DUNA HOUSE HOLDING NYRT.

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2023

DUNA HOUSE
GROUP

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Statement of consolidated financial position
data in thousands of forints, unless otherwise indicated

ASSETS	Annex	31.12.2023	31.12.2022
Long-term assets			
Intangible assets	5	5 983 411	6 666 133
Right-of-use	6	1 483 816	1 540 929
Investment property	4	0	982 500
Land and buildings	3	1 627 272	1 787 050
Machinery and equipment	3	152 970	187 097
Goodwill	7	5 529 914	5 662 784
Investments in associated companies and joint ventures	8	118 122	101 127
Financial instruments	9	113 052	110 602
Deferred tax assets	10	936 827	910 475
Total long-term assets		**15 945 384**	**17 948 697**
Current assets			
Inventories	11	2 278 405	6 059 075
Trade receivables	12	3 311 757	3 229 765
Amounts owed by related undertakings	13	329 261	25 345
Other receivables	14	1 686 137	1 665 048
Actual income tax assets	42	270 675	192 168
Cash and cash equivalents	15	8 292 649	10 646 364
Restricted cash	15	500	92 550
Prepayments and accruals	16	855 278	911 205
Assets held for sale	17	527 400	402 421
Total current assets		**17 552 062**	**23 223 941**
Total Assets		**33 497 446**	**41 172 638**

Statement of consolidated financial position
data in thousands of forints, unless otherwise indicated

LIABILITIES	**Annex**	**31.12.2023**	**31.12.2022**
Equity			
Registered capital	18	171 989	171 989
Treasury shares repurchased	19	(160 147)	(370 862)
Capital reserve	18	1 562 273	1 564 066
Exchange reserves	20	244 817	504 502
Retained earnings	18	3 417 152	3 205 707
Total equity of the parent company		**5 236 084**	**5 075 402**
Non-controlling interests	21	231 475	175 508
Total equity:		**5 467 559**	**5 250 910**
Long-term liabilities			
Long-term loans	22	904 732	1 404 027
Provisions for expected liabilities	24	91 784	80 035
Deferred tax liabilities	25	1 450 894	1 683 651
Other long-term liabilities	26	4 860 165	9 139 098
Bonds payable	23	13 033 923	13 059 828
Long-term liabilities from leases	6	1 272 781	1 470 175
Total long-term liabilities		**21 614 279**	**26 836 814**
Current liabilities			
Short-term loans and borrowings	22	90 397	357 048
Accounts payable	27	3 578 720	3 106 913
Liabilities to related undertakings	28	58 658	143 845
Other liabilities	29	1 021 169	4 225 653
Short-term liabilities from leases	6	440 467	292 382
Actual income tax liabilities	42	456 446	194 460
Prepayments and accruals	30	769 751	731 777
Liabilities directly linked to instruments classified as held for sale	17	0	32 836
Total current liabilities		**6 415 608**	**9 084 914**
Total liabilities and equity		**33 497 446**	**41 172 638**

Statement of consolidated profit and loss
data in thousands of forints, unless otherwise indicated

Continuing activities	**Annex**	**2023**	**2022**
Net sales revenues	31	32 818 311	30 264 318
Other operating income	33	403 429	404 860
Total revenue		**33 221 740**	**30 669 178**
Variation in self-manufactured stock	34	(3 409 737)	(1 256 657)
Consumables and raw materials	35	(138 853)	(228 674)
Goods and services sold	36	(1 476 517)	(2 041 847)
Contracted services	37	(21 868 833)	(20 258 213)
Personnel costs	38	(2 408 214)	(1 817 286)
Depreciation and amortisation		(780 216)	(778 531)
Depreciation of right-of-use	6	(414 108)	(235 589)
Other operating charges	39	(759 952)	(616 049)
Operating costs		**(31 256 430)**	**(27 232 846)**
Operating profit		**1 965 310**	**3 436 332**
Financial income	40	2 517 135	803 489
Financial charges	41	(1 093 179)	(739 094)
Share of the results of jointly controlled undertakings	8	(6 339)	214 439
Profit before tax from continuing operations		**3 382 927**	**3 715 166**
Income tax expense	42	(677 531)	(775 936)
Profit for the year from continuing operations		**2 705 396**	**2 939 230**
Discontinued operations			
Profit or loss after tax from discontinued operations	17	0	881
Profit for the year		**2 705 396**	**2 940 111**
From profit for the year			
Attributable to the parent company		2 706 363	2 710 837
Attributable to non-controlling interest		(967)	229 274
		2 705 396	**2 940 111**
Earnings per share (HUF)	44		
Base		75,2	83,5
Diluted		75,0	83,3

The annexes on pages 9 to 105 are integral parts of the consolidated accounts

Consolidated statement of comprehensive income
in thousands of HUF, unless otherwise stated

	Annex	2023	2022
Profit for the year		**2 705 396**	**2 940 111**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods			
Translation differences on foreign subsidiaries	43	(269 611)	513 557
Other		0	0
Net other comprehensive income reclassified to profit or loss in subsequent periods		**(269 611)**	**513 557**
Items that will not be reclassified to profit or loss in subsequent periods			
Other		0	0
Net other comprehensive income not reclassified to profit or loss in subsequent periods		0	0
Other comprehensive income		**(269 611)**	**513 557**
Total comprehensive income		**2 435 785**	**3 453 668**
Of total comprehensive income			
Attributable to owners of the parent		2 446 678	3 102 846
Attributable to non-controlling interests		(10 893)	350 822
		2 435 785	**3 453 668**

The annexes on pages 9 to 103 are integral parts of the consolidated accounts

Statement of changes in equity capital

	Annex	Registered capital	Treasury shares repurchased	Capital reserves	Retained earnings	Exchange reserves	Total equity of the parent company	Non-controlling interests	Total equity
Balance on 31 December 2021		**171 989**	**(243 406)**	**1 544 146**	**5 400 252**	**112 494**	**6 985 475**	**(64 013)**	**6 921 462**
Profit for the year					2 710 837		2 710 837	229 274	2 940 111
Other comprehensive income	43					392 008	392 008	121 549	513 557
Total comprehensive income					2 710 837	392 008	3 102 845	350 823	3 453 668
Acquisition	2.4.2				(3 729 682)		(3 729 682)	(111 302)	(3 840 984)
Dividends	18				(1 175 700)		(1 175 700)		(1 175 700)
Purchase of own shares	19		(127 456)				(127 456)		(127 456)
MRP and executive share program	19			19 920			19 920		19 920
Balance on 31 December 2022		**171 989**	**(370 862)**	**1 564 066**	**3 205 707**	**504 502**	**5 075 402**	**175 508**	**5 250 910**
Profit for the year					2 706 363		2 706 363	(967)	2 705 396
Other comprehensive income	43					(259 685)	(259 685)	(9 926)	(269 611)
Total comprehensive income					2 706 363	(259 685)	2 446 678	(10 893)	2 435 785
Acquisition	2.4.3				1 341 982		1 341 982	66 860	1 408 842
Dividends	18				(3 836 900)		(3 836 900)		(3 836 900)
Purchase of own shares	19		210 715				210 715		210 715
MRP and executive share program	19			(1 793)			(1 793)		(1 793)
Balance on 31 December 2023		**171 989**	**(160 147)**	**1 562 273**	**3 417 152**	**244 817**	**5 236 084**	**231 475**	**5 467 559**

The annexes on pages 9 to 103 are integral parts of the consolidated accounts

Consolidated Cash Flow Statement

data in thousands of forints, unless otherwise indicated

	Annexes	31.12.2023	31.12.2022
Cash flow from operating activity			
Profit before tax from continuing operations		3 382 927	3 715 166
Profit/(loss) before tax from discontinued operations	17	0	968
Profit before tax		3 382 927	3 716 134
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets		582 874	1 014 120
Amortisation and impairment of intangible assets and impairment of goodwill	5, 7	611 450	57 954
Share-based payment expense	38	14 882	16 945
Decrease in fair value of investment properties	39	0	16 500
Increase in fair value of investment properties	33	0	(26 116)
Net foreign exchange differences		578 504	(283 991)
Gain on disposal of property, plant and equipment	33	(101 057)	(71 118)
Fair value adjustment of a contingent consideration		(1 007 122)	
Finance income	40	(1 510 013)	(803 489)
Finance costs	41	1 093 179	739 094
Share of profit of an associate and a joint venture	8	6 339	(214 439)
Movements in provisions, pensions and government grants	24	(11 749)	(48 777)
<u>Changes of working capital</u>			
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	12, 13, 14, 15, 16	(688 871)	2 410 035
Decrease in inventories and right of return assets	11	3 780 670	1 359 795
Increase in trade and other payables, contract liabilities and refund liabilities	27, 28, 29, 30	(2 779 890)	1 550 360
		3 952 123	9 433 007
Interest received	40	1 122 581	485 018
Interest paid	41	(731 816)	(479 166)
Income tax paid	42	(837 860)	(1 006 956)
Net cash flow from operating activity		***3 505 028***	***8 431 903***
Cash flow from investing activity			
Proceeds from sale of property, plant and equipment	3, 33	801 500	703 850
Purchase of property, plant and equipment	3	(22 277)	(193 185)
Purchase of investment properties		0	0
Purchase of financial instruments	9	(2 450)	(12 882)
Dividends from associates and joint ventures	8	91 500	194 500
Development expenditures		(177 225)	
Acquisition of a subsidiary, net of cash acquired	2.4.2	0	(2 816 389)
Net cash flow from investing activity		***691 048***	***(2 124 105)***
Cash flow from financing activity			
Proceeds from exercise of share options	19	259 426	155 612
Purchase of own shares	19	(71 100)	(388 941)
Acquisition of non-controlling interests	2.4.2.1	(1 127 101)	(123 356)
Payment of deferred payments	2.4.2.1	(241 665)	0
Payment of principal portion of lease liabilities	6	(502 717)	(236 731)
Proceeds from borrowings	22, 23	0	5 914 000
Repayment of borrowings	22, 23	(765 946)	(5 169 202)
Dividends paid to equity holders of the parent	18	(3 836 900)	(1 171 987)
Net cash flow from financing activity		***(6 286 003)***	***(1 020 605)***
Net change of cash and cash equivalents		(2 089 927)	5 287 192
Cash and cash equivalents at start of period		10 646 364	5 226 528
Currency exchange differences on cash and cash equivalents		(263 788)	132 644
Cash and cash equivalents at end of period	**15**	**8 292 649**	**10 646 364**

The annexes on pages 9 to 103 are integral parts of the consolidated accounts.

1 General

1.1 Introduction to the company

This report contains the consolidated financial statements of Duna House Holding Nyrt. (the "Company") and its subsidiaries (hereinafter jointly the "Group") for the year ending 31 December 2023. Duna House Holding Nyrt, as the parent company, is a public limited company registered in Budapest, Hungary, with its registered office at 1016 Budapest, Gellérthegy utca 17. The Company was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 315 real estate offices and more than 4,000 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 13 January 2022, the Company closed the acquisition of a 70% share in HGroup S.p.A. with additional future options (Put/Call), which may increase Duna House's stake in the Italian group to 100%. The Group is consolidating the Italian subsidiaries with a starting date of 1 April 2022. The details regarding the Italian acquisition are set out in section 2.4.2.1.

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

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

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

Owner's name	Ownership shares as at 31 December 2023	Ownership shares as at 31 December 2022
GD Holding Kft.	39,18%	39,17%
DDGroup Kft.	39,18%	39,17%
VIG Asset Management Hungary Zrt.	8,24%	7,60%
Employees	2,37%	2,13%
Treasury shares	0,97%	2,16%
Other investors	10,07%	9,76%
Total	**100%**	**100%**

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

1.2 Basis of the financial statements

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

The annual consolidated financial statements were approved by the Board of Directors on 8 April 2024. The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

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

ii) Basis of the financial statements

The consolidated financial statements were prepared on the basis of the standards issued and effective before 31 December 2023 and according to the IFRIC interpretations.

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

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

The financial year is identical to 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 material accounting policies that were applied by preparing the consolidated financial statements. The accounting policies were applied consistently for the periods covered by these consolidated financial statements. The most important accounting principles applied during the preparation of the financial statements were as follows:

2.1 Main components of the accounting policy

2.1.1 Basis of consolidation

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

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

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

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

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

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

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

2.1.2 Reporting currency and 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.

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

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

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

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

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

2.1.3 Business combinations and goodwill

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

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

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

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

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

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

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

2.1.4 Investments in associated companies and joint ventures

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

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

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

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

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

2.1.5 Distinction between short and long-term

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

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

Or

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

All other assets are classified as long-term.

A liability is short-term if:

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

Or

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

The Group classifies all other liabilities as long-term.

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

2.1.6 Sales revenue

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

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

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

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

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

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

Real estate agent commissions from clients for sold properties

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

Monthly franchise fee based on commission volumes generated by franchise partners

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

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

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

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

2.1.7 Contractual assets

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

2.1.8 Contractual obligations

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

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

2.1.9 Real estate, machines, equipment

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

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

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

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

2.1.10 Impairment loss

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

2.1.11 Intangible assets

The individually purchased intangible assets are entered into the books at purchase price, while intangible assets acquired 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 probably results in the influx of future economic goods and its cost can therefore be clearly identified.

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

Brand names	20 years
Purchased contracts	10 years
Rights and titles as well as software	3-6 years

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

2.1.12 Inventories

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

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

2.1.13 Borrowing costs

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

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

2.1.14 Receivables

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

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

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

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

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

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

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

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

2.1.16 Financial instruments

The Group normally records purchases and sales of financial assets on the settlement date. To establish the category of financial instruments, the Group determines whether the financial instrument is a debt instrument or equity investment. Equity investments have to be valued at fair value against profit; however, the Group may decide to evaluate 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 realizes its goal by way of the collection of contractual cash flows and the sale of financial instruments, and result in cash flows at times specified by the contractual conditions of the financial instrument, which are exclusively the payment of interests on capital and extended amounts of capital.
- Against fair value results - which do not belong to either of the two financial instrument categories or were designated as valued at fair value against profit when they were first recognised.

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

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 collectability. 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 have to be recognised in the profit only at the time of derecognition or re-classification.

The Group carries trade receivables, cash and cash equivalents, long-term and short-term loans, liabilities from bond issues and liabilities from leasing contracts at amortised cost.

Valued at fair value against profit

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

The Group recognises liabilities arising from deferred purchase price and option payments at fair value through profit or loss.

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

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

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

2.1.17 Provisions

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

The amount recognised as provisions is the best estimate of the expense required on the balance sheet date to settle an existing obligation, taking into account the risks and uncertainties that characterize 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.

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

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

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

2.1.18 Income taxes

The income tax on consolidated profit before tax in Hungary 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, while in Italy, Poland and the Czech Republic, it is based on related tax regulations. The full income tax liability contains tax components for the current year and deferred items. The Company also classifies the support provided for spectacular sports as corporate tax, because by content it considers it an income tax.

The tax liability for the current year is calculated on the basis of the taxable profit of the current year. The taxable profit is different from the profit before tax recognised in the consolidated financial statements due to gains and losses not included in the tax base and due to items, which 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 realization 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 realize 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 Group has a right granted by the law to offset its actual tax assets and liabilities relating to the same tax authority against each other and when the Group intends to account for those assets and liabilities on net basis.

2.1.19 Leasing

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

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

i) Right-of-use assets
The Group recognises right-of-use assets on the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are valued at cost value decreased by accumulated depreciation and impairment losses and adjusted for the revaluation of lease liabilities. The cost value of right-of-use assets includes the amount of recognised lease obligations, initial direct costs incurred and lease payments made at or before the inception of the lease, decreased by any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or their estimated useful life, whichever is shorter. The useful life of assets:
- Real estate and machinery: 3-20 years
- Motor vehicles and other equipment: 3-5 years

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

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

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

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

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

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

2.1.20 Earnings per share (EPS)

The earnings/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 earnings/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.

2.1.21 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.

2.1.22 Treasury shares repurchased

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

2.1.23 Dividends

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

2.1.24 Distribution of shares, option schemes

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

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

2.1.25 Cash and cash equivalents

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

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

2.1.26 Events subsequent to the accounting reference date

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

2.2 Changes in the Accounting Policy

The Group prepared its financial statements in compliance with the provisions of all the standards and interpretations in force as at 31 December 2023.

2.2.1 The new standards entering into effect on 1 January 2023 and applied by the Group:

The accounting policies applied are consistent with those of the previous financial year, except for the following IFRS amendments, which the Group will apply from 1 January 2023:

- **IFRS 17: Insurance contracts**
  The standard is effective for financial periods beginning on or after 1 January 2023. IFRS 17 is a comprehensive new accounting standard for insurance contracts that covers recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance

contracts issued, certain guarantees and financial instruments with discretionary participation features.

The Group does not issue any contracts within the scope of IFRS 17; therefore, its application has no impact on the Group's financial performance, financial position and cash flows.

- **IFRS 17: Insurance contracts**
  The standard is effective from 1 January 2023 and is effective for financial periods beginning on or after that date. IFRS 17, which is intended to provide a more useful and consistent new accounting model for the accounting of insurance contracts, establishes principles for the recognition, measurement, presentation and disclosure of all types of insurance contracts and certain guarantees and participating financial instruments. The new accounting model has specific additions for contracts with direct profit-sharing ('variable premium approach') and simplifications for the measurement of short-duration contracts ('premium-splitting approach').
  The main features of the new accounting model include the definition of the present value of future cash flows, supplemented by an explicit risk adjustment, which companies revalue each reporting period ("performance cash flows"). The model also includes a so-called "contract service margin" (CSM), which is equal to the first day's profit in the performance cash flows of the contract groups and represents the future unearned profit on insurance contracts. This future profit is recognised in profit or loss progressively over the period of coverage at the rate of insurance services provided. Certain changes in the expected present value of future cash flows will adjust the CSM and are therefore recognised in profit or loss on a graded basis in future financial periods. Amounts that are payable to policyholders in all circumstances, whether or not an insured event has occurred ("non-separate investment components") are not included in the income statement but are recognised directly in the balance sheet.
  Another change is that insurance income and expenses arising from insurance services are recognised in profit or loss on the basis of the services rendered during the period. The 'insurance service result' (earned income less claims incurred and direct costs) is presented separately from 'insurance financial income or expenses'. The balance sheet shall show separately those parts of the carrying amounts of insurance contracts issued and of reinsurance contracts that have a net asset balance and those that have a liability balance.
  Finally, IFRS 17 sets out extensive requirements for the amounts recognised in the financial statements arising from insurance contracts and for the disclosure of information about the nature and extent of risks arising from such contracts.
  For the transition to IFRS 17, the IASB decided to use a retrospective approach to estimate the CSM at the date of transition. However, if the full retrospective approach in IAS 8 is impracticable for a class of insurance contracts, an entity may choose between the modified retrospective method or the fair value model. Both provide temporary relief from the full retrospective approach.
  Finally, in December 2021, the IASB issued amendments to IFRS 17 to provide a transitional option for dealing with potential accounting mismatches between financial assets and insurance liabilities in the comparative information presented on initial application of the standard (so-called 'classification overlap'). An entity that applies 'classification overlap' to a financial asset must present comparative information as if it had applied the classification and measurement requirements of IFRS 9 in the previous financial period.

  The Group does not issue contracts within the scope of IFRS 17; therefore, its application has no impact on the Group's financial performance, financial position or cash flows.

- **IAS 1 Presentation of Financial Statements and 2. IFRS Practice Statement: Disclosure of accounting policies (Amendments)**
  The amendments will apply from the financial year starting on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements in accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The IFRS Practice Statement also provides guidance and illustrative examples to help apply the concept of materiality when making decisions about accounting policy disclosures.

  The Group has assessed the accounting policies disclosures and made the necessary changes to present the significant accounting policies.

- **IAS 8 Accounting policies, changes in accounting estimates, and errors: Definition of accounting estimates (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period. The amendments introduce a new concept of accounting estimates, defined as monetary amounts in the financial statements that are subject to valuation uncertainty if they do not result from the correction of a prior period error. The amendments also clarify what changes in accounting estimates mean and how they differ from changes in accounting policies and the corrections of errors.

  The Group discloses the effects of changes in accounting estimates in chapters 2.4.2.1 and note 7.

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

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

- **IAS 12 Income Taxes: International Tax Reform - Second Pillar Model Rules (Amendments)**
  The amendments will take effect immediately upon issuance, but certain disclosure requirements will take effect at a later date. The Organisation for Economic Co-operation and Development (OECD) published the Second Pillar Model Rules in December 2021, which ensure that large multinational companies are subject to a minimum tax rate of 15%. On 23 May 2023, the International Accounting Standards Board (IASB) issued the amendments to International Tax Reform - Second Pillar Model Rules - IAS 12. The amendments introduce a

mandatory transitional exemption from the accounting for deferred taxes arising from the jurisdictional application of the second pillar model rules and impose disclosure requirements on the entities concerned regarding their potential exposure to second pillar income taxes. The amendments require the disclosure, in periods when the second pillar legislation is (substantially) enacted but not yet effective, of known or reasonably estimable information that helps users of financial statements understand an entity's exposure to second pillar income taxes. To meet these requirements, an entity shall disclose qualitative and quantitative information about its exposure to second-pillar income taxes at the end of the reporting period. Disclosure of the income tax expense related to the second pillar and disclosure for periods before the enactment of the legislation is required for annual reporting periods beginning on or after 1 January 2023, but is not required for interim periods ending on or before 31 December 2023.

The Group is not subject to tax rules related to the second pillar and therefore there was no impact on the Group's financial statements.

2.2.2 Standards issued but not yet effective and not subject to early adoption

2.2.2.1 Standards/amendments not yet in force but adopted by the EU

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

  The amendments have been assessed by management and are not expected to have an impact on the Group's financial statements.

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

The amendments have been assessed by management and are not expected to have an impact on the Group's financial statements.

2.2.2.2 Standards/amendments not yet in force and not adopted by the EU

- **IAS 7 Statement of Cash Flows and IFRS 7 Disclosure of Financial Instruments - Supplier Financing Arrangements (Amendments)**
  The amendments apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments add to the requirements already in IFRSs and require an entity to disclose the terms of supplier financing arrangements. In addition, entities shall disclose, at the beginning and end of the reporting period, the carrying amount of the financial liabilities of a vendor financing arrangement and the line items on which those liabilities are presented, and the carrying amount and line items of financial liabilities for which the financiers have settled the corresponding vendor payables. Entities shall also disclose the type and effect of any non-monetary changes in the carrying amount of financial liabilities arising from vendor financing arrangements that prevent comparability of the carrying amount of financial liabilities. The amendments also require an entity to disclose, at the beginning and end of the reporting period, the maturity of financial liabilities to financiers and of similar trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.

  The amendments have been assessed by management and are not expected to have an impact on the Group's financial statements.

- **IAS 21 The Effect of Changes in Foreign Exchange Rates: Non-convertibility (Amendments)**
  The amendments are effective from the financial year starting on or after 1 January 2025, with early application permitted. The amendments specify how an entity should assess whether a currency is convertible and determine the spot exchange rate in the absence of convertibility. A currency is regarded as convertible into another currency if the entity is able to obtain access to the other currency within a time frame that permits a normal administrative delay through a market or exchange mechanism in which an exchange transaction creates enforceable rights and obligations. If a currency cannot be exchanged for another currency, the entity shall estimate the spot exchange rate at the measurement date. The objective of an entity in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would occur between market participants under prevailing economic conditions at the measurement date. The amendments note that an entity may use an unadjusted observable rate or another estimation technique. The amendments have not yet been adopted by the EU.

  The amendments have been assessed by management and are not expected to have an impact on the Group's financial statements.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture**
  The amendments address a known inconsistency between the requirements of IFRS 10 and IAS 28 in relation to the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that total gain or loss must be recognised when a transaction involves a business (whether or not it is in a subsidiary). A

partial gain or loss is recognised when a transaction involves assets that do not constitute a business activity, even if these assets are held in a subsidiary. In December 2015, the IASB indefinitely postponed the effective date of this amendment, pending the outcome of a research project on the capital method. The amendments have not yet been adopted by the EU.

The amendments have been assessed by management and are not expected to have an impact on the Group's financial statements.

2.3 Uncertainties

During the application of the accounting policy described in Section 2.1, estimates and assumptions 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 2.1.3 of the significant counting principles, the Group tests each year whether or not any impairment took place on goodwill. The recovery value of cash-generating units was defined on the basis of the calculation of the value in use. Estimates are indispensable for these calculations. In order to define the impartment loss of goodwill the value in use of those cash-generating units 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 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 the assessments of independent credit rating agencies and its historical experience of credit losses on trade receivables to estimate expected credit losses on trade receivables over their lifetime. The provisioning matrix defines different provisioning rates for each subsidiary based on past experiences. The impairment of trade receivables is accounted as “other cost” and is corrected among “other incomes.”

2.3.3 Trail commission

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

2.3.4 Investment property

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

2.3.5 Depreciation

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

2.3.6 Deferred purchase price and option liability

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

2.4 Business combination details, enterprises involved in the consolidation

As a Subsidiary	address:	**31.12.2023**	**31.12.2022**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Credipass Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
MyCity Residential Development Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Duna House Hypoteky s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Center Reality s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	67%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	85%	58%
Realizza Franchising S.r.l. (earlier Relabora S.r.l.)	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	53%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

The reporting periods of the Company and its subsidiaries are identical.

The Group's holding in Impact Alapkezelő Zrt. was recorded as an "Asset held for sale" in 2022. The process of selling the fund manager failed in February 2024, during the balance sheet preparation period, so the Group consolidates the company for the year 2023 and thereafter (Section 17).

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

a) On 13 January 2022, the Company acquired a 70% ownership share in the company HGroup S.p.A., registered in Bergamo, Italy, which owns the following companies:
   - Credipass S.r.l. (in which HGroup S.p.A owns a 94.78% share), which performs credit intermediary activities,
   - Medioinsurance S.r.l. (in which HGroup S.p.A owns a 100.0% share), which performs insurance brokering activities, and
   - Realizza S.r.l. (in which HGroup S.p.A owns an 82.0% share), which performs real estate agency activities, and
   - Relabora S.r.l. (in which HGroup S.p.A owns a 74.0% share), which primarily deals with computer programming.

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

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

a) In January 2023, the Company acquired an additional 22.84% of HGroup S.p.A., increasing its direct ownership to 94.0%,

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

2.4.1 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 Credipass 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, Credipass 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 emphasized the intermediation of traditionally new-built properties and specialized 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 organization and quality assurance tasks, while valuation services are provided by experts, independent from the real estate brokerage network as subcontractors.

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 subcontractors.

2.4.1.10 GDD Commercial Kft.

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

2.4.1.11 SMART Ingatlan Kft.

The company group operated the SMART Real Estate Franchise Network real estate brokerage until 31 December 2019, at which time the SMART networked merged with Duna House. The company currently has no activities.

2.4.1.12 Home Line Center Kft.

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

2.4.1.13 Impact Alapkezelő Zrt.

In its resolution H-EN-III-130/2016 of 20 April 2016, the Hungarian National Bank issued a license 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) based on (residential) properties located in Hungary. The fund manager manages private and public real estate funds investing into properties.

2.4.1.14 MyCity Residential Development Kft. and its project companies

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

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

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

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

2.4.1.15 Akadémia Plusz 2.0 Kft.

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

2.4.1.16 Duna House Szolgáltatóközpont Kft .

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

2.4.1.17 Polish subsidiaries

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

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

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

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

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

2.4.1.18 Czech subsidiaries

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

2.4.1.19 Italian subsidiaries

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

The HGroup SpA holding company has four subsidiaries, in which it owns various shares. The subsidiary Credipass is specialized 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.

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

Company	Duna House Group's share on 13.01.2022	Duna House Group's share after the acquisition on 31.12.2022	Duna House Group's share after the acquisition on 31.12.2023
Hgroup S.p.A.	70,0%	71,1%	94,0%
Credipass S.r.l.	66,3%	67,4%	93,8%
Medioinsurance S.r.l.	70,0%	71,1%	94,0%
Realizza S.r.l.	57,4%	58,3%	84,6%
Realizza Franchising S.r.l. (previously Relabora S.r.l.)	51,8%	52,6%	94,0%

2.4.2 Acquisitions during the year 2022.

2.4.2.1 Business combination - Hgroup S.p.A.

On 10 December 2021, Duna House Holding Nyrt. entered into a binding Investment Contract for the acquisition of a 70% share in Hgroup S.p.A., registered in Bergamo, Italy. Hgroup S.p.A. is a holding company with shares in many companies (Section 2.4.1.19. Italian subsidiaries contain a presentation of Hgroup)

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

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

Nature of the transaction	Business combination (through acquisition)
Date of acquisition	01/04/2022
Share percent	70.0% (71.1% from 06.12.2022, 94,0% from 31.01.2023)

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

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

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

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

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

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

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

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

A summary of the consideration transferred in the acquisition:

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

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

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

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

The Group's analysis of the cash flows (cash flows) of the acquisition is summarized below:

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

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

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

They are calculated as follows:

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

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

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

thousand EUR	2022	2023	2024
Calculation on 31.12.2022			
HGroup Group’s expected consolidated EBITDA	6 249	6 471	7 171
- Adjustments (24% tax)	-1 500	-1 553	-1 721
HGroup Group’s expected consolidated adjusted EBITDA	**4 749**	**4 918**	**5 450**
EV/EBITDA multiplier	***10,0x***	***10,0x***	***10,0x***
Expected Enterprise Value	**47 492**	**49 181**	**54 496**
- Net Debt	-6 835	-6 835	-6 835
Expected equity value	**40 657**	**42 346**	**47 661**
	8,40%	8,40%	8,40%
Expected earn-out	**3 415**	**3 557**	**4 003**
Calculation on 31.12.2023			
HGroup Group’s expected consolidated EBITDA		3 106	6 466
- Adjustments (24% tax)		-745	-1 552
HGroup Group’s expected consolidated adjusted EBITDA		**2 360**	**4 914**
EV/EBITDA multiplier		***10,0x***	***10,0x***
Expected Enterprise Value		**23 603**	**49 139**
- Net Debt		-6 835	-6 835
Expected equity value		**16 768**	**42 304**
		8,40%	8,40%
Eurn-out calculated on 30% ownership		**1 409**	**3 554**
Actual Earn out per 22.87% ownership share currently entitled Expected Earn out		**1 074**	**2 709**

The Group's management has taken into account that the payments after each earn-out period are expected to be made in the middle of the following year, and has calculated the present value of the cash flows at a discount rate of 8.9% EUR. (2022: 7.2%)

The Group has entered into individual agreements with minority shareholders during 2022 and 2023, which also covered deferred payments and were financially settled during different periods. The present value of the expected earn-out payments, taking into account the revaluation effects of these agreements, was EUR 3,412,712, or HUF 1,306,318 thousand at 31 December 2023 (31 December 2022: EUR 9,496,071, or HUF 3,800,802 thousand).

Presentation of the value of the option purchase price

For non-controlling share packages, the Group has a call option and the former owners have a put option. The Group's call option can be exercised from 1 July 2025 to 1 July 2028, and the sellers' put option can be exercised in several instalments from 1 July 2026 to 30 June 2028. The formula for the optional purchase price: % of the applicable ownership share × (10.5 × consolidated adjusted EBITDA based on the average of the two years preceding the payment of the optional purchase price *minus* net debt). The Group has assumed that the options will be exercised, on average, in mid-2025 (2022: mid-2027).

The amount of option payments is subject to significant uncertainty as they depend on HGroup group’s actual future EBITDA figures based on Italian accounting standards. At the close of each business year, the Group's management reviews the assumptions used to calculate the option payments based on Hgroup's business plan.

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

thousand EUR	2022	2023	2024	2025	2026	Average
Calculation of 31.12.2022						
HGroup Group’s expected consolidated EBITDA	6 249	6 471	7 171	7 314	7 460	7 387
- Adjustments (24% tax)	-1 500	-1 553	-1 721	-1 755	-1 790	-1 773
HGroup Group’s expected consolidated adjusted EBITDA	**4 749**	**4 918**	**5 450**	**5 559**	**5 670**	**5 614**
EV/EBITDA multiplier						***10,5x***
Expected Enterprise Value						**58 949**
- Net Debt						0
Expected equity value						**58 949**
						30,00%
Expected option payout						**17 685**
Calculation of 31.12.2023						
HGroup Group’s expected consolidated EBITDA		3 106	6 466			4 786
- Adjustments (24% tax)		-745	-1 552			-1 149
HGroup Group’s expected consolidated adjusted EBITDA		**2 360**	**4 914**			**3 637**
EV/EBITDA multiplier						***10,5x***
Expected Enterprise Value						**38 190**
- Net Debt						3 313
Expected equity value						**41 503**
						30,00%
Option payout calculated on 30% ownership						**12 451**
Currently eligible 22.87% vested Expected Option payout						**9 490**

The Group's management took into account that the payment of the option purchase price is expected to be made in June 2025 and calculated the present value of the cash flows at a discount rate of EUR 8.9% (2022: 7.2%). The Group entered into individual agreements with minority shareholders during 2022 and 2023, which also covered deferred payments and were financially settled in each period. The present value of the expected option payments, including these agreements, amounted to EUR 8,352,131, HUF 3,190,067 thousand at 31 December 2023 (31 December 2022: EUR 12,455,776, HUF 4,985,424 thousand).

2.4.3 Transactions in the year 2023.

2.4.3.1 Buyout of minority shareholders – Hgroup S.p.A.

On January 25, 2023, the Company entered into an agreement with Vgroup Ltd to acquire its 5.99% stake in Hgroup S.p.A. and to settle the deferred purchase price liabilities under the Investor Agreement dated 10 December 2021 for a total consideration of EUR 2,350 thousand.

On 31 January 2023, the Company entered into an agreement with Diego Locatelli to acquire his 16.85% stake in Hgroup S.p.A. Under the terms of the sale and purchase agreement, the consideration for the stake will be settled between the parties in the same amount and at the same time as the option obligation set out in the sale and purchase agreement of 10 December 2021. The consideration will be increased by the dividend paid by Hgroup Spa on the 16.85% stake until the purchase price is paid.

2.4.3.2 Buy-out of minority shareholders - Credipass S.r.l.

During March 2023, Hgroup S.p.A. increased its shareholding in Credipass S.r.l. to 99.87% by purchasing 5.0% of the shares.

2.4.3.3 Purchase of minority shareholding - Professionecasa

On 30 September 2023, Hgroup S.p.A. entered into an investment and cooperation agreement with Professionecasa S.p.A., under which it acquired a 10% non-controlling interest in the company.

3 Property, machinery and equipment

thousand HUF	**Properties**	**Machinery and equipment**	**Total**
at 31 December 2021	**601 855**	**152 151**	**754 006**
Additions	23 164	170 021	193 185
Business combinations	1 394 375	165 025	1 559 400
Disposals	(22 816)	(10 498)	(33 314)
Exchange differences	124 179	19 877	144 056
at 31 December 2022	**2 120 757**	**496 576**	**2 617 333**
Additions	302	21 975	22 277
Disposals	(45 155)	(5 962)	(51 117)
Exchange differences	(66 281)	(5 257)	(71 538)
at 31 December 2023	**2 009 623**	**507 332**	**2 516 955**
at 31 December 2021	**(192 785)**	**(129 310)**	**(322 095)**
Business combinations	(126 637)	(132 694)	(259 331)
Depreciation charge for the year	(23 822)	(37 813)	(61 635)
Disposals	20 815	7 074	27 889
Exchange differences	(11 278)	(16 736)	(28 014)
at 31 December 2022	**(333 707)**	**(309 479)**	**(643 186)**
Depreciation charge for the year	(64 411)	(53 324)	(117 735)
Disposals	7 974	4 097	12 071
Exchange differences	7 793	4 344	12 137
at 31 December 2023	**(382 351)**	**(354 362)**	**(736 713)**
Net book value			
at 31 December 2023	1 627 272	152 970	1 780 242
at 31 December 2022	1 787 050	187 097	1 974 147
at 31 December 2021	409 070	22 840	431 910

In 2023, the Group sold an own-use property in Budapest with a net book value of HUF 35,247 thousand. With the consolidation of the Italian Hgroup in 2022., the net book value of the Group's real estate properties increased by HUF 1,267,738 thousand, and the Group recorded an additional total of HUF 124,179 thousand in exchange differences on the Italian properties. Hgroup's real estate property portfolio is mortgaged. Section 22. presents the details of the mortgage.

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

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

4 Investment property

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

In order to streamline its profile, the Group is selling its entire investment property portfolio and all existing properties have been reclassified as Assets Held for Sale (Note 17), therefore no valuation has been made for 2023.

thousand HUF	**Investment properties**
at 31 December 2021	**1 849 500**
Revaluation gain	44 616
Disposals	(668 900)
Revaluation loss	(16 500)
Asset held for sale	(226 216)
at 31 December 2022	**982 500**
Revaluation gain	0
Disposals	(218 000)
Revaluation loss	0
Asset held for sale	(764 500)
at 31 December 2023	**0**
Net book value	
at 31 December 2023	0
at 31 December 2022	982 500
at 31 December 2021	1 849 500

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

As at 31 December 2022, the Group had three apartments and one office space classified as investment properties. On Assets held for sale and investment properties, the Group realised a total net revaluation gain of HUF 28,116 thousand before tax (2.4% of the book value of the revalued properties at 31 December 2021).

5 Intangible assets

thousand HUF	**Intangibles**
at 31 December 2021	**825 517**
Additions	248 209
Business combinations	6 634 708
Exchange differences	600 811
at 31 December 2022	**8 309 245**
Additions	177 225
Exchange differences	(309 072)
at 31 December 2023	**8 177 398**
at 31 December 2021	**(490 723)**
Business combinations	(898 648)
Depreciation charge for the year	(170 339)
Exchange differences	(83 402)
at 31 December 2022	**(1 643 112)**
Depreciation charge for the year	(611 450)
Exchange differences	60 575
at 31 December 2023	**(2 193 987)**
Net book value	
at 31 December 2023	5 983 411
at 31 December 2022	6 666 133
at 31 December 2021	334 794

During 2023, the Group acquired intellectual property worth HUF 177,225 thousand (2022: HUF 248,209 thousand), including capitalized costs for the development of ERP systems for credit and real estate brokerage.

The acquisition of Hgroup Spa. in 2022 increased the Group's intangible assets by a total of HUF 6,634,708 thousand (see Section 2.4.2.1)

6 Leases

	2023	2022
Right-of-use		
Land and buildings	1 301 103	1 251 998
Machinery and equipment	182 713	288 931
	1 483 816	**1 540 929**
Lease liabilities by maturity		
less than 1 year	440 467	292 382
between 1 and 5 years	965 938	1 470 175
more than 5 years	306 843	0
	1 713 248	**1 762 557**
Depreciation of right-of-use asset	(414 108)	(235 513)
Interest expenditure	(82 676)	(37 909)
	(496 784)	**(273 422)**
Other operating rental fees	**502 717**	**236 731**
IFRS 16 impact on profit or loss	**5 933**	**-36 691**

IFRS 16 Leasing impact on cash-flow	**2023**	**2022**
Profit before tax	5 933	-36 691
Depreciation	414 108	235 513
Interest	-82 676	-37 909
Net cash flow from operating activities	**337 365**	**160 914**
Repayment of lease liabilities	-502 717	-236 731
Paid interest	82 676	37 909
Net cash flow from financial activities	**-420 041**	**-198 821**

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

Assets	**Car rental fee**	**Office rental fee**	**Total**
31.12.2021	**46 816**	**300 564**	**347 380**
Business combinations	257 614	1 018 880	1 276 494
Contract amendments	174	152 394	152 568
Increase total	**257 788**	**1 171 274**	**1 429 062**
Depreciation	(15 673)	(219 840)	(235 513)
Decrease total	(15 673)	(219 840)	(235 513)
31.12.2022	**288 931**	**1 251 998**	**1 540 929**
New leasing contracts	117 308	381 975	499 283
Contract amendments	21 109	81 988	103 097
Exchange rate gain	764	8 567	9 331
Increase total	**139 181**	**472 530**	**611 711**
Depreciation	(72 871)	(341 236)	(414 107)
Contract amendments	(39 396)	(156 109)	(195 505)
Exchange rate loss	(4 766)	(54 446)	(59 212)
Decrease total	**(117 033)**	**(551 791)**	**(668 825)**
(+/-) Reclassification between assets	**(121 549)**	**121 549**	**0**
31.12.2023	**189 530**	**1 294 286**	**1 483 816**

Lease liabilities and movements during the period are presented below:

Liabilities	**2023**	**2022**
01 January	**1 762 557**	**448 917**
New leasing contracts	499 283	0
Contract amendments	117 681	201 311
Interest rate increase	82 676	37 909
Exchange rate gain	12 408	0
Increase from business combination	0	1 311 151
Increase total	**712 047**	**1 550 371**
Lease payments	(502 717)	(236 731)
Contract amendments	(190 772)	0
Exchange rate loss	(65 019)	0
Termination of contracts	(2 848)	0
Decrease total	**(761 356)**	**(236 731)**
31 December	**1 713 248**	**1 762 557**

The Company has long term leases on offices and vehicles for its central administration, real estate brokerage activities, and credit intermediary activities. The Company applies a discount rate of 9.0% (2022: 3.6%) in Hungary and 8.2% (2022: 3.6%) Poland, and 3.1% (2022: 2.5%) in Italy to calculate the present value of right-of-use and lease obligations.

In 2022, the Group's rights to use assets increased by HUF 1,276,494 thousand due to the acquisition of Hgroup. In 2023, the Group's right to use leased office equipment increased by HUF 49,105 thousand, however the right to use leased vehicles decreased by HUF 106,219 thousand - partly due to a classification adjustment: the Group reclassified HUF 121,549 thousand book value assets from motor vehicle to office leasehold as a correction of a mistake in 2022 classification.

Of the increase in leasing liabilities of HUF 201,311 thousand in 2022, HUF 62,042 thousand relates to motor vehicles with a total purchase price of HUF 133,079 thousand, which are included in the Group's machinery and equipment.

7 Goodwill

	2023	Increase (decrease)	Conversion differences	2022
Polish franchise CGU *Metrohouse Franchise S.A.*	735 044	0	22 459	712 585
Polish own office CGU *Metrohouse Sp. Zoo.*	210 059	0	8 189	201 870
Polish financial intermediary CGU *Gold Finance Sp. z o.o.* *Alex TG Sp. z o.o.*	669 148	0	19 747	649 401
Cseh franchise CGU *Duna House Franchise s.r.o.*	14 113	0	(1 003)	15 116
Czech own office CGU *Center Reality s.r.o.*	226 986	0	(16 130)	243 116
Hungarian related services CGU *Home Management Kft.*	18 500	0	0	18 500
Italian financial intermediary CGU	3 656 063	0	(166 133)	3 822 196
Total	**5 529 914**	**0**	**(132 870)**	**5 662 784**

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

The Group has carried out a test of the value of the goodwill shown in the consolidated balance sheet of the acquired subsidiaries in December 2022 and 2023. As a result of the market downturns in the real estate and credit markets, the Group recognised impairment of HUF 57,954 thousand in 2022 in respect of the Polish own office CGU. No need for impairment arose in 2023.

Polish franchise CGU
The recoverable amount of the Polish franchise CGU as at 31 December 2023 of HUF 1,955,433 thousand (2022: HUF 1,047,989 thousand) was determined based on a value in use calculation from cash flow projections derived from the financial plan approved by senior management for a four-year period. The projected cash flows have been updated to reflect the recovery in the real estate market. The discount rate applied to the cash flow projections is 9.6% (2022: 8.5%) and cash flows beyond the four-year period have been extrapolated using a growth rate of 2.0% (2022: 2.0%). The increase in the discount rate compared to the comparative period is due to higher risk-free rates and weighted average cost of capital due to the elevated interest rate environment. It was concluded that the fair value less costs to sell does not exceed the value in use. As a result of this analysis, management did not recognize an impairment loss in the current year against goodwill with a carrying amount of HUF 735,044 thousand at 31 December 2023, net of exchange differences.

Polish own office CGU
The recoverable amount of the Polish own office CGU as at 31 December 2023 of HUF 741,222 thousand (2022: HUF 135,557 thousand) was also determined on the basis of a value in use calculation from cash flow projections derived from the financial plan approved by senior management for a four-year period. The projected cash flows have been updated to reflect the renewed increased demand for real estate brokerage services. The discount rate applied to the cash flow projections is 9.6% (2022: 8.5%) and cash flows beyond the four-year period have been extrapolated at a growth rate of 2.0% (2022: 2.0%). The increase in the discount rate compared to the comparative period is due to a higher risk-free rate of return and weighted average cost of capital due to the elevated interest rate environment. It was concluded that the fair value less costs to sell does not exceed the value in use. As a result of this analysis, management did not recognize an impairment loss in the current year against goodwill with a carrying amount of HUF 210,059 thousand at 31 December 2023 (2022: impairment loss of HUF 57,954 thousand), net of exchange differences.

Polish financial intermediary CGU
The recoverable amount of the Polish financial intermediary CGU of HUF 3,829,810 thousand (2022: HUF 1,595,780 thousand) as at 31 December 2023 was also determined based on a value in use calculation from cash flow projections derived from the financial plan approved by senior management for a four-year period. The projected cash flows have been updated to reflect the surge in market demand for credit intermediation services and borrowing during 2023. The discount rate applied to the cash flow projections is 9.6% (2022: 8.5%) and cash flows beyond the four-year period have been extrapolated using a growth rate of 2.0% (2022: 2.0%). The increase in the discount rate compared to the comparative period is due to a higher risk-free rate of return and weighted average cost of capital due to the elevated interest rate environment. It was concluded that the fair value less costs to sell does not exceed the value in use. As a result of this analysis, management did not recognize an impairment loss in the current year against goodwill with a carrying amount of HUF 669,148 thousand at 31 December 2023, net of exchange differences

Czech own office CGU
The recoverable amount of the Czech own office CGU as at 31 December 2023 of HUF 376,225 thousand (2022: HUF 275,037 thousand) was also determined on the basis of a value in use calculation from cash flow projections derived from the financial plan approved by senior management for a four-year period. The projected cash flows have been updated to reflect the demand for real estate services. The discount rate applied to the cash flow projections is 8.4% (2022: 8.5%) and cash flows beyond the four-year period have been extrapolated using a growth rate of 2.0% (2022: 2.0%). It was concluded that the fair value less costs to sell does not exceed the value in use. As a result of this analysis, management did not recognize

an impairment loss in the current year against goodwill with a carrying amount of HUF 226,986 thousand at 31 December 2023, net of exchange differences.

Italian financial intermediary CGU
The recoverable amount of the Italian financial intermediary CGU of HUF 32,100,581 thousand at 31 December 2023 (2022: HUF 18,676,665 thousand) was also determined on the basis of a value in use calculation from cash flow projections derived from the financial plan approved by senior management for a four-year period. The projected cash flows have been updated to reflect the increasing market demand for credit intermediation services and borrowing. The discount rate applied to the cash flow projections is 8.4% (2022: 7.2%) and cash flows beyond the four-year period have been extrapolated using a growth rate of 2.0% (2022: 2.0%). The increase in the discount rate compared to the comparative period is due to a higher risk-free rate of return and weighted average cost of capital due to the elevated interest rate environment. It was concluded that the fair value less costs to sell does not exceed the value in use. As a result of this analysis, management did not recognize an impairment loss in the current year against goodwill with a carrying amount of HUF 3,656,063 thousand at 31 December 2023, net of exchange differences.

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

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

Of the factors listed, the development of Gross margin has the most significant impact on goodwill impairment, and therefore the Group has performed a sensitivity analysis for this factor for the Polish and Czech CGUs. The Italian Financial Intermediation CGU has a recoverable amount of 8x the carrying amount of goodwill at the end of 2023, so a sensitivity analysis is not necessary.

Gross margin - The gross margin is based on the average of the three years preceding the start of the forecast period, taking into account trends over the period.

CGU	Average gross margin used in cash flow model	Gross margin level below which goodwill impairment is necessary
Polish franchise CGU	94,5%	83,2%
Polish own office CGU	33,0%	28,2%
Polish financial intermediation CGU	16,1%	12,8%
Italian financial intermediation CGU	30,0%	-
Czech own office CGU	29,0%	25,0%

Discount rates - The discount rates reflect the current market valuation of the risks specific to each CGU, taking into account the time value of money and the specific risks of the underlying assets that are not taken into account in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investments by the Group’s investors. The cost of debt is determined on the basis of the interest rate on marginal loans available to the Group. Segment-specific risk is taken into account by applying specific beta factors. Beta factors are assessed annually based on publicly available market data.

Inflation - Estimates are derived from published inflation indices and forecasts for each country. Projected inflation for 2024 is 6.2% in Poland, 2.1% in the Czech Republic, and 2.0% in Italy.

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

Growth rate estimates - The Group expects growth in the Polish CGUs to exceed 15% in the first year of the forecast period, followed by a moderating annual growth rate of 5-15%. The Italian financial intermediary CGU is expected to grow by 11.0% in 2024 and 5.0% per year thereafter. For the long-term growth rate of CGUs, the Group projected a uniform annual growth rate of 2.0%.

8 Investments in associated companies and joint ventures

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

Furthermore, the Group holds a 10% non-controlling interest in Professionecasa S.p.A. and has the right to delegate one member to the company's five-member board of directors, so the Group considers the investment to be an associated company.

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

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

31 December 2023	**Hunor utca 24. Kft.**	**Professionecasa**	**Total**
Group ownership share	50,00%	10,00%	
Book value of the Group's investment	**3 288**	**114 834**	**118 122**

Period ending with 31 December, 2023	Hunor utca 24. Kft.	Total
Revenues	21 074	21 074
Operating costs	(23 308)	(23 308)
Financial results	1 330	1 330
Profit before tax	**(904)**	**(904)**
Income taxes	(11 773)	(11 773)
Result per NCI		0
Taxed profit	(12 677)	(12 677)
Group share of profit after tax	**-6 339**	**-6 339**

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

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

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

In 2023, Hunor utca 24. Kft. paid the Group dividends of HUF 91,500 thousand (HUF 194,500 thousand in 2022).

As at 31 December 2023 and 31 December 2022, the Group had no contingent liabilities in respect of its interest in joint ventures, nor did the joint ventures themselves have any contingent liabilities for which the Group has contingent liability.

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

9 Financial instruments

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

	31.12.2023	31.12.2022
Deposit, security deposit	84 707	91 676
Other long-term loans granted	28 345	18 926
Total	**113 052**	**110 602**

The Group records deposits given regarding leased offices under deposits and security deposits.

10 Deferred tax receivables

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

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

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

Deferred tax receivables	**31.12.2023**	**31.12.2022**
From business combination - (Hgroup)	680 851	692 507
Due to taxation in accordance with the cash accounting principle	187 002	106 925
Losses carried forward	46 394	92 831
Impairment loss of receivables	19 641	26 886
Due to consolidation-related exclusions and accounting	0	(8 831)
Provisions	2 835	0
Due to the difference in the valuation of fixed assets and investment properties	104	157
Total	**936 827**	**910 475**

Deferred tax assets arising from business combinations include the tax effect of assets recognised in the acquired subsidiaries under local accounting rules but not recognised in IFRS, which are tax deductible under local tax rules. In connection with the acquisition of Hgroup S.p.A., the Group recognises a deferred tax asset of HUF 680,852 thousand (2022: HUF 692,507 thousand) related to goodwill recognised under local accounting rules.

Of the deferred tax assets from loss carryforwards of HUF 46,394 thousand, HUF 45,874 thousand relate to the Polish subsidiaries. The maximum deferred tax losses affecting Polish operations that can be used in a business year against future positive tax bases are the following.

Status at 31.12.2023:

Maximum available tax loss amount

Year of use	Metrohouse Franchise S.A.	Metrohouse S.A.	Gold Finance Sp. z o.o.	Primse.com Sp. z o.o.	**Total (PLN)**	**Total (HUF thousand)**	Distribution between years
2024	0	742	0	336 623	**337 365**	**29 702**	12%
2025	0	232 175	0	678 278	**910 453**	**80 156**	33%
2026	0	0	0	622 130	**622 130**	**54 772**	23%
2027	796 665	0	0	0	**796 665**	**70 138**	29%
2028	75 816	0	0	0	**75 816**	**6 675**	3%
Total	**872 481**	**232 917**	**0**	**1 637 031**	**2 742 429**	**241 443**	**100%**

Status at 31.12.2022:

Maximum available tax loss amount

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

11 Inventories

	31.12.2023	**31.12.2022**
Value of real estate property taken into inventory	2 264 947	6 038 280
Marketing tools	12 932	20 795
Recharged services	526	0
Total	**2 278 405**	**6 059 075**

The book value of inventories is mainly determined on the basis of the historical cost of residential properties under construction in MyCity project companies. A return on these stocks is expected in 2024-2025, in line with the project’s handover schedule.

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

12 Trade receivables

	31.12.2023	31.12.2022
Trade receivables	3 524 622	3 400 374
Impairment loss of receivables	(212 865)	(170 609)
Total	**3 311 757**	**3 229 765**

The book value of trade receivables increased by HUF 81,992 thousand mainly due increase of loan intermediation volumes and receivable commissions from credit institutions.

	31.12.2023	31.12.2022
Impairment of trade receivable opening values	**170 609**	**163 129**
Increase	111 331	95 668
Bad debts (derecognition)	0	0
Decrease	(69 075)	(88 188)
Impairment changes on trade receivables in the target year	42 256	7 480
Impairment of trade receivable closing values	**212 865**	**170 609**

13 Amounts owed by related undertakings

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

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

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

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

- The business unit and the reporting business unit are part of the same group (i.e. each parent company, subsidiary, and associated company is related).

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

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

Amounts owed by related undertakings

	31.12.2023	**31.12.2022**
Loan receivables from Hunor utca 24. Kft.	4 161	4 161
Professione Casa advance	314 334	0
Dividends receivable Hunor utca 24. Kft.	7 000	0
Associates and joint ventures	**325 496**	**4 161**
Assets classified as held for sale	0	21 184
Employee loans	3 765	0
Other related parties	**3 765**	**21 184**
Total	**329 261**	**25 345**

Total related party receivables increased to HUF 329,261 thousand during the period (2022: HUF 25,345 thousand) due to the upfront fee paid for the collaboration with Professione Casa, which the Group will expense over several years starting from 1 January 2024.

As at 31 December 2022, the Group had a loan receivable of HUF 21,184 thousand from Impact Alapkezelő Zrt classified as held for sale (Note 17). The Impact Alapkezelő Zrt. repaid the loan during the month of January 2023.

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

14 Other receivables

	31.12.2023	31.12.2022
Advances paid	897 567	945 502
Other receivables (taxes)	573 605	80 943
Collateral	92 050	0
Short-term loans	68 039	17 175
Other receivables	25 660	11 658
Receivables related to the purchase of shares	13 510	585 121
Security deposit	7 539	7 562
Duty receivable from lawsuits	5 143	1 914
Rental fee paid as attorney deposit	1 742	13 993
Assigned receivables	1 282	1 180
Total	**1 686 137**	**1 665 048**

The cost line of advances paid consists of the advances on commissions given to credit consultants as part of certain promotions and of deposits given to the lessor in connection with vehicle leases. At the end of 2023, HUF 722,729 thousand was attributable to the Italian Hgroup. In 2023, the Group has recognised an impairment loss of HUF 121,267 thousand in other operating expenses on advances to the network of agents that are not expected to be recovered.

Other receivables (tax) include tax deducted and paid by banking partners on commissions in Italy.

The Group includes in the line "Collateral" the amount of performance and warranty guarantees retained by the collateral manager of the Forest Hill project.

The Group had a total receivable of HUF 585,121 thousand in 2022 from the sellers of Hgroup Spa. in connection with a purchase price adjustment (see Section 2.4.2.1 regarding the acquisition). By agreement between the parties, the receivable was settled in the deferred purchase price (see also Section 26 for more information on the deferred purchase price). This receivable is reduced to HUF 13,510 thousand for the year 2023.

15 Cash and cash equivalents

	31.12.2023	31.12.2022
Bank account balance – available	8 279 451	10 634 625
Bank account balance – restricted	500	92 550
Cash	13 198	11 739
Total	**8 293 149**	**10 738 914**

Regarding the aggregate bank account balance, HUF 500 thousand (2022: HUF 92,550 thousand) is only available subject to the following restrictions.

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

The Company has been managing its bank accounts linked to its operations in Hungary and Italy under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit is available to back the cash pool system, which amount is suited to the needs of regular operations and can be used to satisfy any transitional additional financing needs. The cash pool limit is HUF 100 million in Hungary and EUR 1.56 million in Italy. The amount used at the end of the reporting period is shown in Section 22. The breakdown of bank account balances by financial institution is presented in Section 47 under Credit risk.

16 Accrued incomes

	31.12.2023	**31.12.2022**
Trail commission	697 401	734 386
Accrued incomes	43 259	171 193
Prepaid expenses	114 618	5 626
Total	**855 278**	**911 205**

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

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

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

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

The Board of Directors decided in September 2022 to sell Impact Alapkezelő Zrt. as the redemption rules adversely affecting public open-ended real estate funds have resulted in a continuous decline in the net asset value of the fund managed by it. The business of Impact Alapkezelő Zrt. was part of the Group's Related services operating segment until 1 October 2022. Following the signing of the sale and purchase agreement in December 2023, the sale of the fund manager failed in February 2024 due to the buyer's non-payment. Subsequently, the Board of Directors decided to suspend the sale of Impact Alapkezelő Zrt. and to develop the business again following a capital increase. In 2023, the reconsolidation of the company reduced the Group's operating result by HUF 55,823 thousand and its profit after tax by HUF 61,067 thousand.

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

	Investment property 31.12.2023	**Total 31.12.2023**
Derecognition of cost value (assets)	527 400	527 400
Derecognition of cost value (liabilities)	0	0
Total net assets	**527 400**	**527 400**
Derecognition of carrying value (assets)		
Investment property	527 400	527 400
Assets classified as held for sale	**527 400**	**527 400**
Derecognition of carrying value (liabilities)		
Assets classified as held for sale (liabilities)	**0**	**0**
Income Statement		
Results of discontinuing activity	**0**	**0**

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

18 Subscribed capital and profit reserve

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

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

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

	2023		2022	
Class of shares	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
"A" ordinary share, face value of HUF 5	34 387 870	171 939	34 387 870	171 939
"B" employee preferential share, face value of HUF 50	1 000	50	1 000	50
Total	**34 388 870**	**171 989**	**34 388 870**	**171 989**

	2023		2022	
"A" ordinary share, face value of HUF 5	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
1 January	**34 387 870**	**171 939**	**34 387 870**	**171 939**
Shares issued	0	0	0	0
31 December	**34 387 870**	**171 939**	**34 387 870**	**171 939**

	2023		2022	
"B" employee preferential share, face value of HUF 50	**Number**	**Total face value (HUF thousand)**	**Number**	**Total face value (HUF thousand)**
1 January	**1 000**	**50**	**1 000**	**50**
Shares issued	0	0	0	0
31 December	**1 000**	**50**	**1 000**	**50**

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

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

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

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

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

Dividend calculations	**2023**	**2022**
Dividend for series "A" ordinary shares, based on a general meeting decision	(3 690 000)	(1 100 400)
Dividend for series "B" employee preferential shares, based on a general meeting decision	(146 900)	(75 300)
Total dividends allocated	**(3 836 900)**	**(1 175 700)**
Deducted PIT	(36 136)	(8 724)
Dividends allocated based on PIT	**(3 800 764)**	**(1 166 976)**
Q1	0	0
Q2	(3 690 000)	(1 091 381)
Q3	(36 136)	(8 724)
Dividends paid for series "A" ordinary shares	**(3 726 136)**	**(1 100 104)**
Q1	(18 825)	(15 112)
Q2	(36 725)	(18 825)
Q3	(36 725)	(18 825)
Q4	(36 725)	(18 825)
Dividends paid for series "B" employee shares	**(129 000)**	**(71 587)**
Total dividends paid	**(3 855 136)**	**(1 171 692)**

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

19 Treasury shares

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

Management option scheme

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

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

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

2023/2033 Program

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

The performance conditions are linked to the achievement of a profit target and intermediate results, starting from the Group's adjusted EBITDA in EUR in 2023. The method of calculation of the performance targets is set out in Annex 13 to the Remuneration Policy of the Company's Employee Share Ownership Plan. The Adjusted EBITDA (EUR) for 2023 calculated on this basis is EUR 5 776 thousand, which is derived from the table below:

	2023
EBIT	**1 965 309**
Increased by	
Depreciation and amortization	780 216
Depreciation of Right of Use assets	414 108
EBITDA	**3 159 633**
Decreased by	
The properties owned by DH group located at 19286/4/A/1, Érd; 3920/7/A/187, Budapest; 7235, Budapest. and Budapest 7237/1/A/1	69 107
Consolidated EBITDA of MyCity Residential Development Kft. (head office: 1016 Budapest, Gellérthegy utca 17.; company registration number: 01-09-984485) and its subsidiaries according to IFRS	818 719
EBITDA profit attributable to non-controlling interests in subsidiaries of the DH Group	65 717
2023. Adjusted EBITDA (HUF) result	**2 206 089**
Yearly average EUR/HUF (MNB)	*381,95*
2023. Adjusted EBITDA (EUR) result	**5 776**

The program's effectiveness criteria are considered to be met if:

- the Group's Adjusted EBITDA (in EUR) for any two consecutive financial years up to the end of the financial year 2032 totals EUR 34,000,000, such that the result in any one year is not less than EUR 13,000,000, and
- the Group meets the intermediate profit targets.

Taking into account the amount of the Adjusted EBITDA (EUR) result for 2023, the intermediate profit targets are as follows:

- in the financial year 2024-2026, the Adjusted EBITDA (EUR) result of the DH Group will cumulatively reach EUR 22,329,000, and
- in the financial year 2027-2029, the Adjusted EBITDA (EUR) result of the DH Group will cumulatively reach EUR 31,530,000.

Employee 2022 scheme

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

Employee 2023 scheme

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

Employee 2024 scheme

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

Fulfilment of the performance condition

A condition for the mutual success of the **Employees 2022** and **Management Option Scheme 2021/2023** is that the Company's 2023 consolidated sales revenue exceeds the Company's consolidated sales revenue for the 2021 business year. The results on which the employee stock ownership plans are based are summarized in the following table, based on **which the performance condition has been met**.

	2023	2021
Consolidated sales revenue	**32 818 311**	**14 461 930**

On 27 April 2023, the General Meeting decided to acquire a total of 1,500,000 ordinary shares with a nominal value of HUF 5 each belonging to series "A", with a purchase price of minimum HUF 50, but not exceeding HUF 1,500 each.

Number of treasury shares	31.12.2023	31.12.2022
Start of the period	**744 287**	**614 671**
Purchase of shares	146 027	703 192
Provided in the framework of the Management option scheme	(522 515)	(535 660)
Provided in the framework of the Employee scheme	(35 014)	(37 916)
End of the period	**332 785**	**744 287**

20 Exchange reserves

The balance of the conversion reserve at the end of the year HUF 244,817 thousand (2022: HUF 504,502 thousand) equals the amount of the conversion difference recognised in compliance with the IAS 21 standard with the involvement of the foreign subsidiaries of the Duna House Group in the consolidation.

21 Non-controlling interests

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

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

Ownership shares of non-controlling interests

Name	**Headquarters and country of operation**	**2023**	**2022**
Hgroup S.p.A.	Italy	6,02%	28,86%
Credipass S.r.l.	Italy	6,23%	32,57%
Medioinsurance S.r.l.	Italy	6,02%	28,86%
Realizza S.r.l.	Italy	15,42%	35,97%
Relabora S.r.l.	Italy	6,02%	28,86%
Duna House Franchise s.r.o	Czech Republic	20,00%	20,00%
Duna House Hypoteky s.r.o.	Czech Republic	20,00%	20,00%
Center Reality s.r.o.	Czech Republic	20,80%	20,80%
Primse.com Sp. z o.o.	Poland	10,00%	10,00%

Profit attributable to significant non-controlling interests	**2023**	**2022**
Hgroup S.p.A.	(7 260)	(21 115)
Credipass S.r.l.	(6 172)	255 461
Medioinsurance S.r.l.	33 089	111 157
Realizza S.r.l.	(8 552)	(35 052)
Relabora S.r.l.	(1 782)	(71 419)
Duna House Franchise s.r.o	(2 937)	(3 786)
Duna House Hypoteky s.r.o.	78	472
Center Reality s.r.o.	(2 434)	(1 363)
Primse.com Sp. z o.o.	(4 997)	(5 079)
Total	**(967)**	**229 275**

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

Summary income statement for 2023

	01.01.2023-31.12.2023								
	Hgroup S.p.A.	**Credipass S.r.l.**	**Medioinsurance S.r.l.**	**Realizza S.r.l.**	**Relabora S.r.l.**	**Duna House Franchise s.r.o**	**Duna House Hypoteky s.r.o.**	**Center Reality s.r.o.**	**Primse.com Sp. z o.o.**
Total income	1 094 910	13 794 699	2 901 451	382 226	10 535	23 655	1 053	223 147	41 264
Operating costs	(1 168 190)	(13 756 832)	(2 166 602)	(525 691)	(49 747)	(38 082)	(642)	(242 654)	(93 177)
Financial results	(55 925)	(50 058)	(1 471)	(2 750)	0	(260)	(19)	(697)	(9 759)
Profit before tax	(129 205)	(12 192)	733 378	(146 216)	(39 212)	(14 687)	392	(20 204)	(61 672)
Income taxes	8 600	(86 935)	(183 723)	33 975	9 613	0	0	8 033	11 700
Taxed profit	**(120 605)**	**(99 127)**	**549 655**	**(112 241)**	**(29 599)**	**(14 687)**	**392**	**(12 171)**	**(49 972)**

Summary income statement for 2022

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

Summary statement of financial position at 31 December 2023

	Hgroup S.p.A.	Credipass S.r.l.	Medioinsurance S.r.l.	Realizza S.r.l.	Relabora S.r.l.	Duna House Franchise s.r.o	Duna House Hypoteky s.r.o.	Center Reality s.r.o.	Primse.com Sp. z o.o.
Cash, inventories, short-term assets	1 818 899	3 027 963	2 012 323	65 257	27 742	314 978	17 341	51 612	31 634
Real estate properties, machinery and equipment, and other long-term assets	2 617 563	6 642 903	14 458	115 752	488	1 943	0	12 819	61 693
Trade and other short-term liabilities	(1 693 975)	(2 460 193)	(685 479)	(588 815)	(753 185)	(340 782)	176	(389 649)	(219 864)
Loans, deferred tax, and other long-term liabilities	(1 691 544)	(2 181 041)	(33 050)	(101 954)	(7 058)	0	0	0	0
Total equity	**1 050 943**	**5 029 632**	**1 308 252**	**(509 760)**	**(732 013)**	**(23 861)**	**17 517**	**(325 218)**	**(126 536)**
Of which:									
Per the parent company	987 676	4 716 449	1 229 495	(431 165)	(687 946)	(19 089)	14 014	(257 573)	(113 883)
Per non-controlling interest	63 267	313 183	78 757	(78 595)	(44 067)	(4 772)	3 503	(67 645)	(12 654)

Summary statement of financial position at 31 December 2022

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

22 Long and short-term credits and loans

Short-term loans and borrowings

	Interest	Maturity	31.12.2023	31.12.2022
Cash-pool loan, Italy			90 397	357 048
Total			**90 397**	**357 048**

	Interest	Maturity	31.12.2023	31.12.2023	31.12.2023	31.12.2023
			EUR	EUR	thHUF	thHUF
BPER mortgage, EUR 2,100,000	Euribor 3m + 2,9%	2031.11.08	1 465 718	1 628 083	561 048	651 640
Volksbank mortgage, EUR 440,000	Euribor 6m + 1,6%	2032.06.11	325 235	355 162	124 493	142 154
October, 2 000 000 EUR	5,20%	2024.05.05	308 108	49 404	117 938	19 774
Credit Agricole (Creval), 1 500 000 EUR	Euribor 3m + 2,75%	2024.10.05	264 522	901 168	101 254	360 692
Banca Privata Leasing, 560 000 EUR	Euribor 3m + 4,50%	2023.03.27	0	574 058	0	229 767
Total			**2 363 582**	**3 507 875**	**904 733**	**1 404 027**

BPER and Volksbank mortgages

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

October, Creval, and Banca Privata Leasing loans

These loans were taken out by Hgroup Spa to finance past purchases. These are not secured with mortgages. The Banca Privata Leasing loan of EUR 560 000 was repaid in full in 2023.

23 Bonds payable

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

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

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

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

	Coupon	Maturity	31.12.2023	31.12.2022
Duna House NKP Bond 2030/I., HUF	3.00%	2030.09.02	6 839 675	6 875 081
Duna House NKP Bond 2032/I., HUF	4.50%	2032.01.12	6 194 248	6 184 747
Total			**13 033 923**	**13 059 828**

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

The average issue value of the bonds is 104.6955% of their face value. The bonds have a fixed-rate interest, the coupon is set at 3.0%, and the term is 10 years. The average yield realised by the issuance was 2.3477 percent and the total proceeds were HUF 6,909,902 thousand. The Company capitalized borrowing costs for the issued bonds in a total of HUF 22,240 thousand (legal, organization, and distributor fees), of which HUF 20,534 thousand was in 2020 and HUF 1,706 thousand was in 2021. Activation rate: 100%

The bond was recognised at fair value decreased by borrowing costs (HUF 6,889,368 thousand) when it was registered in 2020, with an average yield of 2.39%.

The Company used the issuance to refinance its loans used for other than financing projects and used the remainder to finance additional acquisitions. On 15 September 2020, the Company provided early repayment for the bank loan of its subsidiary Alex T. Great Sp. z. o.o, and on 2 October 2020 placed the entire amount owed to Raiffeisen Bank Zrt., including capital and interest, in a surety account as early repayment.

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

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

Duna House NKP Bond 2032/I.

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

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

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

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

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

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

24 Provisions

	Collateral type guarantees	Expected expenses related to litigation	Total
As at 31 December 2021	**0**	**0**	**0**
Business combinations		128 812	128 812
Incurred during the year	17 000	0	17 000
Used	0	(65 777)	(65 777)
As at 31 December 2022	**17 000**	**63 035**	**80 035**
Incurred during the year	14 500	0	14 500
Exchange rate	0	(2 751)	(2 751)
As at 31 December 2023	**31 500**	**60 284**	**91 784**

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

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

25 Deferred tax liabilities

	31.12.2023	31.12.2022
From business combination-Hgroup	1 328 520	1 496 574
Due to the difference in the valuation of fixed assets and investment properties	55 158	111 531
Due to trailing commission	62 766	66 095
Accrual of losses	0	6 363
Provisions	1 708	2 935
Impairment of trade receivables	2 742	153
Total	**1 450 894**	**1 683 651**

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

In 2023, the deferred tax liability in relation to the acquisition of the Hgroup business combination in respect of the identified assets amounted to HUF 1,328,520 thousand (2022: HUF 1,496,574 thousand).

In 2023, a balance of HUF 62,766 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 standards (2022: HUF 66,095 thousand).

26 Other long-term liabilities

	31.12.2023	31.12.2022
Deferred purchase price	1 306 318	3 800 802
Option liabilities pertaining to minority interest	3 190 067	4 985 424
Severance pay fund	362 411	351 544
Other long-term liabilities	1 369	1 328
Total	**4 860 165**	**9 139 098**

The amount of other long-term liabilities increased due to the purchase of Hgroup Spa.: HUF 1,306,318 thousand in 2023 is the present value of the deferred purchase price related to the acquisition of the 70% share (2022: HUF 3,800,802 thousand), HUF 3,190,067 thousand is the present value of the expected consideration for put/call options on minority interests (2022: HUF 4,985,424 thousand), HUF 362,411 thousand is the mandatory redundancy fund in Italy (2022: HUF 351,544 thousand). For the calculation of the value of the deferred purchase price and option liability, see chapter 2.4.2.1.

27 Accounts payable

	2023	2022
Accounts payable	3 578 720	3 106 913
Total	**3 578 720**	**3 106 913**

Trade payables increased by a total of HUF 471,807 thousand due to increasing volumes and commissions payable during the year.

28 Liabilities to related undertakings

The value of related liabilities contains the following:

	31.12.2023	31.12.2022
Parent company	**0**	**0**
Dividends due to employees	36 725	18 825
The executives in key positions in the business unit and its parent company	**36 725**	**18 825**
Dividends due to shareholders	569	628
Bitkover Kft.	2 133	2 457
Hunor interim dividend	0	70 000
Shareholder loan	19 231	51 029
Against discontinued operations	0	906
Other related parties	**21 933**	**125 020**
Total	**58 658**	**143 845**

The outstanding dividend liability to holders of employee shares is HUF 36,725 thousand (2022: HUF 18,825 thousand). Section 18. presents the approved dividends.

The Italian Hgroup has a shareholder loan obligation of HUF 19,231 thousand (2022: HUF 51,029 thousand) towards holders of non-controlling interests.

The Company’s Czech subsidiary owes interest of HUF 2,133 thousand to Bitkover Kft., which owns 20% of the shares of Duna House Franchise s.r.o. (2022: HUF 2,457 thousand).

During 2022, the Group's jointly controlled entity, Hunor utca 24 Kft. paid a dividend advance of HUF 70,000 thousand to the Group, which was offset in 2023.

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

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

29 Other liabilities

Other liabilities contain the following:

	31.12.2023	31.12.2022
Tax liability	410 703	495 403
Insurance obligation	172 540	195 238
Settlement account of homeowners	151 584	126 389
Settlement account of lessees	125 873	105 602
Liabilities from remuneration	107 327	103 749
Advance payments, earnest money and bid bonds	47 243	3 164 874
Liabilities related to litigation	14 893	16 618
Liabilities related to shares	4 056	0
Received deposits	0	4 353
Other	-13 050	13 427
Total	**1 021 169**	**4 225 653**

The Group had outstanding tax liabilities of HUF 410,703 million (2022: HUF 495,403 million).

Advances, deposits, and tender securities totaling HUF 47,243 thousand (2022: HUF 3,164,873) received from customers consist mainly of deposits and advances received from customers in connection with ongoing property development projects in MyCity project companies, which the Group considers as contractual obligations (see Section 32.)

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

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

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

The Group had no contingent liabilities as at 31 December 2023 and 2022, with the exception of the liabilities related to the acquisition of Hgroup Spa., which are presented in Sections 2.4.2.1 and 26.

30 Accruals and deferred income

	2023.12.31	2022.12.31
Accrued costs and charges	618 303	482 348
Accrued revenues	151 448	249 429
Total	**769 751**	**731 777**

In 2023, the Group has set up a total of HUF 204,506 thousand of accrued expenses in relation to multi-year incentive packages announced to the Italian sales network in 2022 and 2023. Other cost accruals relate to brokerage commission costs to be invoiced by sales agents, and audit fees.

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

31 Net sales revenue

	2023	2022
Revenue from brokerage of loan and housing savings products	23 990 944	22 778 563
Revenue from property sales	4 720 996	3 284 655
Revenue from real estate agency services	2 094 483	2 004 325
Franchise fees	1 535 018	1 486 995
Revenue from real estate management	230 267	265 831
Revenue from fund management and success fee	4 837	78 193
Revenue from rental fee	16 286	73 256
Revenue from education, training	65 340	73 180
Revenue form insurance mediation	67 233	46 658
Other revenue (damages, contractual penalties)	11 938	39 519
Recharging (rental fee, utilities, etc.)	10 085	36 581
Revenue from appraisal	20 455	35 260
Marketing revenues from banks	30 739	26 400
Revenue from issuing energy certificates	18 000	21 857
Revenue from sales support	1 690	13 045
Total	**32 818 311**	**30 264 318**

Duna House Group's consolidated net sales revenue increased by 8% to HUF 32,818,311 million in 2023. Revenue from the intermediation of loan and home savings products accounted for 73% of consolidated revenue (2022: 75%). Within the MyCity real estate development business, revenue from the sale of real estate amounted to HUF 4 720 996 thousand (2022: HUF 3,284,655 thousand) due to the delivery of apartments in the Forest Hill project. Revenues related to real estate sales, such as revenues from real estate agency services and franchise fees, increased by 5% and 3% respectively compared to 2022.

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 constitute 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 is 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 for the management of the Duna House Hungarian Residential Real Estate Fund.

32 Contractual balances

	31.12.2023	31.12.2022
Trade receivables	3 311 757	3 229 765
Contractual assets	697 401	734 386
Contractual obligations	176 672	3 390 922

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

Contractual obligations represent the amount of entry fees invoiced and accrued by the Group's real estate franchise business and the amount of advances and deposits invoiced by the real estate development business. Its balance has decreased compared to 2022 due to the completion of the delivery of pre-contracted apartments, with a related balance of HUF 2,657 thousand at 31 December 2023 (2022: HUF 3,071,915 thousand).

The following sales revenue was recognised during the year:

	2023	2022
Recognition in sales revenue of balances contractually committed at the beginning of the year	5 047 258	3 975 474

Of the balances contractually committed at the beginning of the year, advances and deposits for the residential transfers of the property development activity were predominantly recognised as revenue in 2023.

33 Other operating income

	2023	2022
Penalties and proceeds from litigation	230 745	200 180
Profit from the sale of tangible assets	101 057	71 118
Other	30 495	46 373
Reversal of impairment on receivables	29 346	50 613
Time barred liabilities	10 189	6 379
Stock difference	1 003	0
Damage events	594	0
Corporate tax support	0	3 868
Revaluation of investment properties	0	26 116
Revenues from post-paid sales	0	213
Total	**403 429**	**404 860**

In 2023, the Group realised a total of HUF 230,745 thousand of other operating income from litigation (2022: HUF 200,180 thousand). In 2023, the largest item was related to litigations by Hgroup, while in 2022 the largest item was the bank guarantee of HUF 154,383 thousand realised against Pricons Kft., the former contractor of Pusztakúti 12 Kft.

The Group did not realize any income on the revaluation of the investment property portfolio, as their book value was already reclassified to assets held for sale in 2022 in the spirit of profile streamlining (the book value of the investment property portfolio is presented in chapter 4. and the book value of assets held for sale in chapter 17.). Of these properties, 5 were sold during 2023, therefore the profit from the sale of tangible assets amounted to HUF 101,057 thousand.

34 Variation in self-manufactured stock

	2023	2022
Pusztakúti 12. Kft.	(3 409 737)	(1 256 657)
Reviczky 6-10. Kft.	0	0
Total	**(3 409 737)**	**(1 256 657)**

Calculation of stock changes in the given year	**2023**	**2022**
Variations in self-manufactured stocks from the balance sheet	(3 779 002)	(1 364 815)
Variations in self-manufactured stocks from the profit and loss account	(3 409 737)	(1 256 657)
Difference	**369 264**	**108 158**
Of which:		
Stock changes taken into consideration as goods	370 507	258 697
Interest capitalized from the expenses of financial transactions	(1 243)	(150 539)
Changes to the total of self-manufactured stocks	**369 264**	**108 158**

For its real estate development projects, the Company capitalizes its implementation costs for inventories and a part of interest paid to third parties for the financing of the projects.
HUF 1 243 thousand of interest was capitalized in 2023. In 2022, of the total of HUF 158,930 thousand in interest paid to third parties in connection with development projects, the Company capitalized HUF 150,539 thousand (for a capitalization rate of 94.72%).

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

35 Consumables and raw materials

	2023	**2022**
Utility fees and charges	116 109	110 590
Fuel	9 391	12 511
Official forms, office supplies	8 904	12 727
Maintenance costs	4 449	5 645
Material costs of construction used	0	87 201
Total	**138 853**	**228 674**

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

36 Goods and services sold

	2023	**2022**
Cost of brokerage of financial product	845 494	1 069 000
Subcontractors' performances	899	467 735
Other recharging (e.g., sales support, utilities, marketing)	107 957	192 966
Direct cost of the sale of real properties	363 160	157 155
Direct costs of real estate agency services	151 098	142 939
Appraiser fees	7 676	11 401
Energy certificate fees	233	650
Total	**1 476 517**	**2 041 847**

The cost of financial product intermediation decreased due to lower volumes and commissions paid to credit intermediaries in Hungary.

The subcontracting performance is related to the Group's real estate development activities.

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

37 Contracted services

	2023	2022
Direct cost of the brokerage of financial products	16 774 836	15 423 460
Other services purchased (insurance, training, postal services, photocopying, cleaning, etc.)	1 514 345	1 107 008
Professional service fees	859 372	1 029 785
Direct costs of real estate agency services	748 663	697 633
Cost of IT operation	601 955	608 637
Other professional services (IT development, sales support, marketing, etc.)	437 154	548 653
Advertising, promotion	381 711	338 209
Rent, common expenses	262 768	216 772
Legal fees	128 540	113 733
Bank fees, insurance premiums	50 759	76 466
Telephone and communications expenses	56 300	46 704
Cost of stock exchange listings (BSE, KELER)	30 486	16 604
Duna House Hungarian Residential Real Estate Fund distribution costs	3 138	11 037
MyCity planning costs and architect fees	12 826	8 214
Direct cost of energy certificates	5 974	7 534
MyCity engineering consultancy and inspection	6	4 625
Direct cost of appraisal	0	3 139
Total	**21 868 833**	**20 258 213**

The direct costs of the brokering of financial products make up 77% of contracted services (2022: 76%). From the brokering commission it receives, the Group pays the part specified in its commission policy to its credit consultants. Year-on-year, this row grew by 7%, which slightly exceeds the growth rate of credit intermediary revenue due to the commission structures that differ from country to country (see Section 31). Within the direct costs of financial product intermediation, the acquired Italian subsidiaries accounted for HUF 11,642,607 thousand (2022: HUF 10,763,515 thousand) (Section 2.4.2.1).

Other services received (insurance, education, postal services, photocopying, cleaning, etc.) in 2023 amounted to HUF 1,272,682 thousand from the acquired Italian subsidiaries (2022: HUF 669,931 thousand).

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

38 Personnel costs

	2023	**2022**
Payroll cost	1 797 673	1 387 054
Contributions	383 522	226 563
Employee share program	14 882	16 945
Other personnel-type benefits	212 137	186 723
Total	**2 408 214**	**1 817 286**
Average statistical headcount	204	201

The Group's employment policy and its integration across countries are under continuous development. The average statistical headcount increased from 201 to 204 compared to the reference period. The addition of the Group's subsidiaries in Italy increased the average number of employees by 46.6 due to partial consolidation in 2022 and by 60.0 in 2023. In Poland, the statistical headcount decreased by 18.7 due to the change in the legal status of credit intermediaries. The number of Hungarian employees increased by 7.7 on average due to the creation of a new sales channel. For the Czech subsidiaries, the number of employees remained unchanged at 1 in 2023.

Due to high inflationary pressure, the Group implemented wage increases in Hungary and Poland during 2023.

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

39 Other operating charges

	2023	2022
Impairment of receivables	300 561	29 849
Other	235 031	135 456
Various non-income-taxes recognised as expenses	194 427	199 737
Penalties	14 094	6 598
Contractual penalty, late payment interest	5 962	7 174
Write-off of bad debts	5 575	194 894
Cost of the sale of tangible assets	2 497	6 378
Missing stocks	1 208	0
Expenses related to litigation	597	21 785
Earnest money	0	10 308
Grants provided	0	3 870
Total	**759 952**	**616 049**

The Group recognized impairment of receivables of HUF 300,561 thousand (2022: HUF 29,849 thousand), including HUF 121,267 thousand related to promotional advances given to agents of subsidiaries in Italy.

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

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

40 Revenues of financial transactions

	2023	2022
Exchange rate gain	1 394 554	271 449
Interest received	1 122 581	532 040
Total	**2 517 135**	**803 489**

The foreign exchange gains line mainly includes foreign exchange gains on the revaluation at the end of the period of assets and liabilities denominated in foreign currencies, typically EUR, and decreases in the expected value of deferred earn-out liabilities.

During 2023, the Group earned interest income of HUF 1,122,581 thousand on deposits held with banks and income from discount treasury bills held to maturity (2022: HUF 532 040 thousand).

41 Expenses of financial transactions

	2023	2022
Bond interest	442 093	434 314
Exchange rate loss	361 363	49 113
Interest paid	207 047	217 758
Lease interest	82 676	37 909
Total	**1 093 179**	**739 094**

To ensure transparency, the Group presents a separate line for interests related to leases.

Of the Group's paid interest in 2023, HUF 110,205 thousand was incurred at the Italian subsidiaries (2022: HUF 80,843 thousand) and HUF 442,093 thousand was recognised as bond interest expenses (2022: HUF 434,314 thousand).

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

42 Income taxes

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

	2023	2022
Actual income tax – corporate tax	660 051	789 178
Actual income tax – local business tax	170 361	63 077
Actual income tax – innovation contribution	8 672	22 015
Deferred taxes	(161 553)	(98 334)
Total	**677 531**	**775 936**

The corporate tax rate applicable to the Hungarian members of the Group is 9%, in Poland 19% and in Italy 24%, 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:

	2023	2022
Profit before tax	**1 786 000**	**3 715 166**
Hungarian corporate tax 9% (2023: 9%)	160 740	334 365
Non-deductible expenditures	186 816	194 785
Non-taxable income	(126 036)	(87 731)
Effects of foreign tax rates	276 978	249 425
Corporate tax in the profit and loss account	**498 498**	**690 844**
Business tax	170 361	63 077
Contribution for innovation	8 672	22 015
Total income taxes	**677 531**	**775 936**

43 Other comprehensive income

The Company incurred other comprehensive income due to the difference between the values of the equity 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.

	2023	2022
Conversion differences on foreign subsidiaries	(269 611)	513 557
Other comprehensive income	**(269 611)**	**513 557**
Amounts to be reclassified to profit or loss in future periods		
Conversion differences on foreign subsidiaries	*(269 611)*	*513 557*

44 Earnings per share (EPS)

To calculate the basic earning per 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.

	2023	2022
After-tax profit that can be allocated to shareholders (thousand HUF)	2 705 395	2 940 111
Dividend that may be distributed to preferential shareholders	-161 557	-146 996
After-tax profit that can be allocated to shareholders holding ordinary shares (thousand HUF)	**2 543 838**	**2 793 115**
Weighted average number of issued ordinary shares (basic, thousand)	33 849	33 459
Weighted average number of issued ordinary shares (diluted thousand)	33 934	33 516
Earnings per share (basic) (HUF)	**75,2**	**83,5**
Earnings per share (diluted) (HUF)	**75,0**	**83,3**

The earning per share is diluted by the estimated 312 thousand shares that can be called during the course of 2024 using the stock option that forms part of the Company’s employee stock ownership plan.

45 Segment information

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

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

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

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

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

31 December 2023	Franchise	Financial products brokerage	Operation of own office	Sale of related services	Property investments	Other and eliminations	Total
Intangible assets	393 037	5 548 878	51	30 814	27	10 602	5 983 411
Investment property	0	0	0	0	0	0	0
Land and buildings	0	2 542	32 012	829	311 626	1 280 264	1 627 272
Machinery and equipment	16 274	4 818	5 898	398	2 090	123 492	152 970
Trade receivables	330 339	2 849 593	104 253	25 647	2 249	(326)	3 311 755
Inventories	10 811	0	526	0	2 264 947	2 121	2 278 405
Assets that cannot be allocated to other segments	2 030 544	6 409 622	413 890	624 864	1 390 110	9 274 602	20 143 632
Total Assets	**2 781 005**	**14 815 453**	**556 630**	**682 552**	**3 971 050**	**10 690 755**	**33 497 445**
Trade payables	(121 036)	3 446 905	63 692	21 542	133 485	34 132	3 578 720
Liabilities that cannot be allocated to other segments	3 368 643	5 755 724	1 088 558	587 891	1 402 780	12 247 570	24 451 166
Total Liabilities	**3 247 607**	**9 202 629**	**1 152 249**	**609 433**	**1 536 265**	**12 281 703**	**28 029 886**
Net revenue from sales to third parties	1 983 800	24 262 942	1 462 506	354 440	4 740 955	13 669	32 818 311
Net revenue from sales between segments	263 783	0	49 772	23 723	90 401	(427 678)	0
Net sales revenues	**2 247 582**	**24 262 942**	**1 512 278**	**378 163**	**4 831 355**	**(414 010)**	**32 818 311**
Direct costs	**(521 243)**	**(17 737 933)**	**(910 752)**	**(99 575)**	**(3 891 043)**	**237 156**	**(22 923 390)**
Gross profit	**1 726 340**	**6 525 009**	**601 525**	**278 589**	**940 312**	**(176 854)**	**9 894 921**
Depreciation and amortisation	(329 895)	(583 176)	(126 445)	(4 310)	(23 170)	(127 327)	(1 194 323)
Indirect operating costs	(1 569 348)	(4 438 139)	(532 240)	(250 246)	25 228	29 456	(6 735 290)
Operating Profit (EBIT)	**(172 904)**	**1 503 695**	**(57 160)**	**24 033**	**942 370**	**(274 725)**	**1 965 309**
Financial revenues							2 517 135
Financial expenses							(1 093 179)
Share of the results of jointly controlled entities							(6 339)
Profit before tax from current operations							**3 382 926**

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

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

Data in thousand HUF	**2023**	**2022**
Net sales revenues		
Hungary	8 271 422	7 706 030
Italy	16 955 136	15 569 015
Poland	7 364 839	6 620 557
Czech Republic	226 914	368 716
Total net sales revenues	**32 818 311**	**30 264 318**
EBITDA		
Hungary	1 644 120	2 333 020
Italy	1 149 700	2 119 816
Poland	383 302	17 907
Czech Republic	(17 489)	(20 291)
Total EBITDA	**3 159 633**	**4 450 452**
Operating profit/loss		
Hungary	1 280 317	2 104 321
Italy	489 915	1 403 877
Poland	228 600	(51 575)
Czech Republic	(33 523)	(20 291)
Total operating profit/loss	**1 965 309**	**3 436 332**

46 Capital management

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

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

The following table presents the ratio of equity to registered capital.

	31.12.2023	**31.12.2022**
Registered capital	171 989	171 989
Total equity	5 467 559	5 250 910
Equity capital/registered capital	**3179%**	**3053%**

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

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

In November 2023, Scope Ratings GmbH carried out an annual review of the credit rating of the Company's bonds issued under the NKP program, which resulted in the confirmation of the rating of the bonds at BB-, one notch above the minimum required by the MNB. The rating agency also confirmed the BB-/Stable rating of Duna House Holding Nyrt. as issuer.

In managing capital, the Group seeks to ensure that the members of the Group can continue their activities while maximizing the return to owners by optimally balancing debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Group also monitors whether the capital structure of its member companies complies with local legal requirements.

The equity risk run by the Company was not significant in 2023.

47 Risk management

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

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

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

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

The effects of COVID-19

The COVID-19 pandemic had a negative effect on the Group's markets and operations only in the second quarter of 2020. Its effects were negligible in 2022 and 2023.

A presentation of the impact of the Russian-Ukrainian war

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

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2023 and 31 December 2022.

Lending risk	**31.12.2023**	**31.12.2022**
Trade receivables	3 311 757	3 229 765
Other receivables	1 463 175	1 665 048
Financial instruments	113 052	110 602
Cash and cash equivalents	8 292 649	10 646 364
Restricted cash	500	92 550
Total	**13 181 133**	**15 744 329**
Restricted cash	**500**	**92 550**
Akadémia Plusz 2.0 Kft. deposit	500	500
Pusztakúti 12. kft.	0	92 050

HUF 500 thousand restricted cash is provided as collateral for teaching activities, and is only available to the Group with certain restrictions. These restrictions are set out in note 15.

The Group's cash and cash equivalents (including restricted cash) are held by the following banks. The banks' credit ratings are at least BBB-.

	31.12.2023	**31.12.2022**
Raiffeisen Bank Zrt.	3 622 102	9 463 287
Takarékbank Zrt.	0	93 361
Magyar Bankholding Zrt.	891	0
Gránit Bank Zrt.	2 230 920	0
OTP Bank Nyrt.	1 097 213	0
Oberbank AG	3 179	0
PayPal Holdings, Inc	18	0
Bank Millennium SA	656 974	347 370
Société Générale	2 857	24 760
Banca Unicredit	496 512	673 789
BPER BANCA	32 193	0
Banca Monte dei Paschi	51 535	0
Banca Nazionale del Lavoro S.p.A.	18 617	0
UBI BANK	66 940	124 608
Total bank account balances	**8 279 951**	**10 727 175**

Foreign currency risk

Exchange rate risk arises when some Group companies enter into transactions denominated in a currency other than the functional currency. It is the Group's policy that, where possible, Group members settle liabilities denominated in their functional currency with cash generated from their own operations in their functional currency.

The Group's subsidiaries typically enter into transactions in their own functional currency and do not engage in export/import activities. Foreign exchange exposure arises in respect of rental payments for certain leased properties denominated in euro and for foreign acquisitions.

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

	31.12.2023	**31.12.2022**
HUF	6 810 007	7 742 825
EUR	822 999	2 623 959
PLN	657 601	347 370
CZK	2 542	24 760
Total	**8 293 149**	**10 738 914**

Liquidity risk

Liquidity risk is the risk that the Group will be 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.

December 31, 2023

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings	646 848	1 902 057	112 432	**2 661 338**
Interest-bearing bonds	468 000	6 913 200	8 098 800	**15 480 000**
Deferred purchase price and option liability	410 968	4 669 586		**5 080 554**
Deposits received from tenants and owners	278 567			**278 567**
Lease liabilities	440 467	965 938	306 843	**1 713 248**
Accounts payable	3 578 720			**3 578 720**
Total	**5 823 571**	**14 450 781**	**8 518 075**	**28 792 427**

December 31, 2022

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

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

Market risk

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

Property development risks

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

Sensitivity analysis

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

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

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

With actual interest	**01.01.2023 31.12.2023**	**01.01.2022 31.12.2022**
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	473 439	203 852
Profit before tax	**3 382 926**	**3 715 166**
5%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	497 111	214 044
Profit before tax	**3 406 598**	**3 725 359**
Changes in profit before tax	**23 672**	**10 193**
Changes in profit before tax (%)	**0,695%**	**0,274%**
10%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	520 783	224 237
Profit before tax	**3 430 270**	**3 735 551**
Changes in profit before tax	**47 344**	**20 385**
Changes in profit before tax (%)	**1,380%**	**0,546%**
15%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	544 455	234 429
Profit before tax	**3 453 942**	**3 745 744**
Changes in profit before tax	**71 016**	**30 578**
Changes in profit before tax (%)	**2,056%**	**0,816%**
-5%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	449 767	193 659
Profit before tax	**3 359 254**	**3 704 973**
Changes in profit before tax	**-23 672**	**-10 193**
Changes in profit before tax (%)	**-0,705%**	**-0,275%**
-10%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	426 095	183 466
Profit before tax	**3 335 582**	**3 694 781**
Changes in profit before tax	**-47 344**	**-20 385**
Changes in profit before tax (%)	**-1,419%**	**-0,552%**
-15%		
Profit before tax - excluding interest expense and interest income	2 909 487	3 511 314
Net interest income (income and expenses)	402 423	173 274
Profit before tax	**3 311 910**	**3 684 588**
Changes in profit before tax	**-71 016**	**-30 578**
Changes in profit before tax (%)	**-2,144%**	**-0,830%**

48 Financial instruments

December 31, 2023	**Book value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	113 052	113 052
Trade receivables	3 311 757	3 311 757
Cash and cash equivalents	8 292 649	8 292 649
Financial liabilities		
Liabilities recorded at amortised historical cost		
Long-term loans	904 732	904 732
Debts on issue of bonds	13 033 923	10 880 967
Short-term loans and borrowings	90 397	90 397
Lease liabilities	1 713 248	1 713 248
Liabilities recorded at fair value – Significant unobservable inputs (level 3)		
Deferred purchase price and option payments	4 496 385	4 496 385

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

The book value of the financial instruments valued at amortised cost provides a rational approach to fair value, with the exception of the fixed interest rate bonds issued by the Group. The fair value of the Duna House NKP 2030/I and 2032/I bonds presented in note 23 amounted to HUF 10,880,967 thousand (2022: HUF 8,579,325 thousand, 2023 book value: HUF 13,033,923 thousand) due to the change in long-term reference rates. The Group does not account for the result of the difference between the fair value and the book value in its financial statements due to the accounting policy chosen.

The Group used the following parameters to calculate fair value:

	Duration (years)	Zero coupon yield	Margin	Expected return
NKP 2032/I. issue	6,74	4,66%	1,92%	6,58%
December 31, 2022				
NKP 2032/I.	5,46	10,18%	1,92%	12,10%
NKP 2030/I.	4,97	9,92%	1,92%	11,84%
December 31, 2023				
NKP 2032/I.	5,03	5,72%	1,92%	7,64%
NKP 2030/I.	4,25	5,79%	1,92%	7,70%

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

Breakdown of revenues of financial transactions

	2023	2022
Interest from banks	1 040 617	338 365
Cashpool interest	81 872	35 247
Interest of loans given to private individuals	92	2 240
Interest income from securities	0	85 492
Interest of given loans	0	70 696
Interest received	**1 122 581**	**532 040**
Revaluation of deferred liability	1 007 122	271 449
Revaluation related to the purchase of a share	289 858	
Exchange rate gain	97 574	
Exchange rate gain	**1 394 554**	**271 449**
Total	**2 517 135**	**803 489**

Breakdown of expenses of financial transactions

	2023	2022
Interest paid on bank loans	126 524	89 235
Cashpool interest	80 523	37 163
Interest paid on loans received	0	91 360
Interest paid	**207 047**	**217 758**
Exchange rate losses	361 363	49 113
Exchange rate losses	**361 363**	**49 113**
Bond interest	442 093	434 314
Lease interest	82 676	37 909
Interest losses calculated with the effective interest method	**524 769**	**472 223**
Total	**1 093 179**	**739 094**

49 Remuneration of the Board of Directors and Supervisory Board

In 2023, the total amount of the remuneration due to the members of the Board of Directors and the Supervisory Board was HUF 166,647 thousand (In all of 2022: HUF 123,755 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 transferred as part of the employee stock ownership plan. The increase in remuneration is due to the increase in the preferential dividend.

Remuneration of the Board of Directors and Supervisory Board

	2023	2022
Members of the Board of Directors	158 847	116 505
Short-term employee benefits (income from salary)	*53 553*	*60 388*
Short-term employee benefits (preferential dividend)	*102 181*	*52 975*
Share-based payment	*3 113*	*3 143*
Members of the Supervisory board	7 800	7 250
Short-term employee benefits (honorarium)	*7 800*	*7 250*
Total	**166 647**	**123 755**

49.1 Option schemes

The following option schemes are operated for members of the Group's management (for more details see Section 19).

Management option schemes

In addition to Ferenc Máté and Dániel Schilling, members of the Board of Directors and certain senior and middle managers of the Group participate in the programs. The table shows the number of options available to all participants:

Programme	Condition of effectiveness	Entry into force	Start of the drawdown period	End of drawdown period	Drawdown exchange rate, HUF	2023	2022
						Number of existing units	Number of existing units
2018/2020	Completed	2018	2020	2022	375	0	0
2019/2021	Completed	2018	2021	2023	391	0	0
2020/2022	Completed	2020	2022	2023	511	0	311 990
2021/2023	Completed	2021	2023	2023	475	0	210 525
2022/2024	Completed	2022	2024	2026	520	250 000	250 000
2023/2025	In progress	2023	2025	2027	508	250 000	-
Total						**500 000**	**772 515**

2023/2033 Scheme Founder and Chairman of the Management Board

The Group Founder and the Chairman of the Board of Directors may acquire 1 719 394 shares in the context of a capital increase at a purchase price of 400 HUF per share, subject to performance conditions. The exercise price will be increased by the rate of inflation in Hungary in excess of 6%.

During 2023, the Group granted loans of HUF 47,000 thousand short-term, three-week interest-free to directors for the exercise of MRP stock options (2022: HUF 32,500 thousand). The loans were fully repaid by 31 December 2023.

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

49.2 Related party transactions with members of the Board of Directors

Doron Dymschiz has completed two property transactions in 2023 with Pusztakúti Kft. in the Forest Hill residential complex developed by the Group. The transactions were finalized in January 2023 based on pre-contracts concluded in 2017-2018 at list prices and related to a total of two apartments and related properties. The gross pre-contracted price of the apartments was HUF 133 626 thousand, which was the same as the list price at the time. The Group implemented a price increase in the project during 2022, which resulted in the final contract price of Doron Dymschiz' apartments increasing to HUF 150 025 thousand. The rate of increase was the same as the price increase for the pre-contracts with independent parties. The transaction was approved by the Board of Directors and the Supervisory Board.

50 Events after the balance sheet date

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

Purchase of treasury shares

Based on the decision of the General Meeting passed on 27 April 2023, the Company's Board of Directors purchased a total of 28,471 treasury shares between 31 December 2023 and 25 March 2024 in stock market transactions. The amount of treasury shares was 361,256 pieces on 25 March 2024.

51 Other publication obligations required by the Accounting Act

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

The value of the audit services provided by Ernst & Young Könyvvizsgáló Kft. to the Company was EUR 88,800 in 2023, which includes the audit fees for the individual and consolidated accounts of Duna House Holding Nyrt. but does not include the audit fees for the individual accounts of the subsidiaries. The auditor does not provide any other services to the Company.

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

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

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

52 Liability declaration and approval of the financial statements for disclosure

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

The Board of Directors of the Group discussed the consolidated financial statements at its meeting held on 8 April 2024 and approved their disclosure in this form.

Budapest, 8 April 2024

Persons authorized to sign the consolidated statements:

____
Doron Dymschiz
Member of the Board of Directors

____
Gay Dymschiz
Member of the Board of Directors

____
Ferenc Máté
Member of the Board of Directors

____
Dr. Jenő Nagy
Member of the Board of Directors

____
Dániel Schilling
Member of the Board of Directors

This is a translation of the Hungarian Report

DUNA HOUSE HOLDING NYRT.

CONSOLIDATED BUSINESS REPORT

ON THE 2023 ACTIVITIES OF THE GROUP

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1 Group profile

This business report was prepared by the Board of Directors based on the consolidated financial statements of Duna House Holding Nyrt. (the "Company") and its subsidiaries (hereinafter jointly the "Group" or "Duna House Group") for the year ending 31 December 2023. Duna House Holding Nyrt, as the parent company, is a public limited company registered in Budapest, with its registered office at 1016 Budapest, Gellérthegy utca 17. Duna House Group was founded in 2003; its main activity is real estate and loan brokerage. It is a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Central Europe. The company operates in Hungary, Italy, Poland, and the Czech Republic with more than 315 real estate offices and more than 4,000 real estate agents and credit consultants.

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

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

The effects of COVID-19
The COVID-19 pandemic had a negative effect on the Group's markets and operations only in the second quarter of 2020. Its effects were negligible in 2022 and 2023.

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

The Company's registered seat is H-1016 Budapest, Gellérthegy u. 17.
The Group's principal activities:
- selling and operating franchise systems
- real estate agency services
- financial products brokerage
- insurance brokerage
- real estate appraisal services and the mediation thereof,
- energy certification services and the mediation thereof,
- real estate management
- buying and selling of own real estate
- residential real estate fund management
- real estate development

1.1 Consolidated companies

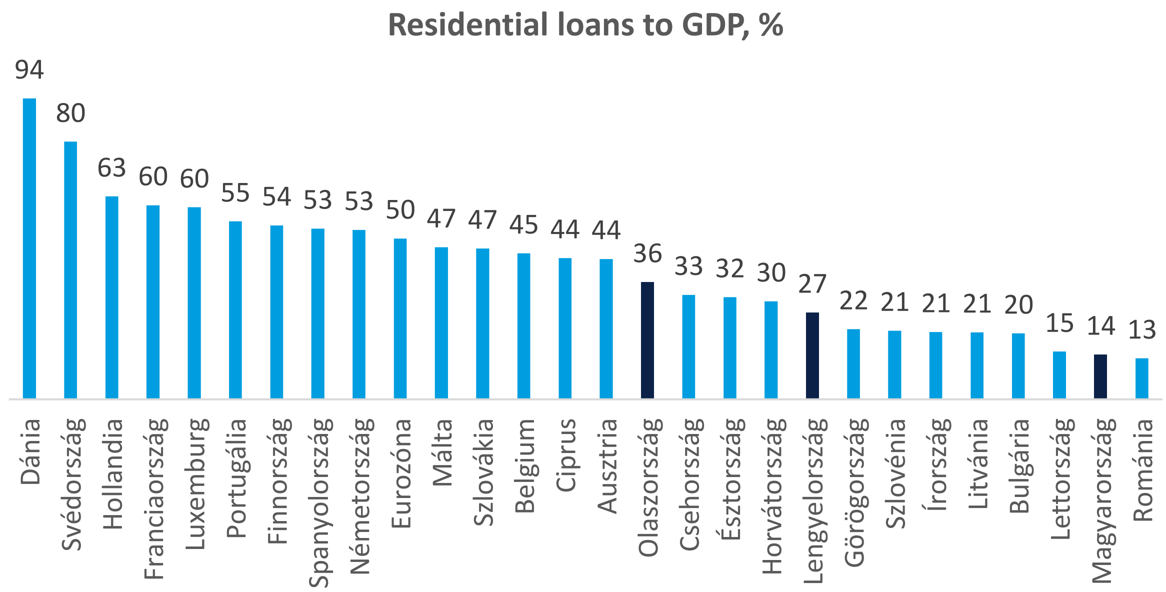
As a Subsidiary	address:	**31.12.2023**	**31.12.2022**
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Credipass Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Akadémia Plusz 2.0 Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Szolgáltatóközpont Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Metrohouse S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Sp. z. o.o	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
MyCity Residential Development Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Pusztakúti 12. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Reviczky 6-10. Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
MyCity Panoráma Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Duna House Franchise s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Duna House Hypoteky s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
Center Reality s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	80%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Credipass S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	67%
Medioinsurance S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Realizza S.r.l.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	85%	58%
Realizza Franchising S.r.l. (previously Relabora S.r.l.)	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	53%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%

2 Markets and economic environment

2.1 Loan market

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

In the Group's geographic markets, household credit exposure is not significant by European standards, with 36% of GDP in Italy, 27% in Poland and 14% of GDP in Hungary in Q1 2023, according to the MNB and the ECB.

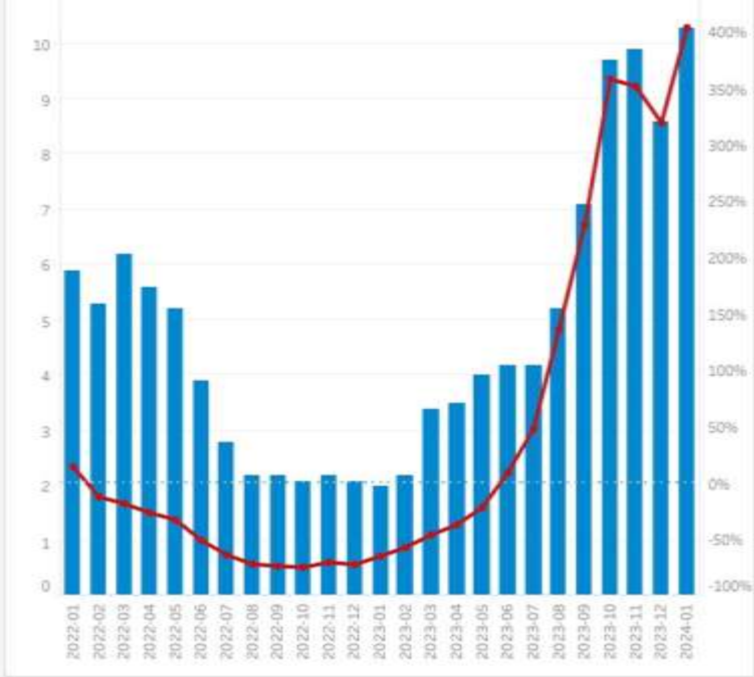


Source: National Bank of Hungary, Credit processes, March 2023

As inflation reared its head at the end of 2021, central banks started raising interest rates first in Hungary and then in Poland; in 2022, the war between Russia and Ukraine and the energy market shock also forced American and European central banks to increase their rates. The interest rate hike may have different effects on the credit markets of various countries depending on the nature of the retail loan volume and the distribution of typical loan extensions according to interest rate periods.
Long-term loans are popular in the Italian credit market, and as lending rates rise, the overall Italian mortgage market has been in steady decline for two years, with new mortgage originations falling by 23% in 2022 and a further 24% in 2023, according to CRIF analysts[1]. Although the share of intermediaries in the overall market has increased significantly from around 10% pre-Covid in recent years, it is still only around 20% and holds further long-term growth potential for the Group. Other market opportunities include 1) expansion in CQS (cessione del quinto), salary and pension backed loans, which are less sensitive to interest rate movements and more crisis resilient in the credit mix, and 2) long-term partnerships with real estate broker networks.

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

Monthly evolution of home loan disbursements, Poland
billion PLN (left axis, column) and year/year change (right axis, line)



Source: BIK, https://media.bik.pl/analizy-rynkowe

According to the Polish Credit Information Bureau (BIK), the mortgage market expanded fivefold in the last months of 2023 on a year-on-year basis and mortgage lending reached record levels again in January 2024. The unprecedented increase was driven by two partly temporary measures in addition to falling interest rates:

- The Polish regulator (KNF) relaxed the PTI rules for fixed-rate loans, increasing the amount of the loan that can be taken out by 20% on average,

- A temporary program called First Home was launched on 1 July 2023 to support borrowers under 45 years of age buying their first home. The budget for this program has been exhausted, applications will be assessed, and disbursements will continue into the first quarter of 2024. Lower credit market volumes than current monthly levels are expected in 2024.

Housing loan disbursements in Hungary have been on a steadily increasing trend throughout 2023, following the market trough in February 2023. Mortgage disbursements in December 2023 were 91% higher than in February, at HUF 63.4 bn, according to MNB data. The 20-year BIRS peaked at nearly 11% in October 2022 and currently hover in the 5.9-6.1% range. With inflation slowing, a gradual decline in lending rates and an increase in lending is expected through 2024.

2.2 Real estate market

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

The Duna House Group estimates that 91,000 transactions have taken place in the Hungarian residential property market in 2023, a 27% decrease compared to the same period in 2022. The real estate market, which boomed in 2021 due to changing consumer behavior after COVID-19, cooled down significantly in 2022-2023 due to higher lending rates in response to inflationary pressures. According to data published by the Group in the Duna House Barometer, the price of second-hand housing has stagnated in nominal terms since June 2022, resulting in a significant price decline in real terms.[2] Government subsidies remain popular, with 29.1% of loan applications being accompanied by CSOK applications in Q4 2023, according to the Group's own data. The restructuring of family support schemes at the end of 2023 could give a new boost to the market in 2024.

In 2023, the Polish real estate market showed strong growth, especially in the last quarter of the year, driven to a large extent by the 2% fixed-rate subsidized loan program. This initiative stimulated a significant increase in housing demand, leading to a significant price increase and a surge in mortgage lending activity. During the year, average transaction prices in major cities showed double-digit growth and, in some areas, annual price increases exceeded 30%. Increased demand coupled with limited supply led to a rapid sales increase and limited price negotiation options for buyers. The dynamics in 2023 point to the need for a careful balance between stimulating demand and increasing supply to ensure the long-term health and stability of the Polish real estate market.[3]

In Italy, the growth in housing transactions since 2014 has been slowed by rising interest rates after COVID-19. The number of residential sales fell by 3.5% year-on-year in 2022 and by 13-14% in the first half of 2023, according to the Italian National Institute of Statistics (ISTAT). Prices have stagnated, according to the latest data for the third quarter of 2023.

[2] Source: 150th issue of the Duna House Barometer published by Duna House Franchise Kft.
[3] Source: Barometr Metrohouse i Credipass Q4 2023, published by Metrohouse Franchise S.A.

3 The Group's financial and equity situation

3.1 Income Statement

data in HUF thousands	**2023**	**2022**
Net sales revenues	32 818 311	30 264 318
Other operating income	403 429	404 860
Total revenue	**33 221 740**	**30 669 178**
Variation in self-manufactured stock	(3 409 737)	(1 256 657)
Consumables and raw materials	(138 853)	(228 674)
Goods and services sold	(1 476 517)	(2 041 847)
Contracted services	(21 868 833)	(20 258 213)
Personnel costs	(2 408 214)	(1 817 286)
Depreciation and amortisation	(780 216)	(778 531)
Depreciation of right-of-use	(414 108)	(235 589)
Other operating charges	(759 952)	(616 049)
Operating costs	**(31 256 430)**	**(27 232 846)**
Operating profit	**1 965 310**	**3 436 332**
Financial income	2 517 135	803 489
Financial charges	(1 093 179)	(739 094)
Share of the results of jointly controlled undertakings	(6 339)	214 439
Profit before tax from continuing operations	**3 382 927**	**3 715 166**
Income tax expense	(677 531)	(775 936)
Profit for the year from continuing operations	**2 705 396**	**2 939 230**
Discontinued operations		
Profit or loss after tax from discontinued operations	0	881
Profit for the year	**2 705 396**	**2 940 111**
Conversion differences of foreign subsidiaries	(269 611)	513 557
Other comprehensive income	(269 611)	513 557
Total comprehensive income	**2 435 785**	**3 453 668**
From profit for the year		
Attributable to the parent company	2 706 363	2 710 837
Attributable to non-controlling interest	(967)	229 274
Of the total comprehensive income		
Attributable to the parent company	2 446 678	3 102 846
Attributable to non-controlling interest	(10 893)	350 822

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

The Duna House Group managed to grow throughout 2023 in a still difficult, but improving environment in some markets, with consolidated revenue increasing by 8% to HUF 32,818 million (2022: HUF 30,264 million). The investment segment played a key role in this growth, ending the year with revenues of HUF 4,831 million (2022: HUF 3,403 million), up 42%, due to the Forest Hill residential sales. The Group's operating profit decreased by 42% to HUF 1,965 million (2022: HUF 3,436 million), due to the weak Italian performance.

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

Revenue by segments	**2023**	**2022**	**Change %**
Revenues from brokerage of financial products	24 262 943	22 806 917	6%
Revenues of the own office segment	1 512 278	1 665 686	-9%
Revenues of the franchise segment	2 247 582	2 427 339	-7%
Revenues of the related services segment	378 163	332 942	14%
Revenues of the investment segment	4 831 355	3 403 275	42%
Transactions between segments	-414 010	-371 841	11%
Total	**32 818 311**	**30 264 318**	**8%**

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

The Group's financial product brokerage business increased its revenues by 6%. The Italian operations contributed a total of HUF 401 billion (2022: HUF 399 billion) to the Group's intermediated loan volume, with the Group intermediating a total of HUF 736 billion (2022: HUF 730 billion). The investment segment's revenues grew significantly due to the delivery of the Forest Hill project apartments within the MyCity real estate development business. After a record 2022, the segment's revenue grew by a further 42% to HUF 4,831 million (2022: HUF 3,403 million). Own office and franchise real estate brokerage segment closed 2023 with a slight overall decline due to the market trough in the first quarter of 2023.

Operating expenses increased by 15% compared to FY 2022, totaling HUF 31,256 million (2022: HUF 27,233 million). The increase was mainly due to the mid-year consolidation of Hgroup S.p.a. in Italy (1 April 2022) and high Hungarian and Polish inflation.

The Group achieved a significant financial result of HUF 1,424 million (2022: HUF 64 million) due to interest income on increased interest on deposits totaling HUF 1,123 million (2022: HUF 532 million) and the revaluation of earnout obligations related to the acquisition of Hgroup S.p.a. Lower performance in Italy due to reduced demand in the credit market caused by high EUR interest rates is expected to result in lower deferred purchase price liabilities for the Group.

The Group's 50% owned property development MyCity Residence was completed in 2020, with delivery of the apartments largely in 2020. The Group has recognised the result of the project company in "Share of the results of jointly controlled undertakings", with a gain of HUF 6 million for the year (2022: HUF 81 million). The Group has also recognised the result of HUF 133 million for the 70% interest in Hgroup Spa in 2022 between the date of acquisition of ownership on 13 January 2022 and the date of acquisition of control on 1 April 2022 in "Share of the results of jointly controlled undertakings".

The Company records its corporate tax and business tax liabilities in the tax payable line. For the financial year 2022, the combined calculated current and deferred tax amounts to HUF 671 million (2022: HUF 776 million).

In total, the Group's profit after tax amounted to HUF 2,712 million (2022: HUF 2,939 million). Within the Profit for the year, HUF -1 million is attributable to non-controlling interests (2022: HUF 229 million).

Clean core results

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

In 2023, the Group applied the following adjustments:

- The results of the portfolio revaluation: Every half year, the Group reevaluates its properties used for investment purposes at their market value and recognizes 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.
- Profit from the sale of tangible assets: The Group's real estate property sales are not considered by management to be core activities, and therefore the Group adjusts the results of its core activities to facilitate the assessment of its core activities.
- Tax adjustment for previous years: the Group recognized a tax expense of HUF 37 million in 2023 for the previous year.
- EBITDA of Realizza and Relabora: Under the agreement with ProfessioneCasa, the Italian real estate activities (Realizza and Relabora) will be taken over by ProfessioneCasa from January 2024, and are therefore considered by management as discontinued operations.
- Hgroup impairment: the Group has recognized an impairment of HUF 182 million for the cost of multi-year incentive plans granted to the agent network in the Italian subsidiaries for periods prior to 2023.
- Acquisition costs: The Group pursues an active acquisition policy and participates in negotiations for the purchase of more than one transaction target 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	**2023**	**2022**	**Change %**
EBITDA	3 159 633	4 450 452	-29%
(-) MyCity EBITDA	818 719	987 419	-17%
Core EBITDA	**2 340 914**	**3 463 033**	**-32%**
(-) The results of the portfolio revaluation	0	26 116	-100%
(-) Profit from the sale of tangible assets	101 057	71 118	42%
(-) Tax corrections of previous year	-37 347	0	
(-) Realizza és Relabora EBITDA	-209 219	0	
(-) Hgroup impairment	-182 423	0	
(-) Acquisition costs	0	-125 924	-100%
Total of adjustments affecting the core	**327 932**	**28 690**	**1043%**
Clean core EBITDA	**2 668 846**	**3 491 723**	**-24%**

The Group's clean core EBITDA decreased by 24% to HUF 2,669 million for the full year 2023 (2022: HUF 3,492 million), mainly due to the Italian operations, which contributed HUF 1,150 million to the Group's EBITDA (2022: HUF 2,120 million).

EBITDA of the MyCity business was HUF 819 million in 2023 (2022: HUF 987 million).

Segment income statement

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

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

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

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

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

2023.

HUF million	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**2 248**	**24 263**	**1 512**	**378**	**4 831**	**(414)**	**32 818**
Direct costs	(521)	(17 740)	(911)	(100)	(3 891)	237	(22 926)
Gross profit	**1 727**	**6 523**	**601**	**278**	**940**	**(177)**	**9 892**
Indirect operating costs	(1 569)	(4 438)	(532)	(250)	25	30	(6 734)
EBITDA	**158**	**2 085**	**69**	**28**	**965**	**(147)**	**3 158**
Depreciation and amortisation	(330)	(583)	(126)	(4)	(23)	(127)	(1 193)
EBIT	**(172)**	**1 502**	**(57)**	**24**	**942**	**(274)**	**1 965**
Gross margin	**77%**	**27%**	**40%**	**74%**	**19%**	**43%**	**30%**
EBITDA margin	**7%**	**9%**	**5%**	**7%**	**20%**	**36%**	**10%**
EBIT margin	**-8%**	**6%**	**-4%**	**6%**	**19%**	**66%**	**6%**

2022

HUF million	Franchise segment	Financial product brokerage segment	Own office segment	Related services segment	Property investment segment	Other and eliminations	Consolidated total
Net sales revenues	**2 427**	**22 807**	**1 666**	**333**	**3 403**	**(372)**	**30 264**
Direct costs	(543)	(16 187)	(973)	(76)	(1 965)	199	(19 545)
Gross profit	**1 884**	**6 620**	**693**	**257**	**1 438**	**(173)**	**10 719**
Indirect operating costs	(1 465)	(3 623)	(634)	(196)	(329)	(22)	(6 269)
EBITDA	**419**	**2 997**	**59**	**61**	**1 109**	**(195)**	**4 450**
Depreciation and amortisation	(247)	(610)	(54)	(6)	(30)	(68)	(1 015)
EBIT	**172**	**2 387**	**5**	**55**	**1 079**	**(263)**	**3 435**
Gross margin	**78%**	**29%**	**42%**	**77%**	**42%**	**47%**	**35%**
EBITDA margin	**17%**	**13%**	**4%**	**18%**	**33%**	**52%**	**15%**
EBIT margin	**7%**	**10%**	**0%**	**17%**	**32%**	**71%**	**11%**

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

The Group achieved lower gross margin and EBITDA in FY2023, despite revenue growth, due to a change in the geographic mix and an earlier start of the strong recovery in the lower margin Polish market.

Franchise segment revenues declined by 7% due to the still underperforming Hungarian market, where network commission income declined by 18% year-on-year. A 23% increase in the smaller Polish business in volume terms could not compensate for the loss of Hungarian revenues. This, together with rising operating costs due to high inflation, led to a deterioration in the segment's profitability indicators.

Financial product intermediation revenues increased by 6% in 2023. The Italian operations with higher profit margins, due to the market downturn described in section 2.1, brokered in 2023 12 months as many loans as in April-December 2022 (the Italian subsidiaries are consolidated from 1 April 2022), so the full-year consolidation of operating costs deteriorated the EBITDA margin from 13% to 9%.

Own office real estate segment revenue decreased 9% in 2023 due to a 30% decline in volumes in Hungary, which was not offset by a 19% increase in Poland. In the last quarter of 2023, own office network commission income in Poland exceeded that of Hungarian offices.

The Investments segment within the MyCity real estate development business performed exceptionally well due to the delivery of apartments in the Forest Hill project. Segment revenues grew by 42% to HUF 4,831 million (2022: HUF 3,403 million) and EBITDA margin by 20%.

The Group's consolidated EBITDA decreased from HUF 4,450 million in the comparative period to HUF 3,160 million at the end of the year.

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

data in HUF thousands	**2023**	**2022**
Net sales revenues		
Hungary	8 271 422	7 706 030
Italy	16 955 136	15 569 015
Poland	7 364 839	6 620 557
Czech Republic	226 914	368 716
Total net sales revenues	**32 818 311**	**30 264 318**
EBITDA		
Hungary	1 644 120	2 333 020
Italy	1 149 700	2 119 816
Poland	383 302	17 907
Czech Republic	(17 489)	(20 291)
Total EBITDA	**3 159 633**	**4 450 452**
Operating profit/loss		
Hungary	1 280 317	2 104 321
Italy	489 915	1 403 877
Poland	228 600	(51 575)
Czech Republic	(33 523)	(20 291)
Total operating profit/loss	**1 965 309**	**3 436 332**

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

With the acquisition of Hgroup S.p.A. in 2022, the geographical composition of the Group changed and more than half of its revenue and one third of EBITDA came from Italy in 2023. The Italian subsidiaries will be consolidated as of 1 April 2022, so the 2022 figures show a nine-month fractional performance.

In this light, the 9% increase in revenue in 2023 is considered a decrease. The 46% decrease in Italian EBITDA is due to a decrease in revenues.

In Hungary, annual revenue increased by 7% and EBITDA decreased by 30% compared to 2022. In addition to the continued delivery of Forest Hill apartments, the property and credit market, which started the year at a low point but has continued to grow, kept revenue under pressure, while operating costs rose due to inflation.

The Group's Polish subsidiaries' revenues rose by 11% year-on-year, EBITDA jumped to HUF 383 million and operating profit to HUF 229 million on the back of an exceptionally buoyant mid-year volume upturn.

Differences between the non-audited financial statement published in the 2023 Q4 quarterly report and the audited financial statement included in the Annual Report

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

For the financial year 2023, the audited annual EBITDA of the Group exceeds the figures reported in the Q4 2023 report by HUF 2.6 million, while the profit after tax is HUF 12.0 million below the figures reported in the Q4 2023 report.

in HUF million	**Quarterly report**	**Annual report**	**Difference**
EBITDA 2023	3,157.0	3,159.6	2.6
After-tax profits 2023	2,717.4	2,705.4	-12.0

3.2 Assets

Data in thousand HUF

ASSETS	31.12.2023	31.12.2022
Long-term assets		
Intangible assets	5 983 411	6 666 133
Right-of-use	1 483 816	1 540 929
Investment property	0	982 500
Land and buildings	1 627 272	1 787 050
Machinery and equipment	152 970	187 097
Goodwill	5 529 914	5 662 784
Investments in associated companies and joint ventures	118 122	101 127
Financial instruments	113 052	110 602
Deferred tax assets	936 827	910 475
Total long-term assets	**15 945 384**	**17 948 697**
Current assets		
Inventories	2 278 405	6 059 075
Trade receivables	3 311 757	3 229 765
Amounts owed by related undertakings	329 261	25 345
Other receivables	1 686 137	1 665 048
Actual income tax assets	270 675	192 168
Cash and cash equivalents	8 292 649	10 646 364
Restricted cash	500	92 550
Accrued incomes	855 278	911 205
Assets held for sale	527 400	402 421
Total current assets	**17 552 062**	**23 223 941**
Total Assets	**33 497 446**	**41 172 638**

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

Balance sheet total decreased by 18.6% compared to 31 December 2022 due to the sale of the investment property portfolio and the Forest Hill residential apartments from inventory, as well as record dividend payments.

3.3 Liabilities

data in HUF thousands

LIABILITIES	**31.12.2022**	**31.12.2021**
Equity		
Registered capital	171 989	171 989
Treasury shares repurchased	(160 147)	(370 862)
Capital reserve	1 562 273	1 564 066
Exchange reserves	244 817	504 502
Profit reserve	3 417 152	3 205 707
Total equity of the parent company's owners	**5 236 084**	**5 075 402**
Non-controlling interests	231 475	175 508
Total equity:	**5 467 559**	**5 250 910**
Long-term liabilities		
Long-term loans	904 732	1 404 027
Provisions for expected liabilities	91 784	80 035
Deferred tax liabilities	1 450 894	1 683 651
Other long-term liabilities	4 860 165	9 139 098
Bonds payable	13 033 923	13 059 828
Long-term liabilities from leases	1 272 781	1 470 175
Total long-term liabilities	**21 614 279**	**26 836 814**
Current liabilities		
Short-term loans and borrowings	90 397	357 048
Accounts payable	3 578 720	3 106 913
Liabilities to related undertakings	58 658	143 845
Other liabilities	1 021 169	4 225 653
Short-term liabilities from leases	440 467	292 382
Actual income tax liabilities	456 446	194 460
Accruals and deferred income	769 751	731 777
Liabilities directly linked to instruments classified as held for sale	0	32 836
Total current liabilities	**6 415 608**	**9 084 914**
Total liabilities and equity	**33 497 446**	**41 172 638**

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

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

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

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

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

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

The liability side of the Group's balance sheet has been reduced compared to 31 December 2022 due to the offsetting of deposits and advances recorded in other liabilities in relation to the sale of apartments in the Forest Hill residential complex and the decrease in the expected value of earnout and option payments recorded in other non-current liabilities in relation to the acquisition of Hgroup S.p.A.

3.4 Consolidated Cash Flow Statement

	31.12.2023	31.12.2022
Cash flow from operating activity		
Profit before tax from continuing operations	3 382 927	3 715 166
Profit/(loss) before tax from discontinued operations	0	968
Profit before tax	3 382 927	3 716 134
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	582 874	1 014 120
Amortisation and impairment of intangible assets and impairment of goodwill	611 450	57 954
Share-based payment expense	14 882	16 945
Decrease in fair value of investment properties	0	16 500
Increase in fair value of investment properties	0	(26 116)
Net foreign exchange differences	578 504	(283 991)
Gain on disposal of property, plant and equipment	(101 057)	(71 118)
Fair value adjustment of a contingent consideration	(1 007 122)	
Finance income	(1 510 013)	(803 489)
Finance costs	1 093 179	739 094
Share of profit of an associate and a joint venture	6 339	(214 439)
Movements in provisions, pensions and government grants	(11 749)	(48 777)
Changes of working capital		
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	(688 871)	2 410 035
Decrease in inventories and right of return assets	3 780 670	1 359 795
Increase in trade and other payables, contract liabilities and refund liabilities	(2 779 890)	1 550 360
	3 952 123	9 433 007
Interest received	1 122 581	485 018
Interest paid	(731 816)	(479 166)
Income tax paid	(837 860)	(1 006 956)
Net cash flow from operating activity	***3 505 028***	***8 431 903***
Cash flow from investing activity		
Proceeds from sale of property, plant and equipment	801 500	703 850
Purchase of property, plant and equipment	(22 277)	(193 185)
Purchase of investment properties	0	0
Purchase of financial instruments	(2 450)	(12 882)
Dividends from associates and joint ventures	91 500	194 500
Development expenditures	(177 225)	
Acquisition of a subsidiary, net of cash acquired	0	(2 816 389)
Net cash flow from investing activity	***691 048***	***(2 124 105)***
Cash flow from financing activity		
Proceeds from exercise of share options	259 426	155 612
Purchase of own shares	(71 100)	(388 941)
Acquisition of non-controlling interests	(1 127 101)	(123 356)
Payment of deferred payments	(241 665)	0
Payment of principal portion of lease liabilities	(502 717)	(236 731)
Proceeds from borrowings	0	5 914 000
Repayment of borrowings	(765 946)	(5 169 202)
Dividends paid to equity holders of the parent	(3 836 900)	(1 171 987)
Net cash flow from financing activity	***(6 286 003)***	***(1 020 605)***
Net change of cash and cash equivalents	(2 089 927)	5 287 192
Cash and cash equivalents at start of period	10 646 364	5 226 528
Currency exchange differences on cash and cash equivalents	(263 788)	132 644
Cash and cash equivalents at end of period	**8 292 649**	**10 646 364**

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

The Group's cash flow from operating activities amounted to HUF 3,505 million in 2023 (2022: HUF 8,432 million), which was significantly increased by the delivered apartments of the Forest Hill project, which are included in inventory.

The Group generated HUF 802 million from the sale of fixed assets (2022: HUF 704 million) and HUF 92 million from dividends received from a jointly controlled entity (2022: HUF 195 million).

In connection with the acquisition of Hgroup S.p.A., the Group paid deferred purchase consideration of HUF 242 million and spent a further HUF 1,127 million on the acquisition of non-controlling interests in Italy. In 2022, the amount spent on the acquisition of controlling interests in Hgroup S.p.A. and its subsidiaries amounted to HUF 2,816 million.

In 2022, the Group repaid project loans and other borrowings in the amount of HUF 5,169 million and raised a total of HUF 5,914 million through NKP bond issues in January 2022 to finance acquisitions. Interest paid amounted to HUF 732 million (2022: HUF 479 million) and interest received amounted to HUF 1,123 million in 2023 (2022: HUF 485 million).

The Group paid dividends to its shareholders totaling HUF 3,837 million in 2023 (2022: HUF 1,172 million).

The balance of cash and cash equivalents at the end of the period decreased from HUF 10,646 million at the end of 2022 to HUF 8,292 million at the end of 2023. In addition to this amount, an additional HUF 500 thousand can be used subject to the following restrictions:

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

The Group operates a cash-pool system for the bank accounts related to its Hungarian and Italian operations, which allows for automated internal Group financing. Behind the cashpool system, a general overdraft facility of an amount sufficient for day-to-day operations is available to meet any temporary additional financing needs. The cash pool credit limit is HUF 100 million in Hungary and EUR 1.56 million in Italy.

3.5 Statement of changes in consolidated equity

	Annex	Registered capital	Treasury shares repurchased	Capital reserves	Retained earnings	Exchange reserves	Total equity of the parent company	Non-controlling interests	Total equity
Balance on 31 December 2021		**171 989**	**(243 406)**	**1 544 146**	**5 400 252**	**112 494**	**6 985 475**	**(64 013)**	**6 921 462**
Profit for the year					2 710 837		2 710 837	229 274	2 940 111
Other comprehensive income	43					392 008	392 008	121 549	513 557
Total comprehensive income					2 710 837	392 008	3 102 845	350 823	3 453 668
Acquisition	2.4.2				(3 729 682)		(3 729 682)	(111 302)	(3 840 984)
Dividends	18				(1 175 700)		(1 175 700)		(1 175 700)
Purchase of own shares	19		(127 456)				(127 456)		(127 456)
MRP and executive share program	19			19 920			19 920		19 920
Balance on 31 December 2022		**171 989**	**(370 862)**	**1 564 066**	**3 205 707**	**504 502**	**5 075 402**	**175 508**	**5 250 910**
Profit for the year					2 706 363		2 706 363	(967)	2 705 396
Other comprehensive income	43					(259 685)	(259 685)	(9 926)	(269 611)
Total comprehensive income					2 706 363	(259 685)	2 446 678	(10 893)	2 435 785
Acquisition	2.4.3				1 341 982		1 341 982	66 860	1 408 842
Dividends	18				(3 836 900)		(3 836 900)		(3 836 900)
Purchase of own shares	19		210 715				210 715		210 715
MRP and executive share program	19			(1 793)			(1 793)		(1 793)
Balance on 31 December 2023		**171 989**	**(160 147)**	**1 562 273**	**3 417 152**	**244 817**	**5 236 084**	**231 475**	**5 467 559**

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

4 The Group's plans for 2024

On 28 February 2024, the Group's Board of Directors published a Management Outlook for 2024:

	EBITDA range, HUFm		Profit after tax range, HUFm	
Italy	2 520	2 730	1 340	1 490
Hungary	970	1 240	340	580
Poland	390	560	130	270
Czech Republic	-15	20	-40	0
Clean core total	3 865	4 550	1 770	2 340
Clean core 2023	2 683		1 960	

	Free cash flow
MyCity real estate development, Hungary	HUF 3.0 billion during 2024

The Group will continue to sell its investment property portfolio in order to streamline its profile. The market value of this portfolio was HUF 530 million as of 31 December 2023 (including assets held for sale). The Group also plans to sell its currently own-used central office building during 2023, which has a carrying value of HUF 220 million. Management has decided to move the head office team to a rented office building. The market value of the property is estimated at HUF 1.0 billion, so the Group expects an additional HUF 780 million non-core profit from the sale. The Group expects a cash flow of HUF 1.5 billion from the sale of the entire property portfolio.

In 2023, the Forest Hill property development project generated sales of HUF 4.7 billion, EBITDA of HUF 810 million, profit after tax of HUF 584 million and cash flow of HUF 1.3 billion for the Group. The remaining total cash flow is HUF 3.0 billion, of which HUF 1.5 billion of ongoing transactions have been taken into account by the Group's Board of Directors in the proposed dividend for 2023. The Group expects to receive the remaining HUF 1.5 billion during 2024.

The Board of Directors intends to use the additional total cash flow of HUF 3.0 billion expected from the Forest Hill project and the sale of the entire investment property portfolio for dividend payments or acquisitions in the future.

Comments
This management forecast has been prepared in a very different market environment from country to country.

The main challenges facing the Group's markets are the speed and extent to which lending rates will fall and the extent to which demand can return to the housing market in the period after high inflation. The Group's geographic presence has diversified significantly in recent years, and sensitivity to these effects may vary from country to country, with a combined effect of reduced impact:

- Italy: Lending declined by 23% in 2022 and by a further 24% in 2023, thanks to interest rates still on an upward trajectory during the year. A positive market correction could come from a reduction in interest rates starting in 2024. The Group's market opportunities relative to the market as a whole will be enhanced by an increase in brokerage market shares and will be driven by the cooperation with the Professionecasa real estate network, which has started in

2024. The collaboration marks the start of an exclusive cooperation between the two companies, which allows the Group to cease its currently loss-making real estate brokerage activities, while increasing loan volumes.

- Hungary: Housing loan disbursements in Hungary have been on a steadily increasing trend during 2023, following the market trough in February 2023. Mortgage disbursements in December 2023 were 91% higher than in February. With inflation slowing, a gradual reduction in lending rates and an increase in lending is expected to continue throughout 2024, which could provide a boost to the housing market, which started 2024 strongly but is gradually strengthening. The Group expects to grow at core EBITDA levels in 2024, but at the same time expects a significantly lower return on its free cash resources due to declining interest rates.

- Poland: Lending in Poland is currently performing at record monthly levels, fueled by government-backed credit facilities in addition to falling interest rates. High loan disbursement numbers are still expected in Q1 thanks to subsidized loans applied for at the end of 2023. The budget for the program has now been exhausted and the new Polish government plans to launch a new program, but its timing and substance is uncertain, leaving the Polish real estate and credit markets in a state of high uncertainty.

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

The Company recycles some of the waste generated by it and collects 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 cross-country harmonization is constantly evolving. The average statistical headcount has decreased from 217 to 204 compared to the reference period. In Poland, the statistical headcount decreased by 18.7 persons due to the change in the legal status of our credit intermediaries. The average number of Hungarian employees increased by 7.7 due to the creation of a new sales channel. The Company emphasizes the diversification of jobs based on the skills and qualifications of its employees.

6 Information on equity and share capital

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

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

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

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

The Company's equity as of 31 December 2023

Type of shares	Share class	Share series	Number of shares issued	from this: treasury shares	Nominal value per share	Total nominal value
ordinary shares	-	"A"	34,387,870 pcs	332,785 pcs	HUF 5	HUF 171,939,350
employee share	preferential shares	"B"	1,000 pcs	0 pcs	HUF 50	HUF 50,000
Equity:						**HUF 171,989,350**

Number of voting rights attached to shares:

Share series	Number of shares issued	Number of voting rights per share:	Total number of votes	From this: for treasury shares	Number of treasury shares
"A"	34,387,870 pcs	5	171,939,350 pcs	1 663 925 pcs	332 785 pcs
"B"	1,000 pcs	50	50,000 pcs	0 pcs	0 pcs
Total	**34,388,870 pcs**	**-**	**171,989,350 pcs**	**1 663 925 pcs**	**332 785 pcs**

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

The table below provides a summary of the shareholders each with a significant direct or indirect ownership share in the Company's equity[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	13 472 333	39,18%
Doron Dymschiz	13 472 338	39,18%
VIG Asset Management Hungary Zrt.	2 832 865	8,24%
Total of equity	**34 388 870**	**100,00%**

[4] As of 31 December 2022

8 Restrictions on the transfer of shares

Restrictions on alienation on ordinary shares

Shareholder Name			Ferenc Máté	Total
Number of ordinary shares held on December 31, 2023 (pcs)			416,215	416,215
Is alienation restricted?			yes	
Restrictions on alienation	Beginning of the period	End of the period		
	2023.11.12	2024.11.11	90,000	90,000
	2024.11.12	2025.11.11	60,000	60,000
	2025.11.12	2026.11.11	30,000	30,000

Restrictions on the alienation on preferred employee shares

Shareholder Name	Gay Dymschiz	Ferenc Máté	Dániel Schilling	Krisztián Fülöp	Anikó Varga	Dr András Szabadházy	Total
Number of preferred employee shares held (number)	438	225	138	88	70	41	**1 000**

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

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

9 Other issues regarding controlling powers and executive officers

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

Members of the Board of Directors of the Company as of 31 December 2023:

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

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

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

Members of the Supervisory Board of the Company as of 31 December 2023:

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

Audit Committee

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

Members of the Audit Committee of the Company as of 31 December 2023:

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

Indirect holdings of members of the Board of Directors and Supervisory Board in the company's securities on 31 December 2023:

pieces	**"A" Ordinary share**	**"B" Employee shares**
Members of the Board of Directors		
Dymschiz Gay	13 472 771	438
Dymschiz Doron	13 472 338	0
Ferenc Máté	416 440	225
Dániel Schilling	93 684	138
Dr. Jenő Nagy	0	0
Total Members of the Board of Directors	**27 455 233**	**801**
Members of the Supervisory Board		
Károly Redling	0	0
György Martin-Hajdu	0	0
Kálmán Nagy	0	0
Total Members of the Supervisory Board	**0**	**0**

Other declarations

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

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

10 Risk management

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

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

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

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

Capital management

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

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

	31.12.2023	**31.12.2022**
Registered capital	171 989	171 989
Total equity	5 467 559	5 250 910
Equity capital/registered capital	**3179%**	**3053%**

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

- Is downgraded below B+ but not below B-, and the Bond is not rated B+ or higher within two years (2*365 days) after the downgrade is published, or

- Is downgraded to CCC or below at any time during the term.

In November 2023, Scope Ratings GmbH carried out an annual review of the credit rating of the Company's bonds issued under the NKP program, which resulted in the confirmation of the rating of the bonds at BB-, one notch above the minimum required by the MNB. The rating agency also confirmed the BB-/Stable rating of Duna House Holding Nyrt. as issuer.

In managing capital, the Group seeks to ensure that the members of the Group can continue their activities while maximizing the return to owners by optimally balancing debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Group also monitors whether the capital structure of its member companies complies with local legal requirements.

The Company's capital risk is not significant during 2023.

Lending risk

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

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2023 and 31 December 2022.

Lending risk	**31.12.2023**	**31.12.2022**
Trade receivables	3 311 757	3 229 765
Other receivables	1 463 175	1 665 048
Financial instruments	113 052	110 602
Cash and cash equivalents	8 292 649	10 646 364
Restricted cash	500	92 550
Total	**13 181 133**	**15 744 329**
Restricted cash	**500**	**92 550**
Akadémia Plusz 2.0 Kft. deposit	500	500
Pusztakúti 12. kft.	0	92 050

HUF 500 thousand restricted cash is provided as collateral for teaching activities and is only available to the Group with certain restrictions. These restrictions are set out in note 15.

The Group's cash and cash equivalents (including restricted cash) are held by the following banks. The banks' credit ratings are at least BBB-.

	31.12.2023	31.12.2022
Raiffeisen Bank Zrt.	3 622 102	9 463 287
Takarékbank Zrt.	0	93 361
Magyar Bankholding Zrt.	891	0
Gránit Bank Zrt.	2 230 920	0
OTP Bank Nyrt.	1 097 213	0
Oberbank AG	3 179	0
PayPal Holdings, Inc	18	0
Bank Millennium SA	656 974	347 370
Société Générale	2 857	24 760
Banca Unicredit	496 512	673 789
BPER BANCA	32 193	0
Banca Monte dei Paschi	51 535	0
Banca Nazionale del Lavoro S.p.A.	18 617	0
UBI BANK	66 940	124 608
Total bank account balances	**8 279 951**	**10 727 175**

Foreign currency risk

Exchange rate risk arises when some Group companies enter into transactions denominated in a currency other than the functional currency. It is the Group's policy that, where possible, Group members settle liabilities denominated in their functional currency with cash generated from their own operations in their functional currency.

The Group's subsidiaries typically enter into transactions in their own functional currency and do not engage in export/import activities. Foreign exchange exposure arises in respect of rental payments for certain leased properties denominated in euro and for foreign acquisitions.

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

	31.12.2023	31.12.2022
HUF	6 810 007	7 742 825
EUR	822 999	2 623 959
PLN	657 601	347 370
CZK	2 542	24 760
Total	**8 293 149**	**10 738 914**

Liquidity risk

Liquidity risk is the risk that the Group will be 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 maturity of the Group's funds is summarized in the table below:

The terms and conditions of the Group's loans and bonds issued are set out in notes 22 and 23.

December 31, 2023

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings	646 848	1 902 057	112 432	**2 661 338**
Interest-bearing bonds	468 000	6 913 200	8 098 800	**15 480 000**
Deferred purchase price and option liability	410 968	4 669 586		**5 080 554**
Deposits received from tenants and owners	278 567			**278 567**
Lease liabilities	440 467	965 938	306 843	**1 713 248**
Accounts payable	3 578 720			**3 578 720**
Total	**5 823 571**	**14 450 781**	**8 518 075**	**28 792 427**

December 31, 2022

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

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 optimizing profitability.

Property development risks

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

11 Events after the balance sheet date

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

Purchase of treasury shares

Based on the decision of the General Meeting passed on 27 April 2023, the Company's Board of Directors purchased a total of 28,471 treasury shares between 31 December 2023 and 25 March 2024 in stock market transactions. The amount of treasury shares was 361,256 pieces on 25 March 2024.

12 Declaration on corporate governance

In light of its length and structural layout, our declaration on corporate governance ("Responsible Corporate Governance Report") will be published on the website of the Budapest Stock Exchange[5].

13 The Auditor of the Company

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

The value of the audit services provided by Ernst & Young Könyvvizsgáló Kft. to the Company was EUR 88,800 in 2023, which includes the audit fees for the individual and consolidated accounts of Duna House Holding Nyrt. but does not include the audit fees for the individual accounts of the subsidiaries. The auditor does not provide any other services to the Company.

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

14 Declaration on responsibility

The Board of Directors of the Company prepared this business report on the basis of the data included in the consolidated accounts for 2023 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, 8 April 2024

Persons authorized to sign the consolidated business report:

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Doron Dymschiz
Member of the Board of Directors

____

Gay Dymschiz
Member of the Board of Directors

____

Ferenc Máté
Member of the Board of Directors

____

Dr. Jenő Nagy
Member of the Board of Directors

____

Dániel Schilling
Member of the Board of Directors