DUNA HOUSE HOLDING NYRT.

CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
30 June 2022

DUNA HOUSE
GROUP

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Consolidated balance sheet

data provided in thousands HUF, unless indicated otherwise

ASSETS	*Notes*	**30.06.2022**	**31.12.2021**
Long-term assets			
Intangible assets	*5*	376,948	334,794
Right-of-use	*6*	1,545,045	347,380
Investment property	*4*	1,597,600	1,849,500
Land and buildings	*3*	1,774,757	409,070
Machinery and equipment	*3*	73,854	22,840
Investments in subsidiaries	*8*	183,922	0
Goodwill	*7*	10,749,161	1,775,523
Investments in associated companies and joint ventures	*9*	99,399	214,342
Financial instruments	*10*	116,723	62,412
Deferred tax assets	*11*	250,919	228,219
Total long-term assets		**16,768,328**	**5,244,080**
Current assets			
Inventories	*12*	7,300,688	7,418,870
Trade receivables	*13*	4,121,321	2,102,051
Amounts owed by related undertakings	*14*	89,375	166,792
Other receivables	*15*	5,551,315	1,137,555
Actual income tax assets		285,371	46,077
Cash and cash equivalents	*16*	6,690,659	5,226,528
Restricted cash	*16*	2,527,194	1,270,504
Total current assets		**26,565,923**	**17,368,377**
Total Assets		**43,334,251**	**22,612,457**

Consolidated balance sheet

data provided in thousands HUF, unless indicated otherwise

LIABILITIES	*Notes*	30.06.2022	31.12.2021
Equity			
Registered capital	*17*	171,989	171,989
Treasury shares repurchased	*18*	(304,694)	(243,406)
Capital reserve	*17*	1,546,509	1,544,146
Exchange reserves	*19*	698,632	112,494
Profit reserve	*17*	5,606,452	5,400,252
Total equity of the parent company		**7,718,888**	**6,985,475**
Non-controlling ownership interest	*20*	645,308	(64,013)
Total equity:		**8,364,196**	**6,921,462**
Long-term liabilities			
Long-term loans	*21*	1,641,977	0
Deferred tax liabilities	*23*	260,265	219,025
Other long-term liabilities	*24*	4,104,716	0
Bonds payable	*22*	13,022,160	6,909,514
Lease liabilities	*6*	1,395,202	372,250
Total long-term liabilities		**20,424,320**	**7,500,789**
Current liabilities			
Short-term loans and borrowings	*21*	4,420,344	4,373,387
Accounts payable	*25*	2,849,034	1,321,060
Liabilities to related undertakings	*26*	610,051	17,950
Other liabilities	*27*	6,022,648	2,383,395
Short-term liabilities from leases	*6*	298,734	76,667
Actual income tax liabilities		344,924	17,747
Total current liabilities		**14,545,735**	**8,190,206**
Total liabilities and equity		**43,334,251**	**22,612,457**

Consolidated result and comprehensive income statement

data provided in thousands HUF, unless indicated otherwise

	Notes	**01.01.2022 - 30.06.2022**	**01.01.2021 - 30.06.2021**
Net sales revenues	*28*	16,994,857	5,911,155
Other operating income	*29*	288,903	216,664
Total income		**17,283,760**	**6,127,819**
Variation in self-manufactured stock	*30*	192,026	(630,454)
Consumables and raw materials	*31*	125,357	134,309
Goods and services sold	*32*	1,111,824	1,057,290
Contracted services	*33*	12,043,941	3,756,501
Personnel costs	*34*	1,137,518	403,448
Depreciation and amortisation		176,393	80,007
Depreciation on right-of-use	*6*	135,018	63,933
Other operating charges	*35*	409,537	462,120
Operating costs		**15,331,614**	**5,327,154**
Operating profit/loss		**1,952,146**	**800,665**
Financial revenues	*36*	249,654	26,899
Financial expenses	*37*	(295,267)	(183,649)
Profit of participations valued with the equity method	*9*	79,556	40,671
Profit/Loss before taxation		**1,986,089**	**684,586**
Income taxes	*38*	389,813	124,913
Taxed profit		**1,596,276**	**559,673**
Other comprehensive income	*39*	**630,228**	**30,573**
Total comprehensive income		**2,226,504**	**590,246**
From taxed profit			
Attributable to the parent company		**1,381,898**	**557,332**
Attributable to external shareholders		**214,378**	**2,341**
Of the total comprehensive income			
Attributable to the parent company		**1,968,037**	**597,895**
Attributable to external shareholders		**258,468**	**(7,649)**
Income per share (HUF)	*40*		
Basis		38,8	15,6
Diluted		38,7	15,6

The notes provided on pp. 9-67 constitute an integral part of the Consolidated Financial Statements

Statement of changes in the consolidated equity

data provided in thousands HUF, unless indicated otherwise

	Notes	Registered capital	Treasury shares repurchased	Capital reserve	Profit reserve	Exchange reserves	Total equity of the parent company	Non-controlling ownership interest	Total equity
Balance as at 31 December 2020		**171,989**	**(193,614)**	**1,526,164**	**5,318,283**	**83,340**	**6,906,162**	**(64,163)**	**6,841,999**
Dividends	*16*				(1,388,449)		**(1,388,449)**		**(1,388,449)**
Purchase of treasury shares	*17*		(49,792)				**(49,792)**		**(49,792)**
Employee and management share schemes	*17*			17,982			**17,982**		**17,982**
Total comprehensive income					1,470,418	29,154	**1,499,572**	150	**1,499,722**
Balance as at 31 December 2021		**171,989**	**(243,406)**	**1,544,146**	**5,400,252**	**112,494**	**6,985,475**	**(64,013)**	**6,921,462**
Dividends	*16*				(1,175,700)		**(1,175,700)**		**(1,175,700)**
Purchase of treasury shares	*17*		(61,289)				**(61,289)**		**(61,289)**
Acquisition							**0**	450,852	**450,852**
Employee and management share schemes	*17*			2,363			**2,363**		**2,363**
Total comprehensive income					1,381,900	586,138	**1,968,038**	258,469	**2,226,507**
Balance as at 30 June 2022		**171,989**	**(304,694)**	**1,546,509**	**5,606,451**	**698,632**	**7,718,887**	**645,308**	**8,364,195**

The notes provided on pp. 9-67 constitute an integral part of the Consolidated Financial Statements

Consolidated Cash Flow Statement

data provided in thousands HUF, unless indicated otherwise

	Notes	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
OPERATING CASH FLOW			
Taxed profit		1,596,276	559,673
Adjustments:			
Financial results	36-37	45,613	156,750
Reporting year depreciation and depreciation on right-of-use assets		311,411	143,940
Deferred taxes	11	18,540	(41,530)
Revaluation of investment property	29	(38,500)	(23,655)
Share scheme	18	2,363	1,921
Changes to goodwill exchange differences	7	(725,585)	0
Shares measured with the equity method	9	(79,556)	(40,671)
Changes in the revaluation reserve and non-controlling shares		809,163	(21,209)
Tax payable	38	368,550	129,713
Changes in working capital			
Changes in inventories	12	118,183	(426,725)
Changes in accounts receivable, other receivables and related receivables	13-15	(1,580,076)	(727,658)
Changes in accrued and deferred assets	15	(1,393,929)	(46,531)
Changes in accounts payable and related liabilities	25-26	(240,178)	345,991
Other current liabilities and accruals and deferrals	27	1,974,562	(260,344)
Changes in accrued and deferred liabilities	27	288,533	90,854
Income tax paid		14,706	(68,568)
Net operating cash flow		***1,490,075***	***(228,049)***
Investment cash flow			
Tangible and intangible assets purchased	3-5	(254,440)	(76,309)
Sale of tangible assets	3-5	290,400	55,776
(-) Escrow account related to the acquisition	15	(1,910,985)	0
Purchase of other invested assets		7,007	(29,633)
Dividend from affiliated undertakings		194,500	370,000
Acquisition/Disposal of subsidiaries (excluding acquired liquid assets)	2	(2,048,011)	0
Net investment cash flow		***(3,721,530)***	***319,834***
Financing cash flow			
Bank loans/(repayment)	21	(1,004,995)	75,959
Capital contribution/ (Purchase of Treasury shares)	17-18	(61,288)	(9,084)
Changes in right-of-use and lease liabilities	6	(170,825)	(29,423)
Dividend payments	17	(1,134,337)	(1,358,237)
Bond issues	22	5,914,000	(1,000)
Interest received (paid)	36-37	(23,199)	(1,055)
Net financing cash flow from investment activities		***3,519,356***	***(1,322,840)***
Net change in cash and cash equivalents		1,287,901	(1,231,055)
Balance of cash and cash equivalents as at the beginning of the year		5,226,528	6,169,525
Exchange rate differences in liquid assets		176,231	(74,052)
Balance of cash and cash equivalents as at the end of the year	16	**6,690,660**	**4,864,418**

The notes provided on pp. 9-67 constitute an integral part of the Consolidated Financial Statements

1. General

1.1 Introduction to the company

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

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

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

The effects of COVID-19

The COVID-19 pandemic had a negative effect on the Group's markets and operations only in the second quarter of 2020. Its effects were negligible in the first half of 2022.

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

Duna House Holding Nyrt.'s largest shareholders are GD Holding Kft. (1026 Budapest, Hidász utca 21. fszt 1., company registration number: Cg.01-09-405548) and DDGroup Kft. (1025 Budapest, Szépvölgyi út 206, company registration number: Cg.01-09-405549), each of which own a share of 38.86%. These two companies were created as a result of the 31 December 2021 merger of Medasev Holding Kft and Medasev Int. (Cyprus) Ltd. and their subsequent demerger on 5 September 2022.

Owner's name	Ownership share as at 30 June 2022	Ownership share as at 31 December 2021
Medasev Holding Kft.	77.72%	77.72%

AEGON Magyarország Befektetési Alapkezelő Zrt.	7.60%	7.49%
Employees	2.18%	1.76%
Treasury shares repurchased	1.87%	1.79%
External investors	10.63%	11.24%
Total	**100%**	**100%**

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

1.2 Basis of the financial statements

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

The interim consolidated financial statements were approved by the Board of Directors on 29 September 2022. The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

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

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

ii) Basis of the financial statements

The consolidated financial statements were prepared on the basis of the standards issued and effective before 30 June 2022 and according to the IFRIC interpretations.

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

iii) Basis of the valuation

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

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

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

2. Accounting policy

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

2.1 Main components of the accounting policy

2.1.1 **Basis of consolidation**

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

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

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

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

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

2.1.2 **Reporting currency and FX balances**

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

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

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

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

2.1.3 **Sales revenue**

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

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

2.1.4 **Real estate, machines, equipment**

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

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

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

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

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

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

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

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

2.1.5 **Impairment loss**

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

2.1.6 **Intangible assets**

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

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

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

Rights and titles as well as software	3-6 years

2.1.7 **Goodwill**

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

2.1.8 **Inventories**

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

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

2.1.9 Receivables

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

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

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

2.1.11 Financial instruments

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

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

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

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

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

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

Valuation at amortised historical cost

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

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

Debt instruments valuated at fair value against other comprehensive profits

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

Capital investments valuated at fair value against other comprehensive profits

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

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

Valuated at fair value against profit

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

Fair value accounting

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

Derecognition of financial instruments

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

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

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

2.1.12 Provisions

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

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

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

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

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

2.1.13 Investment property

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

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

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

2.1.14 Income taxes

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

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

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

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

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

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

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

2.1.15 Leasing

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

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

2.1.16 Earning per share (EPS)

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

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

2.1.17 Off-balance sheet items

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

2.1.18 Treasury shares repurchased

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

2.1.19 Dividends

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

2.1.20 Profit/Loss on financial transactions

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

2.1.21 State aid

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

2.1.22 Distribution of shares, option schemes

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

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

2.1.23 Restricted cash

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

2.1.24 Events subsequent to the accounting reference date

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

2.2 Changes in the Accounting Policy

The Group prepared its financial statements in compliance with the provisions of all the standards and interpretations in force as at 30 June 2022.

2.3 Uncertainties

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

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

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

2.3.1 Impairment on goodwill

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

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

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

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

2.3.3 **Trail commission**

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

2.3.4 **Investment property**

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

2.3.5 **Depreciation**

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

2.4 Business combination details, enterprises involved in the consolidation

As a Subsidiary	address:	**30.06.2022**	**31.12.2021**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft .	1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Gold Finance Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	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)	70%	0%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	66%	0%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	70%	0%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	57%	0%
Relabora S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	48.3%	0%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

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 69.0% share), which primarily deals with computer programming.

Point 2.4.1.19 presents the details of the acquisition of HGroup.

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

2.4.1.1 **Duna House Franchise Kft.**

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

2.4.1.2 **REIF 2000 Kft.**

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

2.4.1.3 **Hitelcentrum Kft.**

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

2.4.1.4 **Duna House Biztosításközvetítő Kft.**

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

2.4.1.5 **DH Projekt Kft.**

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

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

2.4.1.6 **Duna House Ingatlan Értékbecslő Kft.**

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

2.4.1.7 **Energetikai Tanúsítvány Kft.**

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

2.4.1.8 **Superior Real Estate Kft.**

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

2.4.1.9 **Home Management Kft.**

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

2.4.1.10 **GDD Commercial Kft.**

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

2.4.1.11 **SMART Ingatlan Kft.**

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

2.4.1.12 **Home Line Center Kft.**

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

2.4.1.13 **Impact Alapkezelő Zrt.**

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

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

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

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

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

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

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

2.4.1.15 **Akadémia Plusz 2.0 Kft.**

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

2.4.1.16 **Duna House Szolgáltatóközpont Kft .**

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

2.4.1.17 **Polish subsidiaries**

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

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

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

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

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

2.4.1.18 **Czech subsidiaries**

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

2.4.1.19 **Italian subsidiaries**

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

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

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

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

Presentation of the acquired ownership share

The following table contains the detailed ownership shares:

Company	HGroup S.p.A.’s ownership share in its subsidiaries	Duna House Group’s share after the acquisition
HGroup S.p.A.	-	70.0%
Credipass S.r.l.	95%	66.3%
Medioinsurance S.r.l.	100%	70,0%
Relabora S.r.l.	69%	48.3%
Realizza S.r.l.	82%	57.4%

Presentation of HGroup group’s financial figures

Based on the Hgroup Group’s audited financial statements prepared according to Italian accounting standards, its consolidated EBITDA was EUR 3,810 thousand, equal to HUF 1,366.0 million in 2021 (calculated with the average EUR/HUF rate for 2021).

Presentation of the total value transferred and expected future payments

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

Based on the 2021 audited financial statements of the Hgroup group, the first purchase price instalment was adjusted, resulting in the company's value decreasing to EUR 25.8 million and the first instalment to EUR 8.0 million. The following table shows the details of this calculation:

thousand EUR	**First purchase price instalment**	**First purchase price instalment as adjusted**
Consolidated EBITDA	4,500	3,810
- Adjustments (24% tax, other items)	-1,517	-1,353
Consolidated adjusted EBITDA	**2,983**	**2,457**
EV/EBITDA multiplier	***10.5x***	***10.5x***
Enterprise Value	**31,322**	**25,797**
- Net Debt	-6,200	-7,835
Equity value	**25,122**	**17,961**
Value of 70% share	**17,585**	**12,573**
x ratio of the 1st instalment	64%	64%
First purchase price instalment	**11,254**	**8,047**

The difference in the purchase price instalment paid at the time of closing and the adjusted instalment is EUR 3.2 million. Of this amount, the Company received EUR 1.7 million from the escrow account opened for the purposes of this adjustment after the accounting reference date of these statements, and the remaining EUR 1.5 million will be deducted from future earn-outs. As part of the settlement, the Parties agreed that the balance of the EUR 2.0 million escrow account set up by the Company for the earn-out would be paid out to the Company.

The sellers are entitled to further earn-outs on 30 June 2023, 30 June 2024, and 30 June 2025 based on the consolidated adjusted EBITDA for the previous year. The basis of the value of the various earn-outs is the enterprise value for the given year minus the fixed net debt position adjusted with the repaid owner's loan of EUR 1 million.

The amount of earn-out payments is surrounded by significant uncertainty as they depend on HGroup group's actual future EBITDA figures. As a preliminary estimate, the Group's management used a business plan specified in the purchase agreement that is decreased by 10-15% compared to the business plan defined by HGroup's own management. The following table presents the details of the expected earn-out payments:

thousand EUR	**2022**	**2023**	**2024**
HGroup Group's expected consolidated EBITDA	6,447	7,500	8,553
- Adjustments (24% tax)	-1,547	-1,800	-2,053
HGroup Group's expected consolidated adjusted EBITDA	**4,900**	**5,700**	**6,500**
EV/EBITDA multiplier	***10.5x***	***10.5x***	***10.5x***
Expected Enterprise Value	**51,450**	**59,850**	**68,250**
- Net Debt	-5,200	-5,200	-5,200
Expected equity value	**46,250**	**54,650**	**63,050**
x 70% x 12% = 8.4%	8.40%	8.40%	8.40%
Expected earn-out	**3,885**	**4,591**	**5,296**

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

thousand EUR	**First purchase price instalment as adjusted**	**Earn-out 2022**	**Earn-out 2023**	**Earn-out 2024**	**Total**
Expected payment obligation	**8,047**	**3,885**	**4,591**	**5,296**	**21,818**
Amount transferred to buyers upon closing	9,566				**9,566**
Amount transferred to escrow account upon closing	1,688				**1,688**
Amounts paid	**11,254**	**0**	**0**	**0**	**11,254**
Calculated payment obligation	**-3,208**	**3,885**	**4,591**	**5,296**	**10,564**
Compensation from earn-out	1,520	-1,520			**0**
Expected payment obligation	**-1,688**	**2,365**	**4,591**	**5,296**	**10,564**

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

3. Property, machinery and equipment

data in HUF thousands	Land and buildings	Machinery and equipment	Total
Gross value			
As at 31 December 2020	**591,821**	**439,342**	**1,031,163**
Expansion of the scope of consolidation			
Growth and reclassification	10,034	158,565	168,599
Decrease and reclassification	0	-445,756	-445,756
As at 31 December 2021	**601,855**	**152,151**	**754,006**
Expansion of the scope of consolidation	1,476,034	172,036	1,648,069
Growth and reclassification	17,449	139,909	157,358
Decrease and reclassification	0	-100,427	-100,427
As at 30 June 2022	**2,095,338**	**363,668**	**2,459,006**
Accumulated depreciation			
As at 31 December 2020	**167,718**	**123,219**	**290,937**
Expansion of the scope of consolidation	0	0	0
Annual write-off	25,067	29,412	54,479
Decrease	0	-23,321	-23,321
As at 31 December 2021	**192,785**	**129,310**	**322,095**
Expansion of the scope of consolidation	96,575	121,435	218,010
Annual write-off	31,221	41,327	72,549
Decrease	0	-2,259	-2,259
As at 30 June 2022	**320,581**	**289,814**	**610,395**
Net book value			
As at 31 December 2020	**424,103**	**316,122**	**740,225**
As at 31 December 2021	**409,070**	**22,840**	**431,910**
As at 30 June 2022	**1,774,757**	**73,854**	**1,848,611**

In the course of the first half of 2021, the Group activated its new real estate agency ERP system, as a result of which the value of the investments recorded among machines and equipment decreased by HUF 323.6 million and the value of intangible assets increased.

The group acquired real estate in a total gross value of HUF 1,379.5 (offices used by the company) and technical equipment and office furniture in a gross value of HUF 50.6 million as a result of the acquisition of Hgroup Spa.

4. Investment property

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

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

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

data in HUF thousands	**Total**
As at 31 December 2020	**1,868,721**
Expansion of the scope of consolidation	0
Growth and reclassification	0
Changes in the fair value	68,655
Decrease and reclassification	-87,876
As at 31 December 2021	**1,849,500**
Expansion of the scope of consolidation	0
Growth and reclassification	0
Changes in the fair value	17,500
Decrease and reclassification	-269,400
As at 30 June 2022	**1,597,600**
As at 31 December 2020	**1,868,721**
As at 31 December 2021	**1,849,500**
As at 30 June 2022	**1,597,600**

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

The sale of the real estate portfolio continued in the H1 2022: in all, the company group sold real estate with a book value of HUF 269.4 million at a purchase price of HUF 290.4 million. The sold real estate includes small business premises, an apartment, and 6 parking spaces in underground garages. The Group realised an additional markup of HUF 17.5 million on the remaining real estate portfolio.

5. Intangible assets

data in HUF thousands	Total
Gross value	
As at 31 December 2020	**373,468**
Expansion of the scope of consolidation	0
Growth and reclassification	468,024
Decrease and reclassification	-15,975
As at 31 December 2021	**825,517**
Expansion of the scope of consolidation	474,445
Growth and reclassification	92,313
Decrease and reclassification	0
As at 30 June 2022	**1,392,275**
Accumulated depreciation	
As at 31 December 2020	**357,013**
Expansion of the scope of consolidation	0
Annual write-off	133,029
Decrease	681
As at 31 December 2021	**490,723**
Expansion of the scope of consolidation	419,856
Annual write-off	104,066
Decrease	682
As at 30 June 2022	**1,015,328**
Net book value	
As at 31 December 2020	**16,455**
As at 30 June 2022	**334,794**
As at 30 June 2022	**376,948**

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

In 2022, the gross value of intellectual property grew by a total of HUF 474.4 million thanks to the acquisition of Hgroup Spa., with the company group capitalising ERP system-related developments in a total of HUF 92.3 million.

6. Leases

	30.06.2022	31.12.2021
Right-of-use		
Land and buildings	1,339,797	300,564
Machinery and equipment	205,249	46,816
	1,545,045	**347,380**
Lease obligations		
less than 1 year	298,734	76,667
between 1 and 5 years	1,395,202	372,250
more than 5 years	0	0
	1,693,936	**448,917**
Depreciation of right-of-use asset	-135,018	-134,782
Interest expenditure	-21,490	-15,178
	-156,508	**-149,961**
Contracted services	**126,802**	**133,030**
Impact of IFRS 16 on profits	**-29,706**	**-16,931**

Impact of IFRS 16 on lease cash flow	**2022.06.30**	**2021.12.31**
Profit/Loss before taxation	-29,706	-16,931
Depreciation	135,018	134,782
Interest costs	-21,490	-15,178
Net financing cash flow from business activities	**83,823**	**102,673**
Amortisation of lease obligations	-126,802	-133,030
Interest paid	21,490	15,178
Net financing cash flow from financial activities	**-105,311**	**-117,852**

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

7. Goodwill

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

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

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

Company name	**30.06.2022**	**31.12.2021**
Hgroup Spa.	8,451,352	0
Metrohouse Franchise S.A.	813,930	813,930
Gold Finance Sp. z o.o.	273,355	243,948
Alex TG Sp. z o.o.	328,489	327,758
Center Reality s.r.o.	167,601	167,601
Home Management Kft.	18,500	18,500
Duna House Franchise s.r.o.	10,421	10,421
Accumulated conversion difference on the balance sheet date	685,513	193,365
Total	**10,749,161**	**1,775,523**

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

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

*The growth rates of the profit-producing units refer only to the period not covered by the cash flow plan. Accounting of Hgroup Spa.'s acquisition according to IFRS 3 is undergoing clarification, which the group has to finalise by the 2022 statements.

8. Investments in subsidiaries

	Percentage of ownership	30.06.2022	31.12.2021
Casashare Srl	100.00%	64,341	0
Fintech Srl	90.00%	55,149	0
Reclub Srl	55.45%	26,655	0
Soges Realizza	51.00%	1,875	0
Owner's loan Soges Realizza		35,902	0
Total		**183,922**	**0**

The investments specified in the table are Hgroup Spa.'s direct or indirect, non-operative investments. The ownership share in Soges Realizza, one of the franchise partners operating under the Realizza brand, was sold on 7 July 2022. The Casashare, Fintech, and Reclub companies are undergoing voluntary liquidation.

9. Investments in associated companies and joint ventures

The value of investments in associated companies and joint ventures reflects the consolidated value of the 50% share in Hunor utca 24. Kft. (MyCity Residential Development Kft's joint venture), valued with the equity method. The value of the share dropped by HUF 116,4 million between 1 January 2022 and 30 June 2022 due to the fact that Hunor utca 24. Kft paid a dividend of HUF 194.5 million to the Group.

Date	Text	Hunor u. 24. Kft.	Total
01.01.2021	Opening balance	427,667	**427,667**
31.03.2021	Participation from profit or loss	-346,037	**-346,037**
30.06.2021	Participation from profit or loss	16,708	**16,708**
30.09.2021	Participation from profit or loss	70,258	**70,258**
31.12.2021	Participation from profit or loss	45,746	**45,746**
31.12.2021	**Closing balance**	**214,342**	**214,342**
01.01.2022	Opening balance	214,342	**214,342**
31.03.2022	Participation from profit or loss	-172,768	**-172,768**
30.06.2022	Participation from profit or loss	57,825	**57,825**
30.06.2022	**Closing balance**	**99,399**	**99,399**

10. Financial instruments

The Company's financial assets were as follows:

	30 June 2022	December 31, 2021
Deposit, security deposit	61,917	59,202
Other long-term loans granted	54,806	3,210
Total	**116,723**	**62,412**

11. Deferred tax receivables

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

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

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

Deferred tax receivables	**30.06.2022**	**31.12.2021**
Due to taxation in accordance with the cash accounting principle	140,907	142,268
Losses carried forward	41,114	35,827
Impairment loss of receivables	30,792	29,944
Due to consolidation-related exclusions and accounting	38,057	17,183
Provisions	0	2,092
Property, machinery and equipment, investment property and other	49	905
Total	**250,919**	**228,219**

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

Maximum available tax loss amount (PLN)

Year of use	Metrohouse Franchise S.A.	Metrohouse S.A.	Primse.com Sp. z o.o.	Total (PLN)	Total (HUF thousand)	Distribution between years
2021	0	0	0	0	0	0%
2022	570,442	285,799	0	856,240	72,558	56%
2023	0	0	336,623	336,623	28,525	22%
2024	0	0	332,984	332,984	28,217	22%
2025	0	0	0	0	0	0%
Total	**570,442**	**285,799**	**669,608**	**1,525,848**	**129,300**	**100%**

12. Inventories

	30.06.2022	**31.12.2021**
Real estate development projects under construction	7,284,392	7,407,313
Marketing tools	16,296	11,557
Total	**7,300,688**	**7,418,870**

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

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

13. Trade receivables

	30.06.2022	**31.12.2021**
Trade receivables	4,307,191	2,265,180
Impairment loss of receivables	-185,870	-163,129
Total	**4,121,321**	**2,102,051**

The book value of trade receivables increased by HUF 1,196.9 million as a result of the consolidation of Hgroup Spa., with the purchase prince instalments expected from buyers for the apartments in the Forest Hill residential development project, undergoing handover, also amounted to a growth of HUF 944.0 million.

	30.06.2022	31.12.2021
Impairment of trade receivable opening values	**163,129**	**250,327**
Increase	49,638	37,711
Bad debts (derecognition)	0	0
Decrease	-26,897	-124,910
Impairment changes on trade receivables in the target year	22,741	-87,199
Impairment of trade receivable closing values	**185,870**	**163,129**

14. Amounts owed by related undertakings

	30.06.2022	31.12.2021
Medasev Holding Kft.	46,803	10,080
Duna House Magyar Lakás Ingatlanalap [Duna House Hungarian Apartment Real Estate Fund]	0	151,809
Parent company	**0**	**161,889**
The business units with joint control or significant influence over the business unit	**0**	**0**
Subsidiaries	**0**	**0**
Affiliated undertaking	**0**	**0**
Loan receivables from Hunor utca 24. Kft.	4,161	4,161
Trade receivables Hunor utca 24. Kft.	4,290	13
Joint ventures	**8,451**	**4,175**
Other	34,121	728
Other related parties	**34,121**	**728**
Total	**89,375**	**166,792**

The total value of related receivables decreased to HUF 89.4 million in the target period. The loan provided to Medasev Holding Kft. equals HUF 46.8 million, the annual interest of which is the respective National Bank of Hungary (MNB) base interest rate plus 5.0%. Medasev Holding Kft. repaid its debt by 30 July 2022. The owner’s loan against the company Fintech Srl., outside the scope of consolidation and subject to winding-up proceedings, in which Hgroup Spa. owns a 90% share, amounted to an additional HUF 34.1 million.

15. Other receivables

	30.06.2022	31.12.2021
Escrow account	1,910,985	0
Accrued incomes	1,470,744	74,972
Advances paid	781,983	307,235
Trail commission	702,010	657,673
Other receivables (taxes)	440,880	22,784
Other receivables	67,398	5,751
Collateral	64,000	30,000
Prepaid expenses	34,351	1,867
Short-term loans	34,350	17,175
Rental fee paid as attorney deposit	33,940	13,969
Security deposit	5,493	3,219
Duty receivable from lawsuits	2,821	1,730
Assigned receivables	2,360	1,180
Total	**5,551,315 ,**	**1,137,555**

The Escrow account line includes the balance of the escrow account set up in connection with the purchase of Hgroup Spa. The Group was returned the entire balance.

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

The given advance and deposit lines consist of the advances on commissions given to credit consultants as part of certain promotions and of deposits given to the lessor in connection with vehicle leases.

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.

16. Cash and cash equivalents

	30.06.2022	31.12.2021
Bank account balance – available	6,679,898	5,220,931
Bank account balance – restricted	2,527,194	1,270,504
Cash	10,761	5,597
Total	**9,217,853**	**6,497,032**

Regarding the aggregate bank account balance, HUF 2,527.2 million is only available subject to the following restrictions:

Affected by restrictions		**Reason for restriction**
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 2,407,669 thousand	Security interest in collateral securing the repayment of the loans granted by Takarékbank Zrt. in connection with the Forest Hill residential development, with collateral including down payments, earnest money and purchase price by clients paid into a separate blocked bank account and available only for the re- and pre-payment of the loans. The prepayment of both loans is only allowed from the third working day from the notification to this effect by Takarékbank Zrt. The project loan was fully repaid on 18 July 2022.
Impact Asset Management Zrt.	HUF 119,025 thousand	Pursuant to Section 16 (3) and (7) of Act XVI of 2014 on collective investment forms and its managers and on the amendment of certain financial laws, in order to be able to ensure continuous operation and protect investors, Impact Asset Management Zrt. must, at all times, have solvency capital invested in liquid assets or assets that can be converted into immediately available liquid assets in an amount that covers the risk posed by its activity at all times.
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 2,527,194 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. No amounts were used from this overdraft facility as at the end of the reporting period.

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:

	2022. 06. 30		2021. 12. 31.	
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. 06. 30		2021. 12. 31.	
"A" ordinary share, face value of HUF 5	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
Beginning of the period	**34,387,870**	**171,939**	**34,387,870**	**171,939**
Shares issued	0	0	0	0
End of the period	**34,387,870**	**171,939**	**34,387,870**	**171,939**

	2022. 06. 30		2021. 12. 31.	
"B" employee preferential share, face value of HUF 50	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
Beginning of the period	**1,000**	**50**	**1,000**	**50**
Shares issued	0	0	0	0
End of the period	**1,000**	**50**	**1,000**	**50**

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

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

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

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

On 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.

Dividend calculations	**30.06.2022**	**31.12.2021**
Dividend for series "A" ordinary shares, based on a general meeting decision	-1,100,400	-1,328,000
Dividend for series "B" employee preferential shares, based on a general meeting decision	-75,300	-60,449
Total dividends allocated	**-1,175,700**	**-1,388,449**
Deducted PIT	0	0
Dividends allocated based on PIT	**-1,175,700**	**-1,388,449**
Q1	333	-450,537
Q2	-1,091,381	-877,375
Q3	0	-88
Dividends paid for series "A" ordinary shares	**-1,091,048**	**-1,328,000**
Q1	-15,112	-15,125
Q2	-18,825	-15,112
Q3	0	-15,112
Q4	0	-15,112
Dividends paid for series "B" employee shares	**-33,937**	**-60,462**
Total dividends paid	**-1,124,985**	**-1,388,462**

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

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.

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.

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

Number of treasury shares	**30.06.2022**	**31.12.2021**
Start of the period	**614,671**	**507,830**
Purchase of shares	557,184	147,147
Provided in the framework of the Management option scheme	-535,660	-
Provided in the framework of the Employee scheme	-37,916	-40,306
End of the period	**598,279**	**614,671**

19. Exchange reserves

The balance of the conversion reserve at the end of the period (HUF 698,632 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 ownership interest

This balance sheet row indicates the amount of the equity due the minority shareholders holding 30% of the equity of the Italian Hgroup Spa., 20% of the equity of the Czech Duna House Franchise s.r.o, 1% of Duna House Hypotéky s.r.om and 10% of the equity of Primse.com Sp.z o.o. The balance also contains the conversion difference allocated to minority shareholders in relation to the operation of those companies.

21. Long and short-term loans and credits

Short-term loans and borrowings

	Interest	Maturity	30.06.2022	31.12.2021
Pusztakúti 12. Kft. (Takarékbank)	Bubor 1m + 2.50%	Amortised: 18.07.2022	3,634,741	4,373,387
Cash-pool loan, Italy			785 603	
Total			**4,420,344**	**4,373,387**

Long-term loans

	Interest	Maturity	30.06.2022	31.12.2021
BPER mortgage, EUR 2,100,000	2.90%	2031.11.08	677,379	
Volksbank mortgage, EUR 440,000	1.60%	2032.06.11	147,751	
Unicredit EUR 2,000,000	5.20%	2024.05.05	470,747	
Creval, EUR 1,500,000	Euribor 3m + 2.75%	2024.10.05	287,908	
Banca Privata Leasing, EUR 560,000	Euribor 3m + 4.50%	2023.03.27	58,192	
Total		,	**1,641,977**	**0**

Pusztakúti 12. Kft.: Takarékbank

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

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

BPER and Volksbank mortgages
The Hgroup group owns a total of two offices in the Italian cities of Bergamo and Castelfranco Veneto. 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

	Coupon	Maturity	30.06.2022	31.12.2021
Duna House NKP Bond 2030/I., HUF	3.00%	2030.09.02	6,990,762	6,909,514
Duna House NKP Bond 2032/I., HUF	4.50%	2032.01.12	6,031,398	
Total			**13,022,160**	**6,909,514**

Duna House NKP Bond 2030/I.
On 2 September 2020, the company issued bonds with the name “Duna House NKP Bond 2030/I” in a total value of HUF 6.6 billion. The average issue value of the bonds is 104.6955% of their face value. The bonds have a fixed-rate interest, the coupon is set at 3%, and the term is 10 years. The average yield realised by the issuance was 2.3477 percent and the total proceeds were HUF 6.9 billion. The Company used the issuance to refinance its loans used for other than financing projects and 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 Company capitalised borrowing costs for the issued bonds in a total of HUF 22,240 thousand (legal, organisation, and distributor fees), of which HUF 20,534 thousand was in 2020 and HUF 1,706 thousand was in 2021. Activation rate: 100%

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

	Interest payment	Payments of principal on loans	Total Cash Flow
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.
On 12 January 2022, the company issued bonds with the name "Duna House NKP Bond 2032/I" in a total face value of HUF 6.0 billion. 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 5.9 billion. The Group used the bond proceeds to finance the purchase of Hgroup Spa. and plans additional acquisitions.

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 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. Deferred tax liabilities

	30.06.2022	31.12.2021
Due to the difference in the valuation of fixed assets and investment properties	204,307	168,893
Due to the recognition of trail commission	63,181	59,191
Losses carried forward	(9,443)	(9,443)
Due to provisions	1,894	
Due to consolidation-related exclusions and accounting	0	0
Impairment on Trade receivables	326	385
Total	**260,265**	**219,026**

Deferred tax assets and liabilities were netted at the level of the subsidiaries. Within the HUF 260,265 thousand balance, HUF 63,181 thousand is a deferred tax liability resulting from the difference in the recognition of the trail commission realised in the financial product intermediation segment between the Hungarian and international accounting.

24. Other long-term liabilities

	30.06.2022	31.12.2021
Deferred purchase price	3,812,422	0
Severance payment fund	289,496	0
Other long-term liabilities	2,798	0
Total	**4,104,716**	**0**

The amount of other long-term liabilities increased due to the purchase of Hgroup Spa. HUF 3,812.4 million is the present value of the deferred purchase price related to the acquisition of the 70% stake, and HUF 289.5 million is the mandatory severance payment fund in Italy.

25. Accounts payable

	30.06.2022	31.12.2021
Trade payables	2,849,034	1,321,060
Total	**2,849,034**	**1,321,060**

The increase in accounts payable was caused by the consolidation of Hgroup Spa., which increased the book value by a total of HUF 1,665.5 million.

26. Liabilities to related undertakings

	30.06.2022	31.12.2021
Parent company	**0**	**0**
Dividends due to employees	65,827	15,112
The executives in key positions in the business unit and its parent company	**65,827**	**15,112**
Dividends due to shareholders	0	333
Bitkover Kft.	2,377	2,505
Reclub srl	3,299	0
Fintech srl	257,888	0
Hgroup minority owners	280,660	0
Other related parties	**544,224**	**2,838**
Total	**610,051**	**17,950**

The balance of related liabilities consists typically of the owner's loans to the minority owners of Hgroup and the payment obligations owed to Fintech srl., which sells its credit intermediary division to Credipass.

The outstanding dividend liability to holders of employee shares is HUF 65,827 thousand. Point 16 presents the approved dividends.

The Company's Czech subsidiary owes interest of HUF 2,377 thousand to Bitkover Kft., which owns 20% of the shares of Duna House Franchise s.r.o.

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

27. Other liabilities

Other liabilities contain the following:

	30.06.2022	31.12.2021
Advance payments, earnest money and bid bonds	3,247,357	1,490,769
Accrued costs and charges	796,900	11,501
Tax liability	625,297	173,999
Settlement account of home owners	326,172	159,204
Liabilities related to investments	261,855	0
Settlement account of lessees	199,978	88,273
Accrued revenues	190,178	357,779
Insurance obligation	163,421	0
Liabilities from remuneration	149,129	83,522
Other	27,214	9,313
Liabilities related to litigation	21,385	0
Received deposits	13,762	9,035
Grants received	0	0
Total	**6,022,648**	**2,383,395**

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

Accrued and deferred liabilities increased due to commission invoices not received by the closure of the balance sheet, primarily in connection with the Italian credit intermediary activity.

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).

The Italian Hgroup Spa. owes a purchase price instalment of HUF 261.9 million from earlier purchases.

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

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

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

28. Sales revenue

Net sales revenues	30.06.2022	30.06.2021
Revenue from brokerage of loan and housing savings products	13,549,160	3,919,957
Revenue from real estate agency services	1,187,548	955,861
Revenue from property sales	943,156	36,000
Franchise fees	858,293	707,993
Other revenue (damages, contractual penalties)	129,436	8,243
Revenue from real estate management	108,709	73,771
Marketing revenues from banks	34,249	6,600
Revenue from rental fee	34,144	24,397
Revenue from education, training	33,293	17,405
Revenue from fund management and success fee	32,551	34,892
Revenue form insurance mediation	23,001	23,455
Recharging (rental fee, utilities, etc.)	20,735	56,020
Revenue from appraisal	17,744	16,611
Revenue from issuing energy certificates	13,140	12,690
Revenue from sales support	9,698	11,308
Other revenue from sales	0	5,953
Revenue from construction activities	0	0
Total	**16,994,857**	**5,911,155**

The Duna House Group experienced extraordinary growth in H1 2022, with its consolidated sales revenue increasing by 188% to HUF 16,995 million thanks to the acquisition of Italy's leading credit intermediary group, Hgroup Spa. Revenue from the brokerage of loan and housing savings products amounted to 80% of consolidated sales revenue. Revenues related to real estate agency activities, such as real estate brokerage revenue and franchise fees, grew by 24% and 21%, respectively. Within the MyCity real estate development division, real estate sales revenues amounted to HUF 943 million due to the delivery of apartments in the Forest Hill project.

Revenue from brokerage of loan and savings products
It includes the brokerage fees of 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 must have a valid energy certificate. The revenue from the sale of this service is recognised under this category.

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

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

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

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

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

29. Other operating income

	30.06.2022	30.06.2021
Penalties and proceeds from litigation	205,695	136,757
Profit from the sale of tangible assets	24,810	0
Reversal of impairment on receivables	24,644	50,560
Revaluation of investment properties	17,500	23,655
Time barred liabilities	11,529	959
Other	4,201	4,560
Corporate tax support	524	0
Revenues from post-paid sales	0	93
Local business tax adjustments	0	80
Total	**288,903**	**216,664**

In H1 2022, the Group realised other operating revenue of HUF 205.7 million from litigious cases. Of these, the largest was a bank guarantee against one of Pusztakúti 12. Kft.'s former contractors, Pricons Kft., which amounted to HUF 154.4 million.

The Group realised profits of HUF 17.5 million on the markup of the investment real estate portfolio and an additional HUF 24.8 million on the sale of real estate and other tangible assets. In the interest of profile cleansing, the Group continued to sell off its investment property portfolio.

30. Variation in self-manufactured stock

	30.06.2022	30.06.2021
Pusztakúti 12. Kft.	-192,026	-657,244
Reviczky 6-10. Kft.	0	26,790
Total	**-192,026**	**-630,454**

Calculation of stock changes in the target year	**30.06.2022**	**31.12.2021**
Variations in self-manufactured stocks from the balance sheet	-124,372	219,621
Variations in self-manufactured stocks from the profit and loss account	-192,026	411,014
Difference	-67,654	191,393
Of which:		
Stock changes taken into consideration as goods	71,833	44,949
Other operating expenses	0	315,889
Interest capitalised from the expenses of financial transactions	-139,487	-169,446
Changes to the total of self-manufactured stocks	-67,654	191,393

For its real estate development projects, the Company capitalises its implementation costs for inventories and a part of interest paid to third parties for the financing of the projects.
In H1 2022, of the total of HUF 142,902 thousand in interest paid to third parties in connection with development projects, the Company capitalised HUF 139,487 thousand (for a capitalisation rate of 97.61%).

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

31. Consumables and raw materials

	30.06.2022	30.06.2021
Material costs of construction used	60,366	97,295
Utility fees and charges	46,282	29,834
Official forms, office supplies	12,411	1,968
Fuel	4,049	3,156
Maintenance costs	2,249	2,056
Total	**125,357**	**134,309**

32. Goods and services sold

	30.06.2022	30.06.2021
Cost of brokerage of financial product	596,163	518,550
Subcontractors' performances	318,806	396,681
Direct costs of real estate agency services	83,174	62,111
Other recharging (e.g., sales support, utilities, marketing)	29,935	70,916
Direct cost of the sale of real properties	75,853	0
Appraiser fees	7,357	8,843
Energy certificate fees	536	189
Cost of the sale of units	0	0
Total	**1,111,824**	**1,057,291**

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.

33. Contracted services

	30.06.2022	30.06.2021
Direct cost of the brokerage of financial products	9,483,699	2,490,085
Direct costs of real estate agency services	596,134	457,265
Other professional services (IT development, sales support, marketing, etc.)	363,439	263,095
Professional service fees	653,646	159,629
Other services purchased (insurance, training, postal services, photocopying, cleaning, etc.)	448,920	106,060
Advertising, promotion	137,408	90,658
Cost of IT operation	135,495	28,267
Rent, common expenses	77,872	63,074
Telephone and communications expenses	53,789	17,617
Legal fees	47,245	18,470
Bank fees, insurance premiums	14,600	9,885
Cost of stock exchange listings (BSE, KELER)	10,497	11,254
MyCity engineering consultancy and inspection	4,073	14,597
Duna House Magyar Lakásingatlan Alap distribution costs	6,217	12,049
MyCity planning costs and architect fees	3,604	8,550
Direct cost of energy certificates	4,164	3,787
Direct cost of appraisal	3,139	2,159
Total	**12,043,941**	**3,756,501**

The direct costs of the brokering of financial products make up 76% of contracted services. From the brokering commission it receives, the Group pays the part specified in its commission policy to its credit consultants. This cost line increased by HUF 6,994 million year-on-year, with sales revenue from the activity increasing by HUF 9,629 million.

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".

34. Personnel costs

	30.06.2022	**30.06.2021**
Payroll cost	860,570	303,493
Contributions	184,353	29,120
Management share scheme	22,751	2,347
Employee share programme	14,639	15,395
Other personnel-type benefits	55,205	53,092
Total	**1,137,518**	**403,448**
Average statistical headcount	232	141

The expansion of the Group with Italian subsidiaries increased the average headcount by 63.5 persons. The statistical headcount in Poland increased by 4.8 persons. The number of Hungarian employees increased by 10.2 persons thanks to the creation of a new sales channel. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2022 as well.

35. Other operating charges

	30.06.2022	30.06.2021
Write-off of bad debts	156,621	212,293
Non-profit taxes recognised as various expenses	81,423	47,252
Impairment of receivables	52,406	29,671
Expenses related to litigation	10,486	2,488
Cost of the sale of tangible assets	3,872	0
Grants provided	3,000	0
Penalties	2,492	200
Contractual penalty, late payment interest	1,989	343
Missing inventories	863	0
Earnest money	0	158,557
Other	96,384	11,316
Total	**409,537**	**462,120**

Other expenses were incurred in significant amounts in the project company performing the development of the Forest Hill housing complex, which wrote off a bad debt of HUF 154.4 million against Pricons Kft., a former contractor, in H1 2022. The earnest money paid to customers in the project in connection with the cancellation was significant in 2021.

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.

36. Revenues of financial transactions

	30.06.2022	30.06.2021
Exchange rate gain	190,327	16,830
Interest received	59,327	10,069
Total	**249,654**	**26,899**

Exchange rate gains 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. and the exchange rate gains on trading securities. In the first half of 2022, the Group realised results of HUF 68.6 million on short-term government debt securities (HUF 2.7 million in the first half of 2021).

37. Expenses of financial transactions

	30.06.2022	30.06.2021
Interest paid	82,525	11,123
Bond interest	198,646	81,643
Exchange rate losses	14,096	90,883
Total	**295,267**	**183,649**

38. Income taxes

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

	30.06.2022	30.06.2021
Actual income tax – corporate tax	341,625	95,374
Actual income tax – local business tax	22,578	29,899
Actual income tax – innovation contribution	4,347	4,440
Deferred taxes	21,263	-4,800
Total	**389,813**	**124,913**

The corporate tax rate applicable to the Hungarian members of the Group is 9% irrespective of the actual amount of the corporate tax base. Reconciliation of income taxes recognised in the consolidated profit and loss statement and comprehensive income statement:

	30.06.2022	31.12.2020
Profit/Loss before taxation	2,098,516	684,586
Tax liability determined at the current rate	342,541	61,613
Contribution for innovation	4,347	29,899
Business tax	22,578	4,440
Permanent differences	20,347	28,961
Total	**389,813**	**124,913**

39. Other comprehensive income

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

Other comprehensive income	**30.06.2022**	**30.06.2021**
Conversion differences in connection with international operations	630,228	30,573

40. Earning per share (EPS)

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

	30.06.2022	**30.06.2021**
After-tax profit that can be allocated to shareholders (thousand HUF)	1,381,900	559,673
Dividend that may be distributed to preferential shareholders	-76,038	-29,849
After-tax profit that can be allocated to shareholders holding ordinary shares (thousand HUF)	**1,305,862**	**529,824**
Weighted average number of issued ordinary shares (basic, thousand)	33,658	33,874
Weighted average number of issued ordinary shares (diluted thousand)	33,713	33,942
Earning per share (basic) (HUF)	**38.8**	**15.6**
Earning per share (diluted) (HUF)	**38.7**	**15.6**

41. Segment information

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

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

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

(2) The operation of own offices consists of the real estate agencies operated by the Company under the Duna House, Metrohouse, and Realizza 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.

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

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

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

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

30 June 2022 (1 January 2022 - 30 June 2022)	**Franchise**	**Financial products brokerage**	**Operation of own office**	**Sale of related services**	**Property investments**	**Other and eliminations**	**Consolidated**
Intangible assets	315,699	21,304	194	23,262	39	16,451	376,948
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	1,354,612	1,774,757
Machinery and equipment	9,847	31,664	13,756	3,211	4,692	10,684	73,854
Trade receivables	262,367	2,018,209	59,297	45,930	1,721,865	13,653	4,121,321
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	9,554,429	425,281	946,537	2,967,075	11,794,909	28,098,733
	,	,	,	,	,	,	,
Total Assets	**3,012,247**	**11,632,358**	**537,613**	**1,020,901**	**13,948,317**	**13,192,465**	**43,343,902**
	,	,	,	,	,	,	,
Trade payables	-126,433	2,728,980	50,343	28,488	172,614	-4,957	2,849,034
Liabilities that cannot be allocated to other segments	1,837,969	7,988,515	866,323	791,659	12,256,765	8,389,441	32,130,672
	,	,	,	,	,	,	,
Total Liabilities	**1,711,536**	**10,717,495**	**916,666**	**820,147**	**12,429,379**	**8,384,483**	**34,979,706**
	,	,	,	,	,	,	,
Net revenue from sales to third parties	1,253,788	13,658,018	921,280	225,760	935,883	126	16,994,857
Net revenue from sales between segments	125,488	253	25,869	9,264	34,295	-195,169	0
Net sales revenues	**1,379,276**	**13,658,271**	**947,149**	**235,025**	**970,179**	**-195,043**	**16,994,857**
Direct costs	**-334,320**	**-10,065,496**	**-539,447**	**-43,865**	**-416,138**	**117,157**	**-11,282,109**
	,	,	,	,	,	,	,
Gross profit	**1,044,956**	**3,592,776**	**407,702**	**191,160**	**554,041**	**-77,886**	**5,712,748**
	,	,	,	,	,	,	,
Depreciation and amortisation	-115,638	-74,942	-25,717	-4,233	-19,640	-71,239	-311,411
Indirect operating costs	-755,779	-1,869,880	-292,761	-216,148	-314,888	266	-3,449,190
	,	,	,	,	,	,	,
EBITDA	**289,178**	**1,722,895**	**114,941**	**-24,989**	**239,153**	**-77,620**	**2,263,558**
Operating Profit (EBIT)	**173,539**	**1,647,953**	**89,223**	**-29,222**	**219,513**	**-148,859**	**1,952,147**

30 June 2021 (01 January 2021 - 30 June 2021)	Franchise	Financial products brokerage	Operation of own office	Sale of related services	Property investments	Other and eliminations	Consolidated
Intangible assets	308,611	22	6,314	0	46	724	315,717
Investment property	0	0	0	0	1,837,200	0	1,837,200
Land and buildings	0	604	16,018	1,981	392,482	237	411,322
Machinery and equipment	7,017	1,969	8,141	1,079	11,070	-3,934	25,343
Trade receivables	289,071	871,646	57,821	27,455	5,547	151	1,251,690
Inventories	10,538	0	150	15	7,532,822	2,050	7,545,575
Assets that cannot be allocated to other segments	1,743,117	1,777,890	500,267	551,594	2,377,974	2,666,659	9,617,501
Total Assets	**2,358,354**	**2,652,131**	**588,711**	**582,124**	**12,157,141**	**2,665,888**	**21,004,348**
Trade payables	-205,160	1,100,559	65,738	7,001	215,991	4,716	1,188,844
Liabilities that cannot be allocated to other segments	1,875,966	719,119	986,124	429,257	10,181,621	-333,469	13,858,618
Total Liabilities	**1,670,806**	**1,819,678**	**1,051,862**	**436,258**	**10,397,612**	**-328,753**	**15,047,463**
	,	,	,	,	,	,	,
Net revenue from sales to third parties	783,705	3,943,412	959,641	149,003	75,294	99	5,911,155
Net revenue from sales between segments	115,005	0	36,136	57	34,221	-185,419	0
Net sales revenues	**898,710**	**3,943,412**	**995,777**	**149,060**	**109,515**	**-185,319**	**5,911,155**
Direct costs	**-61,083**	**-3,022,144**	**-635,875**	**-41,451**	**-67,935**	**37,924**	**-3,790,564**
Gross profit	**837,627**	**921,268**	**359,902**	**107,609**	**41,580**	**-147,396**	**2,120,591**
	,	,	,	,	,	,	,
Depreciation and amortisation	-79,232	-4,586	-36,674	-2,293	-14,467	-6,688	-143,940
Indirect operating costs	-516,657	-347,029	-240,424	-76,136	-139,569	143,828	-1,175,986
	,	,	,	,	,	,	,
EBITDA	**320,971**	**574,239**	**119,479**	**31,473**	**-97,989**	**-3,567**	**944,605**
Operating Profit (EBIT)	**241,738**	**569,653**	**82,805**	**29,180**	**-112,456**	**-10,255**	**800,665**

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

Capital management

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

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

	30.06.2022	**31.12.2021**
Registered capital	171,989	171,989
Total equity	8,364,196	6,921,462
Equity capital/registered capital	**4863%**	**4024%**

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 H1 2022 either.

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the Group's maximum credit risk exposure.

Lending risk	**30.06.2022**	**31.12.2021**
Trade receivables	4,121,321	2,102,051
Other receivables	5,551,313	1,137,555
Financial instruments	116,722	62,412
Cash and cash equivalents	9,217,853	6,497,032
Total	**19,007,209**	**9,799,050**

Amount of collateral	**2,527,194**	**1,270,504**
Pusztakúti 12. kft.	2,407,669	1,159,304
Impact Asset Management Zrt.	119,025	110,700
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 2,527 million of cash and cash equivalents are provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions have been presented in a note detailing the cash and cash equivalents.

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

	30.06.2022	**31.12.2021**
Raiffeisen Bank Zrt.	5,359,243	4,567,152
Takarékbank Zrt.	2,432,774	1,198,587
Bank Millennium SA	542,459	604,617
Banca Unicredit	435,000	0
UBI BANK	349,644	0
Société Générale	87,972	121,078
Cash	10,761	5,597
Total	**9,217,853**	**6,497,032**

Exchange rate risk

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

The Group's subsidiaries typically conclude transactions in their respective functional currencies and do not perform export or import activities. Foreign currency exposure occurs in the case of the various leased properties where the lease fees are specified in euros, and in the case of foreign acquisitions.

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

	30.06.2022	**31.12.2021**
HUF	7,257,369	1,819,228
EUR	1,245,313	3,952,109
PLN	627,199	604,617
CZK	87,972	121,078
Total	**9,217,853**	**6,497,032**

Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation. To further minimize liquidity risk, reduce transaction costs and increase efficiency, starting from 7 December 2017 the Company has been managing its bank accounts linked to its operations under a cash pooling regime, which makes automatic group financing possible.
The Group has no long-term loans. The Takarékbank loan taken out for real estate development will be repaid in July 2022; Note 22 contains the interest and principal payments of the Duna House NKP Bond 2030/I and NKP Bond 2032/I.

Market risk

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

Property development risks

Of the risks typical of property development, the management focuses mainly on risks posed by increasing construction costs. The increase in the number of parallel projects implemented by the project companies poses a consistently rising liquidity risk to MyCity Group until bank financing is secured. As the current projects are in their handover phases, the increase in construction costs poses no material risk for the Group.

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 giving preference to fix interest rate loans / bonds and by depositing liquid assets. The Group's currency risk is insignificant, primarily because in all three countries it carries out the sales and purchases in the given country's currency. The Group does not enter into currency hedging transactions.

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

With actual interest	01.01.2022 30.06.2022	01.01.2021 30.06.2021
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-23,198	4,698
Profit/Loss before taxation	**1,986,089**	**684,586**
1%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-23,430	4,745
Profit/Loss before taxation	**1,985,857**	**684,633**
Changes in profit before tax	***-232***	***47***
Changes in profit before tax (%)	***-0.012%***	***0.007%***
5%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-24,358	4,933
Profit/Loss before taxation	**1,984,929**	**684,821**
Changes in profit before tax	***-1,160***	***235***
Changes in profit before tax (%)	***-0.058%***	***0.034%***
10%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-25,518	5,168
Profit/Loss before taxation	**1,983,769**	**685,056**
Changes in profit before tax	***-2,320***	***470***
Changes in profit before tax (%)	***-0.117%***	***0.069%***
-1%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-22,966	4,651
Profit/Loss before taxation	**1,986,321**	**684,539**
Changes in profit before tax	***232***	***-47***
Changes in profit before tax (%)	***0.012%***	***-0.007%***
-5%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-22,038	4,463
Profit/Loss before taxation	**1,987,249**	**684,351**
Changes in profit before tax	***1,160***	***-235***
Changes in profit before tax (%)	***0.058%***	***-0.034%***
-10%		
Profit before tax - excluding interest expense and interest income	2,009,287	679,888
Net interest income (income and expenses)	-20,878	4,228
Profit/Loss before taxation	**1,988,409**	**684,116**
Changes in profit before tax	***2,320***	***-470***
Changes in profit before tax (%)	***0.117%***	***-0.069%***

43. Financial instruments

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

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

30 June 2022	**Carrying value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	116,722	116,722
Trade receivables	4,121,321	4,121,321
Cash and cash equivalents	9,217,853	9,217,853
Financial liabilities		
Liabilities recorded at amortised historical cost		
Long-term loans	1,641,977	1,641,977
Debts on issue of bonds	13,022,160	13,022,160
Short-term loans and borrowings	4,420,344	4,420,344
Lease liabilities	1,693,936	1,693,936

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

Breakdown of revenues of financial transactions

	30.06.2022	**30.06.2021**
Cashpool interest	15,712	5,435
Interest of given loans	8,900	291
Interest from banks	6,110	3,753
Interest income from securities	28,604	554
Interest of loans given to private individuals	0	35
Interest received	**59,327**	**10,069**
Exchange rate gain from securities	68,644	2,748
Exchange rate gain	121,684	14,082
Exchange rate gain	**190,327**	**16,830**
Interest income calculated with the effective interest method	**0**	**0**
Total	**249,654**	**26,899**

Breakdown of expenses of financial transactions

	30.06.2022	30.06.2021
Interest paid on loans received	0	951
Cashpool interest	16,486	5,334
Expenses of bank interests	2,365	0
Interest paid on bank loans	42,184	36
Interest paid	**61,035**	**6,321**
Exchange rate losses	14,096	90,883
Exchange rate losses	**14,096**	**90,883**
Lease interest	21,490	4,802
Bond interest	198,646	81,643
Interest losses calculated with the effective interest method	**220,136**	**86,445**
Total	**295,267**	**183,649**

44. Remuneration of the Board of Directors and Supervisory Board

In H1 2022, the total amount of the remuneration due to the members of the Board of Directors and the Supervisory Board was HUF 56,106 thousand. (H1 2021: 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.

	30.06.2022	30.06.2021
Members of the Board of Directors	53,106	45,969
Short-term employee benefits (income from salary)	*24,849*	*23,593*
Short-term employee benefits (preferential dividend)	*25,114*	*22,376*
Share-based payment	*3,143*	*0*
Members of the Supervisory board	3,000	2,700
Short-term employee benefits (honorarium)	*3,000*	*2,700*
Total	**56,106**	**48,669**

45. Events after the balance sheet date

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

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

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

Purchase of treasury shares
Based on the decision of the General Meeting passed on 27 April 2022, the Company's Board of Directors purchased a total of 66,008 treasury shares between 30 June 2022 and 29 September 2022 at stock market rates. The amount of Company treasury shares on 29 September 2022 was 664,287.

46. Other publication obligations required by the Accounting Act

The Group is not obligated 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: Gay Dymschiz, Chairman of the Board of Directors (H-1125 Budapest, Mátyás király út 52.), Doron Dymschiz, Member of the Board of Directors (H-2096 Üröm, Rókahegyi út 48.), Ferenc Máté, Member of the Board of Directors (H-1121 Budapest, Denevér út 70.), and Dániel Schilling, Member of the Board of Directors (H-1126 Budapest, Kiss János altábornagy utca 38.).

The Company publishes its consolidated biannual report on its website at the address https://dunahouse.com/hu/kozzetetelek.

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

In line with Annex 2 to Decree no 24/2008 (VIII. 15.) of the Minister of Finance on the information obligation related to publicly traded securities, the Board of Directors hereby declare that these consolidated standalone financial statements (not audited and therefore not containing an independent auditor report) give a fair picture of the assets, liabilities, financial situation and performance of the Company and its subsidiaries included in consolidation.

The Board of Directors of the parent company of the Group discussed the consolidated financial statements at its meeting held on 30 September 2022 and approved their disclosure in this form.

Budapest, 30 September 2022

Persons authorised to sign the consolidated statements:

Doron Dymschiz
Chair of the Board of Directors

Gay Dymschiz
Member of the Board of Directors

Ferenc Máté
Member of the Board of Directors

Dániel Schilling
Member of the Board of Directors

DUNA HOUSE HOLDING NYRT.

CONSOLIDATED BUSINESS REPORT

ON THE H1 2022 ACTIVITIES OF THE GROUP

1. Group profile

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

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

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

The effects of COVID-19
The COVID-19 pandemic had a negative effect on the Group’s markets and operations only in the second quarter of 2020. Its effects were negligible in the first half of 2022.

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

Principal activities:

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

1.1 Consolidated companies

As a Subsidiary	address:	**30.06.2022**	**31.12.2021**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Hitelcentrum Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft .	1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Gold Finance Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	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)	70%	0%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	66%	0%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	70%	0%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	57%	0%
Relabora S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	48.3%	0%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

2. Markets and economic environment

2.1 Real estate market

69.8% of the population of the European Union lives in real estate they own. According to Eurostat 2021 statistics, this value is 91.7% in Hungary, 86.8% in Poland, and 73.7% in Italy. According to data published by the Central Statistical Office, there are more than 4.5 million residential properties in Hungary; in Poland, this figure is close to 15.2 million. According to recent official statistics, 2021 saw 152 thousand transactions in Hungary and 701 thousand in Poland.

According to estimates by Duna House Group, there were 74.4 thousand transactions on the Hungarian residential market in H1 2022, which is 10% less than H1 2021. The 2021 market was driven by a transformation of customer demand and a return to form after the first COVID-19 waves. Due to the effect of consumer behaviour changed by the epidemic, demand for houses with gardens has risen. The majority of transactions are by people moving to agglomerations. However, this move to the suburbs has affected not only Budapest but almost all large cities without exception. There is also strong interest in cities important for tourism, such as the Lake Balaton and Lake Velence regions. This extra demand was no longer present in 2022, with movement on the market defined by inflation and a fear of rising energy prices and the environment of increased interests.

According to the data published by the Group in the Duna House Barometer, used homes in Hungary have grown more expensive by 20-25%, depending on location and the type of home, compared to 2021.[1] The role of state subsidies used remained significant: according to the Group's own data, in the last quarter of 2022, buyers submitted applications for CSOK (Family Housing Support Programme) support for 25.2% of all loans.

More than 700 thousand real estate transactions took place in Poland in 2021, making 2021 the most dynamic in recent years. However, 2022 shows a low level of activity thanks to continuously increasing loan interest rates and the uncertainties caused by the war in the neighbouring Ukraine. In H1 2022, the change in prices varied greatly in Poland, with an annual increase between 0 and 30%.[2] Transactions are severely restricted by the weakening of the loan market, which is discussed in detail in section 2.2.

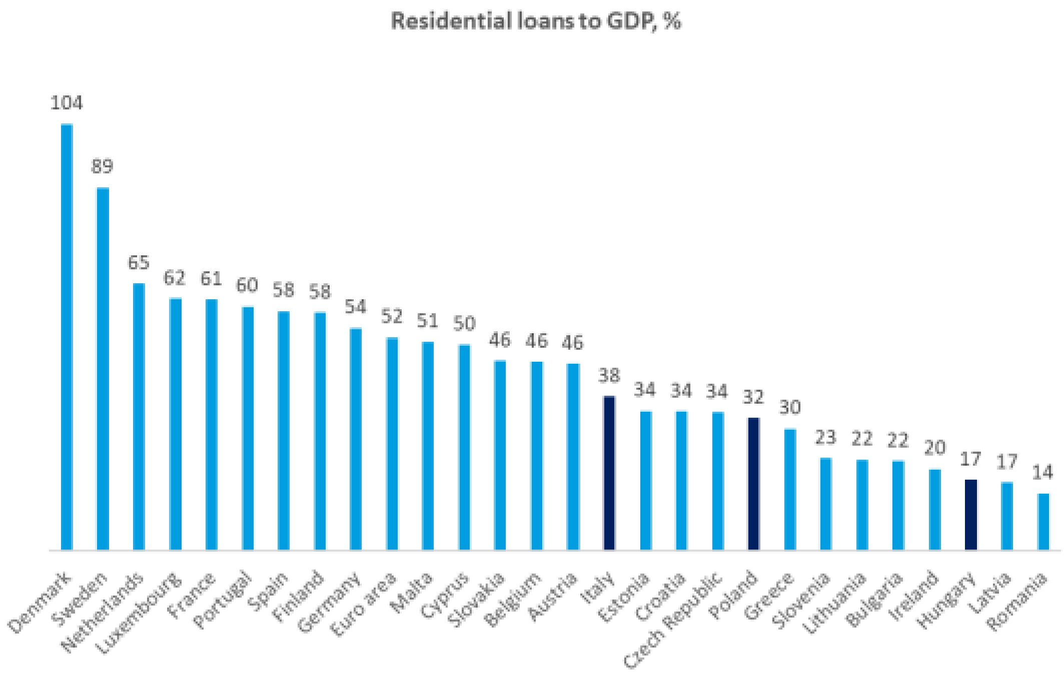
[1] *Source: Duna House Barométer No 132 published by Duna House Franchise Kft.*

[2] *Source: The Q2 2022 issues of Barometr Metrohouse i Credipass, published by Metrohouse Franchise S.A.*

2.2 Loan market[3]

With the January 2022 acquisition of Hgroup, the Group has become a major player on the Italian credit market as well, in addition to its leading presence in Hungary and Poland.

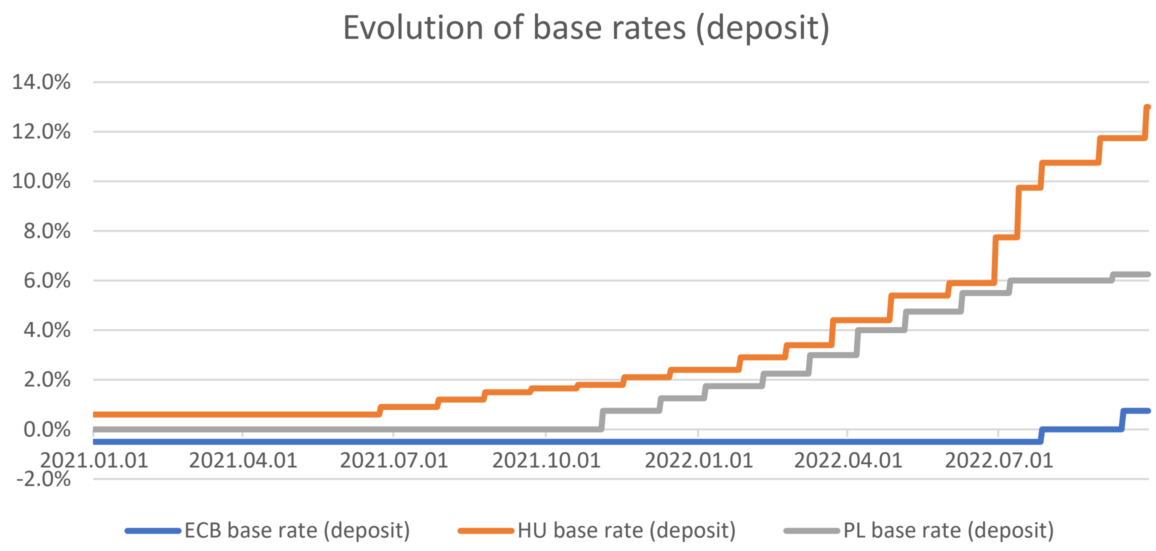
In 2021, the credit exposure of the population in the regions of the Group's operations are not significant in a European comparison. According to data provided by the National Bank of Hungary (MNB) and the European Central Bank (ECB), residential loans accounted for 32% and 17% of the GDP in Poland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



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

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 the distribution of typical loan extensions according to interest rate periods.

[4] For the state as at 30 June 2022



Source: European Central Bank, National Bank of Hungary, National Bank of Poland

Long-term loans are popular on the Italian credit market and, as loan interest rates rise, analysts estimate that market loan volumes fell by 23% in 2022 compared to the first half of 2021. However, the Group managed to offset this effect by increasing its market share, and it achieved an absolute volume increase. 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 growth. Another opportunity are 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.

Analysts expect the disbursement of housing loans to decrease by 30-35% on the Polish market in H1 2022 year-on-year. Uniquely, and contrary to the Hungarian and Italian markets, the Polish populace tended to take out variable-rate loans instead of fixed-rate loans thanks to the low interest rates seen in recent years, which resulted in a much greater shock in the increasing interest environment. The regulatory authority managed the situation by drastically increasing the stringency of creditworthiness limits, which continues to greatly limit the provision of new loans. In the last two months, Polish banks have rolled out new, fixed-rate products (with interest rates lower than variable-rate loans). Lending will receive a push if this is paired with more advantageous regulatory conditions for creditworthiness in the future.

In Hungary, the extension of housing loans grew by 30% in H1 2022 year-on-year. The growth was primarily attributed to the popularity of NHP (Funding for Growth Scheme) Green Home loans, where the participation of credit intermediaries was low due to the very low commission rate.

3. The Group's financial and equity situation

3.1 Income Statement

data in HUF thousands	**01.01.2022 - 30.06.2022**	**01.01.2021 - 30.06.2021**
Net sales revenues	16,994,857	5,911,155
Other operating income	288,903	216,664
Total income	**17,283,760**	**6,127,819**
Variation in self-manufactured stock	192,026	-630,454
Consumables and raw materials	125,357	134,309
Goods and services sold	1,111,824	1,057,290
Contracted services	12,043,941	3,756,501
Personnel costs	1,137,518	403,448
Depreciation and amortisation	176,393	80,007
Depreciation on right-of-use	135,018	63,933
Other operating charges	409,537	462,120
Operating costs	**15,331,614**	**5,327,154**
Operating profit/loss	**1,952,146**	**800,665**
Financial revenues	249,654	26,899
Financial expenses	-295,267	-183,649
Profit of participations valued with the equity method	79,556	40,671
Profit/Loss before taxation	**1,986,089**	**684,586**
Income taxes	389,813	124,913
Taxed profit	**1,596,276**	**559,673**

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

The Duna House Group closed its strongest ever half in H1 2022. By purchasing the Italian Hgroup, the Group's consolidated sales revenue almost tripled to HUF 16,995 million (188%). Its operating profit/loss grew by 144% to HUF 1,952 million.

Within the MyCity real estate development division, the first row of the Forest Hill project's 3 rows of buildings entered the delivery phase, and the final contract and handover of the apartments and the recognition of the results started at the end of 2021. The delivered apartments generated revenue of HUF 943 million and contributed HUF 174 million to the operating profit/loss.

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

Revenue by segments	**01.01.2022 - 30.06.2022**	**01.01.2021 - 30.06.2021**
Revenues from brokerage of financial products	13,658,271	3,943,412
Revenues of the own office segment	947,149	995,777
Revenues of the franchise segment	1,379,276	898,710
Revenues of the related services segment	235,025	149,060
Revenues of the investment segment	970,179	109,515
Transactions between segments	-195,043	-185,319
Total	**16,994,857**	**5,911,155**

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

Most of the Group's segments experienced exceptional growth in this period. The revenues of the financial segment more than tripled thanks to the acquisition of the Italian Hgroup; the revenues of the investment segment increased nine-fold as a result of the apartments handed over in the Forest Hill project within the MyCity property development division.

Operating costs increased by 188% compared to the 2021 business year as a result of the expansion of the Group.

The MyCity Residence real estate development project, 50% of which is owned by the Group, ended in 2020, and the delivery of the apartments mainly affected 2020. The Group indicates the results achieved by the project company under the row "Profit of participations valued with the equity method", which was equal to HUF 79 million during the year.

The Company records its corporate income tax and local business tax payment obligations under its tax payment obligations. The total amount of actual and deferred tax income for H1 2022 amounted to HUF 390 million.

Overall, the Group's taxed profit increased by 185% from HUF 560 million to HUF 1,596 million.

Clean core results

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

In 2022, the Group applied the following adjustments:

- Costs of the pre-acquisition period: The Group paid HUF 8 million as compensation in connection with a transaction that involved Goldfinance prior to its acquisition and is subject to the seller's warranty obligation. The enforcement of the warranty is pending.
- The results of the portfolio revaluation: Every half year, the Group revaluates its properties used for investment purposes at their market value, and recognises the valuation difference

in its profit and loss. Although revaluations may reflect real estate market tendencies, the concentration of the portfolio may distort the valuation of core business activities.

- Acquisition costs: The Group pursues an active acquisition policy and participates in negotiations for the purchase of more than one transaction targets at the same time. During this process, legal, financial, and other consultancy costs are incurred during the due diligence and negotiation phases, regardless of the outcome of the negotiations. The management considers the consultancy fees related to potential acquisitions to be one-off items.

data in HUF thousands	**01.01.2022 - 30.06.2022**	**01.01.2021 - 30.06.2021**	**Change %**
EBITDA	**2,263,558**	**944,605**	**140%**
(-) MyCity EBITDA	170,683	-173,568	-198%
Core EBITDA	**2,092,875**	**1,118,173**	**87%**
(-) Costs of the pre-acquisition period:	-8,100	0	
(-) The results of the portfolio revaluation	38,500	23,655	63%
(-) Acquisition costs	-98,000	-5,600	1650%
Total of adjustments affecting the core	**67,600**	**-18,055**	**-474%**
Net core EBITDA	**2,160,475**	**1,100,118**	**96%**

The Group’s clean core EBITDA increased to HUF 2,160 million in H1 2022 (96% increase). The Group’s expansion in Italy is the driving force behind the growth.

The MyCity division’s EBITDA ended up in the black in 2022 thanks to the property sales under way.

Segment income statement

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

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

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

(2) The operation of own offices consists of the real estate agencies operated by the Company under the Duna House, Metrohouse, and Realizza 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.

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

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

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

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

Group

01.01.2022 - 30.06.2022

million HUF	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**1,379**	**13,659**	**947**	**235**	**970**	**-195**	**16,995**
Direct costs	334	10,066	539	44	416	-117	11,282
Gross profit	**1,045**	**3,593**	**408**	**191**	**554**	**-78**	**5,713**
Indirect operating costs	756	1,870	293	216	315	0	3,450
EBITDA	**289**	**1,723**	**115**	**-25**	**239**	**-78**	**2,263**
Depreciation and amortisation	116	75	26	4	20	71	312
EBIT	**173**	**1,648**	**89**	**-29**	**219**	**-149**	**1,951**

Gross margin	**76%**	**26%**	**43%**	**81%**	**57%**	**40%**	**34%**
EBITDA margin	**21%**	**13%**	**12%**	**-11%**	**25%**	**40%**	**13%**
EBIT margin	**13%**	**12%**	**9%**	**-12%**	**23%**	**76%**	**11%**

Group

01.01.2021 - 30.06.2021

million HUF	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**899**	**3,943**	**996**	**149**	**110**	**-185**	**5,912**
Direct costs	61	3,022	636	41	68	-38	3,790
Gross profit	**838**	**921**	**360**	**108**	**42**	**-147**	**2,122**
Indirect operating costs	517	348	240	76	140	-144	1,177
EBITDA	**321**	**573**	**120**	**32**	**-98**	**-3**	**945**
Depreciation and amortisation	79	5	37	2	14	7	144
EBIT	**242**	**568**	**83**	**30**	**-112**	**-10**	**801**

Gross margin	**93%**	**23%**	**36%**	**72%**	**38%**	**79%**	**36%**
EBITDA margin	**36%**	**15%**	**12%**	**21%**	**-89%**	**2%**	**16%**
EBIT margin	**27%**	**14%**	**8%**	**20%**	**-102%**	**5%**	**14%**

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

The purchase of the Italian Hgroup and the starting of the handovers in the Forest Hill project had a significant effect on the Group's segments. In consequence, the sales revenue of the financial intermediation segment grew by 246% and its EBITDA by 201%, and the property investment segment increased its sales revenue almost nine-fold and achieved an EBITDA of HUF 240 million. The franchise and related services segments also experienced growth of more than 50%.

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

data in HUF thousands	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Net sales revenues (consolidated)	**16 994 858**	**5 911 155**
Net sales revenues of the Hungarian operation	3,372,305	2,085,038
Net sales revenues of the Polish operation	4,202,808	3,626,309
Net sales revenues of the Czech operation	183,190	199,808
Net sales revenues of the Italian operation	9,236,555	-
EBITDA	**2,263,557**	**944,604**
Hungarian operation EBITDA	974,185	613,580
Polish operation EBITDA	149,766	315,753
Czech operation EBITDA	-192	15,271
Italian operation EBITDA	1,139,798	-

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

Within the group, Italy became the largest sales revenue and EBITDA producer. In Hungary, sales revenue and EBITDA grew by 62% and 59%, respectively, thanks in part to the property handovers started in the property development division. In Poland, the Group was driven by the strong momentum of the growth in H2 2021, but the half-year was marked by a slowdown in a weak market environment.

3.2 Assets

Data in thousand HUF

ASSETS	Notes	30.06.2022	31.12.2021
Long-term assets			
Intangible assets	5	376,948	334,794
Right-of-use	6	1,545,045	347,380
Investment property	4	1,597,600	1,849,500
Land and buildings	3	1,774,757	409,070
Machinery and equipment	3	73,854	22,840
Investments in subsidiaries	8	183,922	0
Goodwill	7	10,749,161	1,775,523
Investments in associated companies and joint ventures	9	99,399	214,342
Financial instruments	10	116,723	62,412
Deferred tax assets	11	250,919	228,219
Total long-term assets		**16,768,328**	**5,244,080**
Current assets			
Inventories	12	7,300,688	7,418,870
Trade receivables	13	4,121,321	2,102,051
Amounts owed by related undertakings	14	89,375	166,792
Other receivables	15	5,551,315	1,137,555
Actual income tax assets		285,371	46,077
Cash and cash equivalents	16	6,690,659	5,226,528
Restricted cash	16	2,527,194	1,270,504
Total current assets		**26,565,923**	**17,368,377**
Total Assets		**43,334,251**	**22,612,457**

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

The balance sheet total increased by 92% as compared to 31 December 2021 as a result of revenue of HUF 6.0 billion in bond issues and the acquisition of Hgroup Spa.

3.3 Liabilities

data in HUF thousands

LIABILITIES	Notes	30.06.2022	31.12.2021
Equity			
Registered capital	*17*	171,989	171,989
Treasury shares repurchased	*18*	(304,694)	(243,406)
Capital reserve	*17*	1,546,509	1,544,146
Exchange reserves	*19*	698,632	112,494
Profit reserve	*17*	5,606,452	5,400,252
Total equity of the parent company		**7,718,888**	**6,985,475**
Non-controlling ownership interest	*20*	645,308	(64,013)
Total equity:		**8,364,196**	**6,921,462**
Long-term liabilities			
Long-term loans	*21*	1,641,977	0
Deferred tax liabilities	*23*	260,265	219,025
Other long-term liabilities	*24*	4,104,716	0
Bonds payable	*22*	13,022,160	6,909,514
Lease liabilities	*6*	1,395,202	372,250
Total long-term liabilities		**20,424,320**	**7,500,789**
Current liabilities			
Short-term loans and borrowings	*21*	4,420,344	4,373,387
Accounts payable	*25*	2,849,034	1,321,060
Liabilities to related undertakings	*26*	610,051	17,950
Other liabilities	*27*	6,022,648	2,383,395
Short-term liabilities from leases	*6*	298,734	76,667
Actual income tax liabilities		344,924	17,747
Total current liabilities		**14,545,735**	**8,190,206**
Total liabilities and equity		**43,334,251**	**22,612,457**

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

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

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

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

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

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

3.4 Consolidated Cash Flow Statement

	Notes	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
OPERATING CASH FLOW			
Taxed profit		1,596,276	559,673
Adjustments:			
Financial results	36-37	45,613	156,750
Reporting year depreciation and depreciation on right-of-use assets		311,411	143,940
Deferred taxes	11	18,540	(41,530)
Revaluation of investment property	29	(38,500)	(23,655)
Share scheme	18	2,363	1,921
Changes to goodwill exchange differences	7	(725,585)	0
Shares measured with the equity method	9	(79,556)	(40,671)
Changes in the revaluation reserve and non-controlling shares		809,163	(21,209)
Tax payable	38	368,550	129,713
Changes in working capital			
Changes in inventories	12	118,183	(426,725)
Changes in accounts receivable, other receivables and related receivables	13-15	(1,580,076)	(727,658)
Changes in accrued and deferred assets	15	(1,393,929)	(46,531)
Changes in accounts payable and related liabilities	25-26	(240,178)	345,991
Other current liabilities and accruals and deferrals	27	1,974,562	(260,344)
Changes in accrued and deferred liabilities	27	288,533	90,854
Income tax paid		14,706	(68,568)
Net operating cash flow		***1,490,075***	***(228,049)***
Investment cash flow			
Tangible and intangible assets purchased	3-5	(254,440)	(76,309)
Sale of tangible assets	3-5	290,400	55,776
(-) Escrow account related to the acquisition	15	(1,910,985)	0
Purchase of other invested assets		7,007	(29,633)
Dividend from affiliated undertakings		194,500	370,000
Acquisition/Disposal of subsidiaries (excluding acquired liquid assets)	2	(2,048,011)	0
Net investment cash flow		***(3,721,530)***	***319,834***
Financing cash flow			
Bank loans/(repayment)	21	(1,004,995)	75,959
Capital contribution/ (Purchase of Treasury shares)	17-18	(61,288)	(9,084)
Changes in right-of-use and lease liabilities	6	(170,825)	(29,423)
Dividend payments	17	(1,134,337)	(1,358,237)
Bond issues	22	5,914,000	(1,000)
Interest received (paid)	36-37	(23,199)	(1,055)
Net financing cash flow from investment activities		***3,519,356***	***(1,322,840)***
Net change in cash and cash equivalents		1,287,901	(1,231,055)
Balance of cash and cash equivalents as at the beginning of the year		5,226,528	6,169,525
Exchange rate differences in liquid assets		176,231	(74,052)
Balance of cash and cash equivalents as at the end of the year	16	**6,690,660**	**4,864,418**

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

The Group’s operating cash flow amounted to HUF 1,490 million in H1 2022, which was significantly decreased by the increased amount of trade receivables in connection with the Forest Hill project (under delivery) and the commission invoices for increased credit intermediary activities that were unpaid as at the end of the year.

The Group spent HUF 3,722 million on investments, within which HUF 2,048 million was for purchasing a 70% ownership share in Hgroup Spa. (after deducting the liquid assets of the target). Additionally, HUF 1,911 million was placed in an escrow account in connection with the transaction, using which escrow account the entire amount was repaid to the Company after the accounting reference date. The Group sold properties in a value of HUF 290 million and received dividends of HUF 195 million from the subsidiary of which it owns 50%, MyCity Residence Kft.

The Group paid back a total of HUF 1,005 million in project and other loans and received revenue of HUF 5,914 million in bond issues. It paid a total of HUF 1,134 million in dividends to its holders of ordinary shares.

The balance of cash and cash equivalents as at the end of the period amounted to HUF 6,690 million. In addition to this amount, additional use of HUF 2,527 million is possible with the following restrictions:

Affected by restrictions		Reason for restriction
Companies involved in the consolidation	**Bank account balance**	
Pusztakúti 12. kft.	HUF 2,407,669 thousand	Security interest in collateral securing the repayment of the loans granted by Takarékbank Zrt. in connection with the Forest Hill residential development, with collateral including down payments, earnest money and purchase price by clients paid into a separate blocked bank account and available only for the re- and pre-payment of the loans. The prepayment of both loans is only allowed from the third working day from the notification to this effect by Takarékbank Zrt. The project loan was fully repaid on 18 July 2022.
Impact Asset Management Zrt.	HUF 119,025 thousand	Pursuant to Section 16 (3) and (7) of Act XVI of 2014 on collective investment forms and its managers and on the amendment of certain financial laws, in order to be able to ensure continuous operation and protect investors, Impact Asset Management Zrt. must, at all times, have solvency capital invested in liquid assets or assets that can be converted into immediately available liquid assets in an amount that covers the risk posed by its activity at all times.
Akadémia Plusz 2.0 Kft. deposit	HUF 500 thousand	The institution had to provide financial security to continue its adult education activity.
Total:	**HUF 2,527,194 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. No amounts were used from this overdraft facility as at the end of the reporting period.

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

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

Our Company's employment policy and ensuring its consistency between the individual countries are currently under way. The average statistical headcount increased from 141 to 232 in the comparative period. The expansion of the Group with Italian subsidiaries increased the average headcount by 63.5 persons. The statistical headcount in Poland increased by 4.8 persons. The number of Hungarian employees increased by 10.2 persons thanks to the creation of a new sales channel. As regards the subsidiaries in the Czech Republic, there was 1 employee in 2022 as well. The Company puts emphasis on the diversified filling of jobs based on the skills and qualifications of employees.

5. Information on equity and share capital

Increase of the Company's equity

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

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

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

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

The composition of the Company's equity as of 30 June 2022

Type of shares	Class of shares	Share series	Number of shares issued	from this: treasury shares	Nominal value per share	Total nominal value
ordinary shares	-	"A"	34,387,870 pcs	598,279 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	2,991,395 pcs	598,279 pcs
"B"	1,000 pcs	50	50,000 pcs	0 pcs	0 pcs
Total	**34,388,870 pcs**	**-**	**171,989,350 pcs**	**2,991,395 pcs**	**598,279 pcs**

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

The table below provides a summary of the shareholders each with a significant direct or indirect ownership share in the Company's equity[4], with the shares based on a pyramid structure and the cross-shares taken into account:

Shareholder Name	Number of shares held (number)	Share in equity (%)
Gay Dymschiz	13,470,777	39.17%
Doron Dymschiz	13,470,777	39.17%
AEGON Magyarország Befektetési Alapkezelő Zrt.	2,613,865	7.60%
	,	
Total of equity	**34,388,870**	**100.00%**

[4] For the state as at 30 June 2022

7. Restrictions on the transfer of shares

Restrictions on alienation on ordinary shares

Shareholder Name			**Ferenc Máté**	**Total**
Number of ordinary shares held (number)			302735	302735
Is alienation restricted?			yes	
Restrictions on alienation	Beginning of the period	End of the period		
	12.11.2022	11.11.2023	120,000	120,000
	12.11.2023	11.11.2024	90,000	90,000
	12.11.2024	11.11.2025	60,000	60,000
	12.11.2025	11.11.2026	30,000	30,000

Restrictions on the alienation on preferred employee shares

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

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

** In accordance with Section 6:221 of Act V of 2013 on the Civil Code, the shareholder 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*

8. Other issues regarding controlling powers and executive officers

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

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

9. Risk management

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

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

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

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

Capital management

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

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

	30.06.2022	**31.12.2021**
Registered capital	171,989	171,989
Total equity	8,364,196	6,921,462
Equity capital/registered capital	**4863%**	**4024%**

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 H1 2022 either.

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the Group's maximum credit risk exposure.

Lending risk	**30.06.2022**	**31.12.2021**
Trade receivables	4,121,321	2,102,051
Other receivables	5,551,313	1,137,555
Financial instruments	116,722	62,412
Cash and cash equivalents	9,217,853	6,497,032
Total	**19,007,209**	**9,799,050**

Amount of collateral	**2,527,194**	**1,270,504**
Pusztakúti 12. kft.	2,407,669	1,159,304
Impact Asset Management Zrt.	119,025	110,700
Akadémia Plusz 2.0 Kft. deposit	500	500

HUF 2,527 million of cash and cash equivalents are provided as collateral for Forest Hill project loans and fund management equity and teaching activities, and are only available to the Group with certain restrictions. These restrictions have been presented in a note detailing the cash and cash equivalents.

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

	30.06.2022	31.12.2021
Raiffeisen Bank Zrt.	5,359,243	4,567,152
Takarékbank Zrt.	2,432,774	1,198,587
Bank Millennium SA	542,459	604,617
Banca Unicredit	435,000	0
UBI BANK	349,644	0
Société Générale	87,972	121,078
Cash	10,761	5,597
Total	**9,217,853**	**6,497,032**

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.

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

	30.06.2022	31.12.2021
HUF	7,257,369	1,819,228
EUR	1,245,313	3,952,109
PLN	627,199	604,617
CZK	87,972	121,078
Total	**9,217,853**	**6,497,032**

Liquidity risk

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

The Group has no long-term loans. The Takarékbank loan taken out for real estate development was repaid in July 2022; Note 21 contains the interest and principal payments of the Duna House NKP Bond 2030/I and NKP Bond 2032/I.

Market risk

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

Property development risks

Of the risks typical of property development, the management focuses mainly on risks posed by increasing construction costs. The increase in the number of parallel projects implemented by the project companies poses a consistently rising liquidity risk to MyCity Group until bank financing is secured. As the current projects are in their handover phases, the increase in construction costs poses no material risk for the Group.

10. Events after the balance sheet date

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

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

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

Purchase of treasury shares
Based on the decision of the General Meeting passed on 27 April 2022, the Company's Board of Directors purchased a total of 66,088 treasury shares between 30 June 2022 and 29 September 2022 at stock market rates. The amount of Company treasury shares on 29 September 2022 was 664,287.

11. Declaration on responsibility

The Board of Directors of the Company prepared these financial statements on the basis of the data included in the non-audited consolidated accounts for H1 2022 compiled in accordance with the International Financial Reporting Standards (IFRS) and to the best of their knowledge.

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

Budapest, 30 September 2022

Persons authorised to sign the consolidated financial statements:

Doron Dymschiz
Chair of the Board of Directors

Gay Dymschiz
Member of the Board of Directors

Ferenc Máté
Member of the Board of Directors

Dániel Schilling
Member of the Board of Directors