of foreign subsidiaries | (673 829) | 450 304 |
| **Other comprehensive income** | **(673 829)** | **450 304** |
| **Total comprehensive income** | **864 164** | **1 868 665** |
| **From profit for the year** | | |
| Attributable to the parent company | 1 525 523 | 1 297 305 |
| Attributable to non-controlling interest | 12 470 | 121 056 |
| **Of the total comprehensive income** | | |
| Attributable to the parent company | 872 208 | 1 757 495 |
| Attributable to non-controlling interest | (8 044) | 111 170 |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

The Duna House Group was able to grow in the first half of 2023 besides the difficult market environment, due to the expansion in Italy and the delivery of the Forest Hill residential project, with consolidated revenue increasing by 28% to HUF 16,566 million (2022: HUF 12,941 million). Operating profit decreased by 18% to HUF 1,261 million (2022: HUF 1,531 million) due to the organic decline caused by the market environment. As a result of the market developments described in section 2, Group revenue decreased by 39% in Poland and 50% in the Czech Republic. In Hungary, revenue increased by 62% due to the active delivery of the Forest Hill residential project.Relative to the previous year, the following changes materialised in the Group's sales revenue structure.

| **Revenue by segments** | **30.06.2023** | **30.06.2022 (Restated)** | **Change %** |
|---|---|---|---|
| Revenues from brokerage of financial products | 10 905 348 | 9 735 481 | 12% |
| Revenues of the own office segment | 683 231 | 947 149 | -28% |
| Revenues of the franchise segment | 1 161 039 | 1 278 186 | -9% |
| Revenues of the related services segment | 178 802 | 203 380 | -12% |
| Revenues of the investment segment | 3 849 700 | 970 179 | 297% |
| Transactions between segments | -211 626 | -193 484 | 9% |
| **Total** | **16 566 494** | **12 940 891** | **28%** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

The Group's business segments developed along very different dynamics in 2022 and 2023. Financial product brokerage revenues grew inorganically due to the acquisition of Hgroup Spa. in Italy (Hgroup is consolidated by the Group as of 1 April 2022). There was also an outstanding growth in the investment segment revenues due to the handover of the apartments of the Forest Hill project within the MyCity real estate development business. The segment's revenue quadrupled to HUF 3,850 million (2022: HUF 970 million).

Operating expenses increased by 32% compared to the first half of 2022, totalling HUF 15,427 million. The increase was driven by the write-off of inventory value of HUF 3,152 million related to the delivery of the Forest Hill apartments.

The Group has a substantial free cash position which is held in liquid bank deposits. During the half-year, the Group generated total interest income of HUF 665 million (2022: HUF 59 million).

The Company records its corporate tax and business tax liabilities in the tax payable line. In the first half of 2023, the combined amount of calculated current and deferred tax is HUF 343 million (2022: HUF 305 million).

Overall, the Group's profit after tax increased to HUF 1,538 million (2022: HUF 1,418 million). Within the profit after tax, HUF 12 million is attributable to non-controlling interests (2022: HUF 121 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 2023, the Group applied the following adjustments:

- Costs related to pre-acquisition period: the Group paid compensation of HUF 8 million in relation to a transaction that occurred prior to the acquisition of Goldfinance and is covered by the seller's warranty. The enforcement of the warranty is ongoing.

- 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.
- 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.
- 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.
- Result of revaluation of foreign currency items: the Group translates its foreign currency cash at the exchange rate prevailing at the balance sheet date, the result of which is not considered part of normal operations
- Hgroup minority buy-out result and revaluation of EarnOut liability: the result on the revaluation of liabilities related to the acquisition of Hgroup S.p.A. is not part of the Group's core activities.
- Amortisation of Hgroup intangible assets: the Group has recognised amortisation of intangible assets (brand name, value of banking and agency contracts) included in the balance sheet in relation to the Hgroup acquisition. The maintenance of these assets does not involve any expense for the Group.

| data in HUF thousands | **01.01.2023-30.06.2023** | **01.01.2022-30.06.2022 (Restated)** | **Change %** |
|---|---|---|---|
| EBITDA | **1 821 446** | **1 937 963** | **-6,0%** |
| (-) MyCity EBITDA | 591 088 | 170 683 | 246,3% |
| **Core EBITDA** | **1 230 358** | **1 767 280** | **-30,4%** |
| (-) The results of the portfolio revaluation | 0 | -8 090 | -100,0% |
| (-) Profit from the sale of tangible assets | 79 614 | 24 810 | 220,9% |
| (-) Received COVID support | 0 | 17 500 | -100,0% |
| (-) Acquisition costs | 0 | -98 000 | -100,0% |
| **Total of adjustments affecting the core** | **-79 614** | **63 780** | **-224,8%** |
| **Clean core EBITDA** | **1 150 744** | **1 831 060** | **-37,2%** |

| | 01.01.2023-30.06.2023 | 01.01.2022-30.06.2022 (Restated) | Változás % |
|---|---|---|---|
| **Profit after tax** | **1 537 997** | **1 418 361** | **8%** |
| (-) Profit after tax for MyCity | 452 458 | 61 415 | 637% |
| **Core PAT** | **1 085 538** | **1 198 658** | **-9%** |
| (-) Costs related to before acquisition date | 0 | -8 090 | -100% |
| (-) Result of portfolio appraisal | 79 614 | 24 810 | 221% |
| (-) Result of sale of tangible assets | 0 | 17 500 | -100% |
| (-) Result of foreign currency exchange | 63 332 | 107 588 | -41% |
| (-) Result on Hgroup minority buyout | 82 700 | 0 | - |
| (-) Hgroup EarnOut liability revaluation | 194 274 | 0 | - |
| (-) Amortization of Hgroup intangibles | -212 400 | -162 057 | 31% |
| (-) Acquisition costs | 0 | -98 000 | -100% |
| **Total core adjustments** | **-207 520** | **118 249** | **-275%** |
| **Tax effect of adjustments (9%)** | **18 677** | **-10 642** | **-275%** |
| **Cleaned core PAT** | **896 695** | **1 306 265** | **-31%** |

The Group’s clean core EBITDA decreased by 37% to HUF 1,151 million in 2023 (2022: HUF 1,831 million). The results of the Polish, Hungarian and Czech core activities also fell significantly due to the market downturn.

The EBITDA of the MyCity business was HUF 591 million in the first half of 2023 (2022: HUF -171 million).

Clean core profit after tax amounted to HUF 896,695 thousand (-31%).

**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.

**01.01.2023-30.06.2023**

| 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** | **1 161** | **10 905** | **683** | **179** | **3 850** | **-212** | **16 566** |
| Direct costs | 312 | 7 815 | 415 | 54 | 3 227 | -112 | 11 711 |
| **Gross profit** | **849** | **3 090** | **268** | **125** | **623** | **-100** | **4 855** |
| Indirect operating costs | 782 | 2 020 | 274 | 97 | -84 | -55 | 3 034 |
| **EBITDA** | **67** | **1 070** | **-6** | **28** | **707** | **-45** | **1 821** |
| Depreciation and amortisation | 157 | 284 | 48 | 3 | 12 | 56 | 560 |
| **EBIT** | **-90** | **786** | **-54** | **25** | **695** | **-101** | **1 261** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Gross margin** | **73%** | **28%** | **39%** | **70%** | **16%** | **47%** | **29%** |
| **EBITDA margin** | **6%** | **10%** | **-1%** | **16%** | **18%** | **21%** | **11%** |
| **EBIT margin** | **-8%** | **7%** | **-8%** | **14%** | **18%** | **48%** | **8%** |

**01.01.2022-30.06.2022**
**(Restated)**

| 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** | **1 278** | **9 736** | **947** | **203** | **970** | **-193** | **12 941** |
| Direct costs | 241 | 7 065 | 539 | 44 | 416 | -117 | 8 188 |
| **Gross profit** | **1 037** | **2 671** | **408** | **159** | **554** | **-76** | **4 753** |
| Indirect operating costs | 715 | 1 329 | 293 | 131 | 315 | 32 | 2 815 |
| **EBITDA** | **322** | **1 342** | **115** | **28** | **239** | **-108** | **1 938** |
| Depreciation and amortisation | 115 | 206 | 26 | 3 | 20 | 37 | 407 |
| **EBIT** | **207** | **1 136** | **89** | **25** | **219** | **-145** | **1 531** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Gross margin** | **81%** | **27%** | **43%** | **78%** | **57%** | **39%** | **37%** |
| **EBITDA margin** | **25%** | **14%** | **12%** | **14%** | **25%** | **56%** | **15%** |
| **EBIT margin** | **16%** | **12%** | **9%** | **12%** | **23%** | **75%** | **12%** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

The Group's business segments developed along very different dynamics in 2023.

Revenues from the franchise segment decreased by 9%. Its performance indicators were worsened by the currently loss-making operation of the Italian subsidiary Realizza.

Revenues from financial product intermediation increased by 12% in the first half of 2023, with a decrease in sales revenue of Hungary and Poland (see Section 2.1), due to the Italian activities consolidated in the report. Gross Margin improved to 28%, while EBITDA and EBIT margins in Hungary and Poland deteriorated due to lower revenues.

Revenues in the own office real estate segment fell 28% in the first half of 2023 and despite lower indirect operating costs, the segment's result turned into a loss.

The Investments segment performed strongly due to the delivery of apartments in the Forest Hill project within the MyCity property development business. The segment's turnover quadrupled to HUF 3,850 million (2022: HUF 970 million) and EBITDA margin reached 21%.

Group consolidated EBITDA decreased from HUF 1 938 million in the comparative period to HUF 1,821 million (-6%).

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

| *data in HUF thousands* | **01.01.2023-30.06.2023** | **01.01.2022-30.06.2022 (Restated)** |
|---|---|---|
| **Net sales revenues** | | |
| Hungary | 5 450 529 | 3 372 306 |
| Italy | 8 451 891 | 5 182 587 |
| Poland | 2 572 419 | 4 202 808 |
| Czech Republic | 91 655 | 183 190 |
| **Total net sales revenues** | **16 566 494** | **12 940 891** |
| | | |
| **EBITDA** | | |
| Hungary | 1 025 029 | 974 187 |
| Italy | 842 310 | 814 202 |
| Poland | (34 951) | 149 766 |
| Czech Republic | (10 942) | (192) |
| **Total EBITDA** | **1 821 446** | **1 937 963** |
| | | |
| **Operating profit/loss** | | |
| Hungary | 869 196 | 838 339 |
| Italy | 496 988 | 579 096 |
| Poland | (89 203) | 114 168 |
| Czech Republic | (16 301) | (192) |
| **Total operating profit/loss** | **1 260 680** | **1 531 411** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

With the acquisition in Italy, the Group has repositioned itself on international markets. The Italian Hgroup accounted for 51% of the Group's revenue and 46% of EBITDA in the first half of 2023.

In Hungary, annual revenue increased by 62% and EBITDA jumped by 5% compared to first half of 2022. Domestic revenue was significantly impacted by the intensified handovers of Forest Hill apartments, which increased revenue by HUF 891 million and improved EBITDA by HUF 420 million compared to first half of 2022.

The Group's Polish subsidiaries' sales revenue decreased by 39% year-on-year, its EBITDA fell to HUF 35 million loss and operating profit turned into a loss of HUF 89 million due to the drastic drop in volumes and the increase in operating costs affected by the inflation.

## 3.2 Assets

Data in thousand HUF

| ASSETS | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Long-term assets** | | |
| Intangible assets | 6 007 279 | 6 666 133 |
| Right-of-use | 1 755 312 | 1 540 929 |
| Investment property | 0 | 982 500 |
| Land and buildings | 1 621 432 | 1 787 050 |
| Machinery and equipment | 165 457 | 187 097 |
| Goodwill | 5 332 678 | 5 662 784 |
| Investments in associated companies and joint ventures | 12 839 | 101 127 |
| Financial instruments | 111 064 | 110 602 |
| Deferred tax assets | 842 989 | 910 475 |
| **Total long-term assets** | **15 849 050** | **17 948 697** |
| **Current assets** | | |
| Inventories | 2 927 638 | 6 059 075 |
| Trade receivables | 2 740 613 | 3 229 765 |
| Amounts owed by related undertakings | 11 161 | 25 345 |
| Other receivables | 1 957 832 | 1 665 048 |
| Actual income tax assets | 302 545 | 192 168 |
| Cash and cash equivalents | 7 259 663 | 10 646 364 |
| Restricted cash | 500 | 92 550 |
| Accrued incomes | 1 147 014 | 911 205 |
| Assets held for sale | 1 116 569 | 402 421 |
| **Total current assets** | **17 463 535** | **23 223 941** |
| **Total Assets** | **33 312 585** | **41 172 638** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

The Group continued the sale of its real estate portfolio, selling a total of 4 properties during the half-year for HUF 322 million and reclassifying all its investment properties as "Assets held for sale".

The Group's inventory has decreased by HUF 3.1 billion since the end of the previous year due to the continued handover of the Forest Hill apartments.

The Group's cash and cash equivalents decreased by HUF 3.7 billion due to dividend payments during the half year.

As a result of the above, total assets decreased by 19.1% compared to 31 December 2022.

## 3.3 Liabilities

data in HUF thousands

| LIABILITIES | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Equity** | | |
| Registered capital | 171 989 | 171 989 |
| Treasury shares repurchased | (138 016) | (370 862) |
| Capital reserve | 1 548 398 | 1 564 066 |
| Exchange reserves | (148 812) | 504 502 |
| Profit reserve | 1 387 439 | 3 205 707 |
| **Total equity of the parent company's owners** | **2 820 998** | **5 075 402** |
| Non-controlling interests | 242 058 | 175 508 |
| **Total equity:** | **3 063 056** | **5 250 910** |
| | | |
| **Long-term liabilities** | | |
| Long-term loans | 1 082 173 | 1 404 027 |
| Provisions for expected liabilities | 75 449 | 80 035 |
| Deferred tax liabilities | 1 515 001 | 1 683 651 |
| Other long-term liabilities | 6 892 033 | 9 139 098 |
| Bonds payable | 13 009 305 | 13 059 828 |
| Long-term liabilities from leases | 1 518 579 | 1 470 175 |
| **Total long-term liabilities** | **24 092 540** | **26 836 814** |
| | | |
| **Current liabilities** | | |
| Short-term loans and borrowings | 468 370 | 357 048 |
| Accounts payable | 2 709 068 | 3 106 913 |
| Liabilities to related undertakings | 112 328 | 143 845 |
| Other liabilities | 1 332 615 | 4 225 653 |
| Short-term liabilities from leases | 461 673 | 292 382 |
| Actual income tax liabilities | 407 038 | 194 460 |
| Accruals and deferred income | 649 878 | 731 777 |
| Liabilities directly linked to instruments classified as held for sale | 16 019 | 32 836 |
| **Total current liabilities** | **6 156 989** | **9 084 914** |
| **Total liabilities and equity** | **33 312 585** | **41 172 638** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

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 Group's consolidated equity after dividend payment of HUF 3.7 billion amounted to HUF 3.1 billion on 30 June 2023.

The Group's net external debt was HUF 7.3 billion at 30 June 2023, 2.5 times 12-month adjusted core EBITDA.

Under other non-current liabilities, the Group has two deferred liabilities in relation to the HGroup acquisition: i) an earn-out liability of HUF 2.6 billion in relation to the acquisition of the 70% stake and ii) an expected option liability of HUF 4.0 billion for the buy-out of the remaining minority interest.

## 3.4 Consolidated Cash Flow Statement

| | 30.06.2023 | 30.06.2022 (Restated) |
|---|---|---|
| **Cash flow from operating activity** | | |
| Profit before tax from continuing operations | 1 573 432 | 1 418 361 |
| Profit/(loss) before tax from discontinued operations | (35 439) | 0 |
| Profit before tax | **1 537 993** | **1 418 361** |
| | | |
| *Adjustments to reconcile profit before tax to net cash flows:* | | |
| Depreciation and impairment of property, plant and equipment and right-of-use assets | 348 464 | 406 551 |
| Amortisation and impairment of intangible assets and impairment of goodwill | 212 302 | 106 151 |
| Share-based payment expense | 8 738 | 14 639 |
| Net foreign exchange differences | (481 234) | (24 250) |
| Gain on disposal of property, plant and equipment | (76 900) | (38 500) |
| Fair value adjustment of a contingent consideration | (277 000) | |
| Finance income | (913 842) | (249 654) |
| Finance costs | 538 629 | 270 091 |
| Share of profit of an associate and a joint venture | (3 212) | (212 711) |
| Movements in provisions, pensions and government grants | 4 586 | (10 245) |
| | | |
| Changes of working capital | | |
| Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash | 66 793 | (4 504 029) |
| Decrease in inventories and right of return assets | 3 131 436 | 118 183 |
| Increase in trade and other payables, contract liabilities and refund liabilities | (3 022 426) | 2 572 152 |
| | **1 074 327** | **(133 262)** |
| Interest received | 671 546 | 127 996 |
| Interest paid | (388 254) | (23 199) |
| Income tax paid | (278 030) | 14 706 |
| ***Net cash flow from operating activity*** | ***1 079 589*** | ***(13 758)*** |
| | | |
| **Cash flow from investing activity** | | |
| Proceeds from sale of property, plant and equipment | 322 000 | 290 400 |
| Purchase of property, plant and equipment | (4 876) | (7 511) |
| Purchase of financial instruments | 462 | (6 762) |
| Dividends from associates and joint ventures | 183 000 | 194 500 |
| Development expenditures | (59 791) | (65 304) |
| Acquisition of a subsidiary, net of cash acquired | 0 | (2 816 389) |
| Receipt of government grants | | |
| ***Net cash flow from investing activity*** | ***440 795*** | ***(2 411 065)*** |
| | | |
| **Cash flow from financing activity** | | |
| Proceeds from exercise of share options | 259 426 | 155 612 |
| Purchase of own shares | (53 181) | (251 481) |
| Acquisition of non-controlling interests | (1 011 062) | 0 |
| Payment of principal portion of lease liabilities | (220 624) | (103 113) |
| Proceeds from borrowings | 0 | 5 914 000 |
| Repayment of borrowings | (210 532) | (867 956) |
| Dividends paid to equity holders of the parent | (3 745 550) | (1 134 337) |
| Dividends paid to non-controlling interests | | |
| ***Net cash flow from financing activity*** | ***(4 981 523)*** | ***3 712 724*** |
| | | |
| Net change of cash and cash equivalents | (3 461 139) | 1 287 901 |
| Cash and cash equivalents at start of period | 10 646 364 | 5 226 528 |
| Currency exchange differences on cash and cash equivalents | 74 438 | 176 231 |
| **Cash and cash equivalents at end of period** | **7 259 663** | **6 690 659** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

The Group's operating cash flow amounted to HUF 1,056 million in the first half of 2023 (2022: HUF -208 million).

The Group generated HUF 322 million from the sale of tangible assets (2022: HUF 290 million) and HUF 183 million from dividends received from a jointly controlled entity (2022: HUF 195 million).

The initial purchase price less the cash holdings of Hgroup Spa. and its subsidiaries totalled HUF 2,816 million in the first half of 2022 and HUF 1,011 million was spent on the buy-out of Hgroup minority shareholders in the first half of 2023.

The Group repaid loans and other borrowings amounting to HUF 211 million (2022: loan repayments of HUF 868 million), no borrowings were made during the half year (2022: HUF 5,914 million through NKP bond issue in January 2022). Interest paid amounted to HUF 388 million (2022: HUF 23 million), interest income amounted to HUF 672 million in the first half of 2023 (2022: HUF 128 million).

The Group paid dividends to its shareholders totalling HUF 3,746 million in the first half of 2023 (2022: HUF 1,134 million).

The period-end balance of cash and cash equivalents decreased from HUF 10,646 mn at the end of 2022 to HUF 7,260 mn. In addition to this amount, an additional HUF 500 thousand may be used subject to the following restrictions:

| **Affected by restrictions** | | **Reason for restriction** |
|---|---|---|
| **Companies involved in the consolidation** | **Bank account balance** | |
| Akadémia Plusz 2.0 Kft. deposit | HUF 500 thousand | The institution had to provide financial security to continue its adult education activity. |
| **Total:** | **HUF 500 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 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 | | | | 1 297 305 | | 1 297 305 | 121 056 | 1 418 361 |
| Other comprehensive income | | | | | 460 190 | 460 190 | (9 886) | 450 304 |
| Total comprehensive income | 0 | 0 | 0 | 1 297 305 | 460 190 | 1 757 495 | 111 170 | 1 868 665 |
| Acquisition | | | | 2 650 075 | | 2 650 075 | 450 852 | 3 100 928 |
| Dividends | | | | (1 175 700) | | (1 175 700) | | (1 175 700) |
| Purchase of own shares | | (61 288) | | | | (61 288) | | (61 288) |
| ESOP and executive share program | | | 2 362 | | | 2 362 | | 2 362 |
| **Balance at 30 June 2022 (Restated)** | **171 989** | **(304 694)** | **1 546 508** | **8 171 932** | **572 684** | **10 158 420** | **498 009** | **10 656 429** |
| Profit for the year | | | | 1 413 532 | | 1 413 532 | 108 218 | 1 521 750 |
| Other comprehensive income | | | | | (68 182) | (68 182) | 131 435 | 63 253 |
| Total comprehensive income | | | | 1 413 532 | (68 182) | 1 345 350 | 239 653 | 1 585 003 |
| Reclassification of group deferred liability | | | | (6 379 757) | | (6 379 757) | (562 154) | (6 941 912) |
| Purchase of own shares | | (66 168) | | | | (66 168) | | (66 168) |
| ESOP and executive share program | | 0 | 17 558 | | | 17 558 | | 17 558 |
| **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** |

| | Registered capital | Treasury shares repurchased | Capital reserve | Retained earnings | Exchange reserves | Total equity of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **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** |
| Profit for the year | | | | 1 525 523 | | 1 525 523 | 12 470 | 1 537 993 |
| Other comprehensive income | | | | | (653 314) | (653 314) | (20 515) | (673 829) |
| Total comprehensive income | | | | 1 525 523 | (653 314) | 872 209 | (8 045) | 864 164 |
| Hgroup ownership purchases | | | | 493 109 | | 493 109 | 74 595 | 567 704 |
| Dividends | | | | (3 836 900) | | (3 836 900) | | (3 836 900) |
| Purchase of own shares | | 232 846 | | | | 232 846 | | 232 846 |
| ESOP and executive share program | | | (15 668) | | | (15 668) | | (15 668) |
| **Balance at 30 June 2023** | **171 989** | **(138 016)** | **1 548 398** | **1 387 439** | **(148 812)** | **2 820 998** | **242 058** | **3 063 056** |

*Source: Half-Year Report of the Group in accordance with the IFRS, not audited*

## 4. The Group's plans for 2023

On 28 February 2023, the Group's Board of Directors published a Management Guidance for 2023, which was adjusted by a technical item in the quarterly report dated 31 August 2023. The adjusted profit and loss figures are shown in the table below:

| | 2023 EBITDA range, HUF million | | 2023 Profit after tax range, HUF million | |
|---|---|---|---|---|
| Italy | 2 020 | 2 469 | 1 418 | 1 692 |
| 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** | **2 205** | **2 725** |
| **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.

*Technical update of the Management Guidance as of 31 August 2023*

Management's adjusted core profit after tax forecast for 2023, published on 28 February 2023, included a planned item that management considers to-be-adjusted for the purpose of assessing the Group's core business results: amortisation of intangible assets (brand name, value of banking and agency contracts) included in the balance sheet in relation to the Hgroup acquisition in the amount of HUF 643 million. The maintenance of these intangible assets does not entail any expense for the Group and management believes that a clearer picture of the Group's profit after tax from its core business will be obtained if this item is adjusted.

In order to make the restated core profit after tax forecast comparable with the actual figures, the Group's management has decided to make a technical adjustment to the forecast.

The EBITDA forecast is not affected by the change.

## 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.

The Group's employment policy and ensuring its consistency between the individual countries are currently under way. The average statistical headcount increased from 188 to 225 in the comparative period. The main reason for the increase is the consolidation of the Italian subsidiaries from 1 April 2022. In Poland, the statistical headcount decreased by 2.3. The number of Hungarian employees increased by 2.9 on average. For the Czech subsidiaries, the number of employees remained unchanged at 1 in 2023. The Company puts emphasis on diversification of jobs based on the skills and qualifications of its 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 30 June 2023

| 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 | 300,759 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 | 1,503,795 pcs | 300,759 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 | 13 472 771 | 39,18% |
| Doron Dymschiz | 13 472 338 | 39,18% |
| VIG Asset Management Hungary Zrt. | 2 832 865 | 8,24% |
| **Total of equity** | **34 388 870** | **100,00%** |

[6] As at 30 June 2023

## 8. Restrictions on the transfer of shares

Restrictions on alienation on ordinary shares

| **Shareholder Name** | | | **Ferenc Máté** | **Total** |
|---|---|---|---|---|
| Number of ordinary shares held (number) | | | 416 440 | 416 440 |
| 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** | **Ferenc Máté** | **Dániel Schilling** | **Krisztián Fülöp** | **Anikó Varga** | **Dr András Szabadházy** | **Total** |
|---|---|---|---|---|---|---|---|
| Number of preferred employee shares held (number) | 438 | 225 | 138 | 88 | 70 | 41 | **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 30 June 2023:

- Gay Dymschiz (President),
- Doron 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 30 June 2023:

- 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 30 June 2023:

- 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.

| | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Registered capital | 171 989 | 171 989 |
| Total equity | 3 063 056 | 5 250 910 |
| **Equity capital/registered capital** | **1781%** | **3053%** |

The Group has issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 22 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 the first half of 2023.

**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 30 June 2023 and 31 December 2022.

| **Lending risk** | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Trade receivables | 2 740 613 | 3 229 765 |
| Other receivables | 1 999 844 | 1 665 047 |
| Financial instruments | 111 064 | 110 602 |
| Cash and cash equivalents | 7 218 152 | 10 646 364 |
| Restricted cash | 500 | 92 550 |
| **Total** | **12 070 173** | **15 744 328** |

| | | |
|---|---|---|
| **Restricted cash** | **500** | **92 550** |
| Pusztakúti 12. kft. (Forest Hill) | 0 | 92 050 |
| Akadémia Plusz 2.0 Kft. deposit | 500 | 500 |

The earmarked funds in 2022 included HUF 92,550 thousand in an escrow account for the Forest Hill project and HUF 500 thousand as collateral for the capital needed for the educational activities and available to the Group only with certain restrictions. These restrictions are described in note 14.

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

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Raiffeisen Bank Zrt. | 3 130 759 | 9 370 737 |
| Takarékbank Zrt. | 0 | 93 361 |
| Magyar Bankholding Zrt. | 1 033 | 0 |
| Gránit Bank Zrt. | 2 095 891 | 0 |
| OTP Bank Nyrt. | 1 037 471 | 0 |
| Bank Millennium SA | 249 252 | 347 370 |
| Société Générale | 15 533 | 24 760 |
| Banca Unicredit | 487 213 | 673 789 |
| BPER BANCA | 163 322 | 0 |
| UBI BANK | 64 689 | 124 608 |
| Összesen | **7 245 163** | **10 634 625** |

**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:

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| HUF | 6 235 147 | 7 650 275 |
| EUR | 759 323 | 2 623 959 |
| PLN | 248 521 | 347 370 |
| CZK | 16 672 | 24 760 |
| **Total** | **7 259 663** | **10 646 364** |

**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**

| **30 June 2023** | **less than 1 year** | **between 1 and 5 years** | **more than 5 years** | **Total** |
|---|---|---|---|---|
| Interest-bearing loans and borrowings (Section 21) | 695 359 | 636 158 | 390 124 | **1 721 642** |
| Interest-bearing bonds (Section 22) | 468 000 | 5 672 400 | 9 537 600 | **15 678 000** |
| Deferred purchase price and option liability (Section 25) | 966 114 | 5 822 127 | 0 | **6 788 240** |
| Deposits received from tenants and owners (Section 28) | 278 673 | | | **278 673** |
| Lease liabilities (Section 6) | 461 673 | 1 173 078 | 345 501 | **1 980 252** |
| Accounts payable (Section 26) | 2 709 068 | | | **2 709 068** |
| **Total** | **5 578 887** | **13 303 763** | **10 273 225** | **29 155 876** |

| **31 December 2022** | **1 évnél hamarabb** | **1 és 5 év között** | **5 éven túl** | **Összesen** |
|---|---|---|---|---|
| Interest-bearing loans and borrowings (Section 21) | 890 308 | 672 044 | 416 622 | **1 978 973** |
| Interest-bearing bonds (Section 22) | 468 000 | 4 472 400 | 11 403 600 | **16 344 000** |
| Deferred purchase price and option liability (Section 25) | 2 104 019 | 7 701 939 | 0 | **9 805 957** |
| Deposits received from tenants and owners (Section 28) | 263 854 | | | **263 854** |
| Lease liabilities (Section 6) | 330 712 | 1 559 999 | 0 | **1 890 711** |
| Accounts payable (Section 26) | 3 106 913 | | | **3 106 913** |
| **Total** | **7 163 805** | **14 406 381** | **11 820 222** | **33 390 409** |

The conditions of the Group's loans and issued bonds are presented in Sections 21 and 22.

**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.

**Purchase of treasury shares**

Based on the decision of the General Meeting of Shareholders of 27 April 2023, the Board of Directors of the Company purchased a total of 20,000 treasury shares on the stock exchange between 30 June 2023 and 26 September 2023. On 26 September 2023, the Company's treasury stock amounted to 320,759 shares.

## 12. Declaration on responsibility

The Board of Directors of the Company prepared this business report on the basis of the data included in the consolidated accounts for the first half of 2023 compiled in accordance with the International Financial Reporting Standards (IFRS) and to the best of their knowledge.

The accounts are not audited. This consolidated report gives a fair picture of the situation, development and performance of the Company and its companies included in consolidation.

Budapest, 29 September 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