DUNA HOUSE HOLDING NYRT.

STANDALONE FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 December 2023

Table of Contents

Statement of financial position
data provided in thousands HUF, unless indicated otherwise

	Notes	31.12.2023	31.12.2022
ASSETS			
Long-term assets			
Intangible assets	4	10 602	711
Right-of-use	5	19 966	244
Land and buildings	3	168	196
Machinery and equipment	3	119 574	134 234
Investments in subsidiaries	6	9 148 927	8 581 605
Total long-term assets		**9 299 237**	**8 716 990**
Current assets			
Inventories		2 121	2 121
Trade receivables		327	285
Amounts owed by related undertakings	8	3 434 248	3 531 819
Other receivables	9	46 110	633 617
Actual income tax assets		0	1 233
Cash and cash equivalents	11	6 140 594	8 669 080
Assets classified as held for sale	10	0	142 446
Total current assets		**9 623 400**	**12 980 601**
Total Assets		**18 922 637**	**21 697 591**

The notes provided on pp. 9-65 constitute an integral part of the Financial Statements.

Statement of financial position
data provided in thousands HUF, unless indicated otherwise

LIABILITIES	Notes	31.12.2023	31.12.2022
Equity			
Registered capital	12	171 989	171 989
Capital reserve	12	1 562 273	1 564 066
Treasury shares repurchased	13	(160 147)	(370 862)
Profit reserve	12	2 048 495	2 950 878
Total equity:		**3 622 610**	**4 316 071**
Long-term liabilities			
Deferred tax liabilities		61	61
Other long-term liabilities	14	1 306 318	3 800 802
Bonds payable	15	13 033 923	13 059 828
Long-term liabilities from leases	5	73 786	62 042
Total long-term liabilities		**14 414 088**	**16 922 733**
Current liabilities			
Accounts payable	16	35 324	9 491
Liabilities to related undertakings	17	656 640	357 611
Other liabilities	18	185 793	84 687
Short-term liabilities from leases	6	8 182	6 998
Total current liabilities		**885 939**	**458 787**
Total liabilities and equity		**18 922 637**	**21 697 591**

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Report on profit and loss and other comprehensive income
data provided in thousands HUF, unless indicated otherwise

	Notes	2023	2022
Net sales revenues	19	288 507	253 174
Other operating income	20	74	4 582
Total revenue		**288 581**	**257 756**
Consumables and raw materials	21	(17 077)	(11 182)
Goods and services sold	22	0	(42 578)
Contracted services	23	(177 483)	(291 042)
Personnel costs	24	(162 622)	(160 498)
Depreciation and amortisation		(16 295)	(5 091)
Depreciation of right-of-use	5	(4 904)	(976)
Other operating charges	25	(9 760)	(19 625)
Operating costs		**(388 141)**	**(530 992)**
Operating profit/loss		**(99 560)**	**(273 236)**
Financial income	26	3 973 897	2 187 232
Financial charges	27	(796 703)	(497 636)
Profit before tax		**3 077 634**	**1 416 360**
Income tax expense	28	(143 117)	(29 218)
Profit for the year		**2 934 517**	**1 387 142**
Total comprehensive income		**2 934 517**	**1 387 142**

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Statement of changes in equity
data provided in thousands HUF, unless indicated otherwise

	Notes	Registered capital	Capital reserve	Treasury shares repurchased	Profit reserve	Total equity
Balance as at 31 December 2021		**171 989**	**1 544 146**	**(243 406)**	**2 739 436**	**4 212 165**
Dividends	12				(1 175 700)	(1 175 700)
Purchase of treasury shares	13			(127 456)		(127 456)
Employee share programs	12		19 920			19 920
Total comprehensive income					1 387 142	1 387 142
Balance as at 31 December 2022		**171 989**	**1 564 066**	**(370 862)**	**2 950 878**	**4 316 071**
Dividends	12				(3 836 900)	(3 836 900)
Purchase of treasury shares	13			210 715		210 715
Employee share programs	12		(1 793)			(1 793)
Total comprehensive income					2 934 517	2 934 517
Balance as at 31 December 2023		**171 989**	**1 562 273**	**(160 147)**	**2 048 495**	**3 622 610**

The notes provided on pp. 9-65 constitute an integral part of the Financial Statements.

Cash Flow Statement

data provided in thousands HUF, unless indicated otherwise

	Notes	2023	2022
OPERATING CASH FLOW			
Profit/Loss before taxation		3 077 634	1 416 360
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and impairment of real estate property, machinery and equipment and right-of-use assets	3, 5	21 199	6 067
Expenses of share-based payments		20 595	55 057
Net exchange rate difference		77 320	(32 523)
Financial revenues	26	(3 973 897)	(2 187 232)
Financial costs	27	796 703	497 636
Changes in working capital			
Decrease/(increase) in inventories, trade receivables, contractual assets, advances, and restricted cash	9	(22 724)	(3 185)
Increase in trade and other liabilities, contractual liabilities, and refund liabilities	16, 18	126 939	94 178
		123 769	(153 642)
Interest received	26	1 074 303	840 495
Interest paid	27	(478 989)	(211 376)
Income tax paid	28	(144 203)	(29 501)
Net operating cash flow		***574 880***	***445 976***
Investment cash flow			
Purchase of property, machinery and equipment	3	(2 512)	(136 713)
Decrease/(increase) in loans to a subsidiary	17	387 819	2 340 735
Increase/(decrease) in loans from a subsidiary	8	281 189	(641 796)
Dividends from subsidiaries and jointly controlled subsidiaries	6, 26	1 245 453	1 608 081
Acquisition of a subsidiary	2.4.2.1	0	(3 506 647)
Net investment cash flow		***1 911 949***	***(336 340)***
Financing cash flow			
Proceeds from the exercise of share options	13	259 426	155 612
Purchase of treasury shares	13	(71 100)	(388 941)
Purchase of non-controlling interests	2.4.2.1	(1 127 101)	(123 356)
Deferred purchase price payment	2.4.2.1, 14	(241 665)	
Proceeds from borrowing	15	0	5 981 816
Dividends paid to shareholders of the parent company	12	(3 836 900)	(1 171 987)
Net financing cash flow from financing activities		***(5 017 340)***	***4 453 143***
Net change in cash and cash equivalents		(2 530 512)	4 562 780
Balance of cash and cash equivalents at the start of the period		8 669 080	3 983 944
Exchange differences on cash and cash equivalents		2 026	122 356
Balance of cash and cash equivalents at the end of the period	11	**6 140 594**	**8 669 080**

The notes provided on pp. 9-65 constitute an integral part of the Financial Statements.

1. General

1.1 Introduction to the company

This report contains the standalone financial statements of Duna House Holding Nyrt. (the "Company") for the year ending with 31 December 203. The 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. Through its subsidiaries, the Company is a leading player in the Central European services sector, mainly in real estate and financial products brokerage, with investments in Hungary, Italy, Poland, and the Czech Republic.

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%. See section 2.4.2.1. for details of the Italian acquisition.

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

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

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

Owner's name	**Ownership share as at 31 December 2023**	**Ownership share 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 standalone financial statements were approved by the Board of Directors on 8 April 2024. The standalone financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS), as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

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

ii) Basis of the financial statements

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

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

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

The financial year is identical with the calendar year.

iii) Basis of the valuation

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

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

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

2. Accounting policy

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

2.1 Main components of the accounting policy

2.1.1 Reporting currency and FX balances

In view of the content and circumstances of the underlying business events, the functional currency of the Company and the reporting currency is the Hungarian forint.

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

The Company's standalone financial statements were prepared in Hungarian forints (HUF), rounded to the nearest thousand, except otherwise indicated.

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

2.1.2 Distinction between short and long-term

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

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

Or

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

All other assets are classified as long-term.

A liability is short-term if:

- It is expected to be settled within the normal operating cycle,

- It is held mainly for trading purposes,
- It 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.

2.1.3 **Sales revenue**

Revenues are recognised by the Company in line with the IFRS 15 (revenues from client contracts) standard. The Company is a major provider of holding services (strategy, management) and financing to its subsidiaries.

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.

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.

Holding services provided to subsidiaries

The Company provides holding services to its subsidiaries on an ongoing basis and also recognises the related revenue on an ongoing basis.

2.1.4 **Investments in subsidiaries**

The investments in subsidiaries row shows the companies controlled by the Company. Subsidiaries are entities controlled by the Company. The Company 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. Whether or not the Company 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 Company does not have a majority of the voting or similar rights of an entity, the Company 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 Company’s voting rights and potential voting rights

The Company accounts for its investments in subsidiaries at cost value.
After initial recognition, the Company measures its investments in subsidiaries at cost value decreased by accumulated impairment losses, and examines impairment annually.

2.1.5 Real estate, machines, equipment

The tangible assets are stated at historical cost less accumulated depreciation. The Company records an item of property, plant, or equipment 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.

2.1.6 Impairment loss

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

2.1.7 Intangible assets

The individually purchased intangible assets are entered into the books at purchase price as at the time of acquisition. The assets are entered into the books when the use of the asset provably results in the influx of future economic goods and its cost can therefore be clearly identify.

Following the initial recognition the historical cost model applies to intangible assets. The lifetime of these assets is finite or cannot be defined. The assets of a finite lifecycle are depreciated with the straight-line method according to the best estimate for the lifetime. The depreciation period and the depreciation method are reviewed annually at the end of the financial year.

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

Rights and titles as well as software	3-6 years

2.1.8 Inventories

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

2.1.9 Receivables

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

For trade receivables and contractual assets, the Company applies a simplified approach to the calculation of ECLs. The Company 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 Company 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.

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

The Company classifies non-current assets as held for sale when their book value will be recovered principally through a sale transaction rather than through continuing use. Non-current assets 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, 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. For further disclosures, see note 10.

2.1.11 Financial instruments

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

- The amortised historical cost - target - is the collection of contractual cash flows, which contains only the cash flows related to the payment of interests on capital and extended capital amounts.

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

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

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

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

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

Valuation at amortised historical cost

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

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

Debt instruments valued at fair value against other comprehensive profits

Such assets shall be valued at fair value. Interest income, impairment, and differences in foreign currency exchange rates shall be recognised in the profits (similarly to the assets valued at amortised historical cost). Changes in fair value shall be recognised against other comprehensive profits. When derecognising the asset, any accumulated profits or losses previously recognised against comprehensive profits have to be re-classified to profits.

Capital investments valued at fair value against other comprehensive profits

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

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

Valuated at fair value against profit

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

Fair value accounting

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

Derecognition of financial instruments

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

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

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

2.1.12 **Income taxes**

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

The current tax liability of the Company is calculated on the basis of the tax rate effective or announced by the balance sheet date (provided that the announcement is equivalent to entry into force). The deferred tax is calculated with the liability method.

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

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

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

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

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

2.1.13 **Leasing**

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

i) Right-of-use assets
The Company 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 Company 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 Company 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) 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 Company is reasonably certain to exercise

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

2.1.14 **Earning per share (EPS)**

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

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

2.1.15 **Off-balance sheet items**

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

2.1.16 Treasury shares repurchased

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

2.1.17 Dividends

Dividends paid are accounted for in the year in which they are approved by the General Meeting. Dividend income is recognised when the Company becomes entitled to receive the payment.

2.1.18 Profit/Loss on financial transactions

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

2.1.19 Distribution of shares, option schemes

The Company distributes its own shares to certain Group employees within the framework of its employee share schemes. The detailed description of the benefit schemes can be found in section 13. These benefit schemes are recognised as equity-settled share-based payment.

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

2.1.20 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 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 Company's cash management. The Company prepares a statement of indirect cash flows, starting with profit before tax from operating activities and presenting adjustments to reconcile net profit or loss to cash flows from operating activities.

2.1.21 Events subsequent to the accounting reference date

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

2.2 Changes in the Accounting Policy

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

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

The accounting policies applied are consistent with those of the previous financial year, except for the following IFRS amendments, which the Company 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 Company does not issue any contracts within the scope of IFRS 17; therefore, its application has no impact on the Company's financial performance, financial position and cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies (Amendments)**
  The amendments is applyed from the financial year starting on or after 1 January 2023, or the following financial year. 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 Company 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 Company discloses the effects of changes in accounting estimates in chapters 2.3 and 2.4.2.1 of the notes to the financial statements.

- **IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (Amendments)**
  The amendments will apply from the financial year starting on or after 1 January 2023. 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 Company'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 Company is not subject to tax rules related to the second pillar and therefore there was no impact on the Company's financial statements.

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

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, with early application permitted or retrospective application required in accordance with IAS 8. The amendments clarify the principles in IAS 1 for classifying liabilities as current or non-current. The amendments clarify the reporting 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, that a counterparty's options that may result in settlement by the entity's own equity instruments being transferred do not affect current or non-current classification. The amendments also specify that only those

covenants that the entity is required to meet on or before the reporting date affect the classification of a liability. Additional disclosures are also required for long-term liabilities arising from loan agreements that are subject to a covenant to be settled within twelve months after the reporting period.

The amendments have been assessed by management and are not expected to have an impact on the Company'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 measuring a lease liability in a leaseback transaction under IFRS 16, but do not change the accounting for leases that are not related to leaseback transactions. A vendor-lessee shall define 'lease payments' or 'revised lease payments' so that the vendor-lessee does not recognise the portion of the gain or loss that relates to the right of use that it retains. The application of those requirements does not prevent a vendor lessee from recognising in profit or loss the gain or loss on the partial or total termination of a lease. A vendor lessee shall apply the amendment retrospectively, in accordance with IAS 8, to leaseback arrangements 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 Company'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 will 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 a vendor financing arrangement. 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 Company'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 Company'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 Company'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 standalone financial statements are as follows:

2.3.1 Impairment of the participations held in the subsidiaries

In accordance with section 2.1.4 of the material accounting principles, the Company annually tests for impairment in shares held in subsidiaries as cash-generating units. The recovery value of cash-generating units was defined on the basis of the calculation of the value in use. Estimates are indispensable for these calculations. In order to calculate the value in use it is absolutely necessary that the management estimate the future estimated cash flow of the cash-generating unit and the appropriate discount rate because the present value can be only be calculated from them.

2.3.2 Impairment recognised on uncollectible and doubtful receivables

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

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

2.3.3 Depreciation

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

2.3.4 Deferred purchase price liabilities

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

2.4 Subsidiaries, joint undertakings and associated undertakings of the Company

Company name	Address	**31.12.2023**	**31.12.2022**
Direct subsidiaries of Duna House Holding Nyrt.			
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%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
MyCity Residential Development 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%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Subsidiaries of Metrohouse Franchise S.A.			
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%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
Subsidiaries of MyCity Residential Development Kft.			
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%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%
Subsidiaries of Duna House Franchise s.r.o.			
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%
Subsidiaries of HGroup S.p.A.			
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%

The Company's holding in Impact Alapkezelő Zrt. is recorded as an "Asset held for sale" on 31 December, 2022 (Section 10). The process of selling the fund manager failed during the balance sheet preparation period in February 2024, so the Company reports it as "Investments in subsidiary" for 2023 (Note 6).

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

2.4.1.1 **Duna House Franchise Kft.**

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

2.4.1.2 **REIF 2000 Kft.**

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

2.4.1.3 **Hitelcentrum Kft.**

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

2.4.1.4 **Duna House Biztosításközvetítő Kft.**

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

2.4.1.5 **DH Projekt Kft.**

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

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

2.4.1.6 **Duna House Ingatlan Értékbecslő Kft.**

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

2.4.1.7 **Energetikai Tanúsítvány Kft.**

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

2.4.1.8 **Superior Real Estate Kft.**

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

2.4.1.9 **Home Management Kft.**

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

2.4.1.10 **GDD Commercial Kft.**

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

2.4.1.11 **SMART Ingatlan Kft.**

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

2.4.1.12 **Home Line Center Kft.**

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

2.4.1.13 **Impact Alapkezelő Zrt.**

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

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

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

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

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

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

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

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

Company	Duna House Group's share on 13.01.2022	Duna House Group's share on 31.12.2022	Duna House Group's share 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 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 contains a presentation of Hgroup).

The Investment Contract contained joint management clauses for the period during which the quarterly financial plans were being met: the sellers, who were the same as the Company 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 Company 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	Acquisition
Date of acquisition	01.04.2022
Share percent	70.00% (71.14% from 06.12.2022)

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 Company's analysis of the cash flows (cash flows) of the acquisition is summarised below:

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

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

The Company has call options on non-controlling interests, and their holders have put options on the Company.

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

The sellers are entitled to further earn-outs on 30 June 2023, 30 June 2024, and 30 June 2025 based on the consolidated revised EBITDA for the previous business year. The amount of earn-out payments is surrounded by significant uncertainty as they depend on HGroup group’s actual future EBITDA figures. At the close of each business year, the Company'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%
Earn-out calculated on 30% ownership		**1 409**	**3 554**
Currently entitled 22.87% ownership Expected Earn-out		**1 074**	**2 709**

The Company's management has taken into account that the payments after each earn-out period are expected to be made in the middle of next year and has calculated the present value of the cash flows at a discount rate of 8.9% EUR (2022: 7.2%).
The Company 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 earn-out payments, taking into account the revaluation effects of these agreements, amounted to 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 Company has a call option and the former owners have a put option. The Company'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 Company has assumed that the options will be exercised, on average, in mid-2027.
The amount of option payments is surrounded by significant uncertainty as they depend on HGroup group's actual future EBITDA figures. At the close of each business year, the Company'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 on 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 payments						**17 685**
Calculation on 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 payment calculated on 30% ownership						**12 451**
Currently entitled 22.87% ownership Expected option payments						**9 490**

The Company's management has taken into account that the option purchase price is expected to be paid in June 2025 and has calculated the present value of the cash flows at a discount rate of EUR 8.9% (2022: 7.2%). The Company has entered into individual agreements with minority shareholders during 2022 and 2023, which have been subject to deferred payments and have been settled in cash in the respective periods. The present value of the expected option payments, including these agreements, amounted to EUR 8,352,131 or HUF 3,190,067 thousand at 31 December 2023 (31 December 2022: EUR 12,455,776, or HUF 4,985,424 thousand).

3. Property, machinery and equipment

Gross value	Land and buildings	Machinery and equipment	Total
As at 31 December 2021	**409**	**14 215**	**14 624**
Acquisition	0	136 713	136 713
Decrease	0	(199)	(199)
As at 31 December 2022	**409**	**150 729**	**151 138**
Acquisition	0	2 512	2 512
Decrease	0	(1 106)	(1 106)
As at 31 December 2023	**409**	**152 135**	**152 544**
Depreciation and impairment			
As at 31 December 2021	**(186)**	**(11 637)**	**(11 823)**
Annual depreciation	(27)	(4 858)	(4 885)
As at 31 December 2022	**(213)**	**(16 495)**	**(16 708)**
Annual depreciation	(28)	(16 066)	(16 094)
As at 31 December 2023	**(241)**	**(32 561)**	**(32 802)**
Net book value			
As at 31 December 2023	168	119 574	119 742
As at 31 December 2022	196	134 234	134 430
As at 31 December 2021	223	2 578	2 801

The Company did not have any significant asset purchases in 2023 (2022: 4 cars worth HUF 133,079 thousand).

4. Intangible assets

Gross value	**Intangible assets**
As at 31 December 2021	**4 399**
Acquisition	167
As at 31 December 2022	**4 566**
Acquisition	10 093
As at 31 December 2023	**14 659**
Depreciation and impairment	
As at 31 December 2021	**(3 650)**
Annual depreciation	(205)
As at 31 December 2022	**(3 855)**
Annual depreciation	(202)
As at 31 December 2023	**(4 057)**
Net book value	
As at 31 December 2023	10 602
As at 31 December 2022	711
As at 31 December 2021	749

During 2023, the Company acquired accounting systems in the amount of HUF 10,093 thousand.

5. Leases

The Company has long term leases on offices and vehicles for its central administration and management. The Company applies a 11.91% discount rate to calculate the present value of right-of-use and lease obligations.

Right-of-use	**31.12.2023**	**31.12.2022**
Land and buildings		
Machinery and equipment	19 966	244
Right-of-use Total	**19 966**	**244**
Other vehicles	**0**	**0**
Lease obligations		
less than 1 year	8 182	6 998
between 1 and 5 years	73 786	62 042
more than 5 years		
Lease obligations Total	**81 968**	**69 040**
from that IFRS right of use related	*20 119*	*96*
from that financial leasing	*61 849*	*68 944*
Depreciation of right-of-use asset	(4 904)	(976)
Interest expenditure	(2 499)	(29)
	(7 403)	**(1 005)**

The Company reports lease liabilities related to other vehicles financed under finance leases as lease liabilities, whose year-end balance was HUF 61,849 thousand in 2023 (2022: HUF 68,944 thousand).

6. Investments in subsidiaries

Every year, the Company has to examine whether the investments of its subsidiaries suffered any impairment. The Company determines the recoverable amount based on value in use calculations. The method requires the estimation of future cash flows and the determination of discount rates for the calculation of cash flow present values. The Company has used a weighted average cost of capital of 9.6% for Polish investments, 8.4% for Italian investments and 8.4% for Czech investments to discount cash flows.

	2023 Dec. 31.	2022 Dec. 31.
Hgroup S.p.a.	7 150 777	6 820 237
Metro House Franchise S.A	863 464	863 464
MyCity Residential Development Kft.	302 040	302 040
Home Line Center Kft.	252 000	252 000
GDD Commercial Kft.	219 500	219 500
Credipass Polska S.A.	103 150	8 814
REIF 2000 Kft.	42 600	42 600
Home Management Kft.	21 500	21 500
Hitelcentrum Kft.	14 650	14 650
Duna House Ingatlan Értékbecslő Kft.	13 800	13 800
Duna House Franchise s.r.o.	10 000	10 000
Duna House Biztosításközvetítő Kft.	5 000	5 000
Duna House Franchise Kft.	5 000	5 000
Energetikai Tanusítvány Kft.	3 000	3 000
Impact Asset Management Alapkezelő Zrt.	142 446	0
Investment in subsidiaries Total	**9 148 927**	**8 581 605**

On 13 January 2022, the Company acquired a 70% stake in the Italian credit intermediary group Hgroup. During 2023, the company acquired an additional stake in the group, the details of which are described in section 2.4.1.19. The value of the shareholding in HGroup Spa. thus increased to HUF 7,150 million.

The Company reclassified the investment in Impact Alapkezelő Zrt as an asset held for sale during 2022 and, following the failure of the sale, decided to retain the investment in February 2024, thus reclassifying as investment in a subsidiary. For details of this, see also section 10.

The Company's Board of Directors has carried out a test of the value of the investments shown in the Company's balance sheets in connection with its subsidiaries. According to the profit generating capacity of the companies concerned, there was no need to account for impairment.

7. Deferred tax receivables

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

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

8. Amounts owed by related undertakings

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

In the case of a private individual or a close relative of a private individual, a relationship with the Company 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 Company has entered into transactions with related parties on the same terms as transactions with unrelated parties, where these terms are reasonable.

The value of related receivables contains the following:

	2023 Dec. 31.	2022 Dec. 31.
Short-term loans extended to subsidiaries and the interest due therefor, trade receivables, additional payments	2 844 000	3 231 819
Dividend receivables against subsidiaries	590 248	300 000
Total receivables from related undertakings	**3 434 248**	**3 531 819**

The decrease in short-term loans granted to subsidiaries constituting the related receivables is primarily related to the loan granted to finance the residential developments realised via MyCity Residential Development Kft. Loan, interest and dividend receivables related to the project amounted to HUF 785,254 thousand at the end of 2022 (2022: HUF 1,740,070 thousand). The Company granted a loan of HUF 421,058 thousand to its subsidiary in Italy in order to finance a strategic cooperation.

The Company's liabilities to related parties are presented in Section 17 and the remuneration of the Board of Directors and the Supervisory Board in Section 32.

9. Other receivables

	2023 Dec. 31.	2022 Dec. 31.
Receivables related to the purchase of shares	13 510	585 121
Accrued incomes	2 749	41 327
Prepaid expenses	11 181	3 825
Advances paid	0	1 371
Other receivables	18 670	1 973
Total other receivables:	**46 110**	**633 617**

At the end of 2022, the Company had a total of HUF 585,121 thousand in receivables from the sellers of Hgroup Spa., which will be recovered through deferred purchase prices. For details of the transaction, see Section 2.4.2.1.

At the end of 2023, the Company had a total receivable from the vendors of Hgroup Spa of HUF 13,510 thousand (2022: HUF 585,121 thousand), and in 2023, a total of HUF 571,611 thousand was recovered in the deferred purchase price after 2022. For details of the transaction, see section 2.4.2.1.

Under accrued income, the Company shows accrued interest on time deposits.

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

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:

	2023.12.31	2022.12.31
Impact Alapkezelő Zrt.	0	142 446

In September 2022, the Board of Directors decided to sell Impact Alapkezelő Zrt., as the net asset value of the fund under management continued to decline due to redemption rules adversely affecting public open-ended real estate funds. 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 default. Subsequently, the Board of Directors decided to suspend the sale of Impact sell Impact Alapkezelő Zrt. and to develop the business again following a capital increase.

11. Cash and cash equivalents

	2023 Dec. 31.	2022 Dec. 31.
Bank account balance	6 140 149	8 668 896
Cash balance	445	184
Total cash	**6 140 594**	**8 669 080**

The Company's funds amounted to HUF 6,140,594 thousand at the end of 2023 (2022: HUF 8,669,080 thousand).

Since 7 December 2017, it has been managing its bank accounts linked to its Hungarian operations under a cash pooling regime, which makes automatic internal group financing possible. A general current account limit of HUF 100 million is available to back the cash pool system, which amount is suited to the needs of regular operations and can be used to satisfy any transitional additional financing needs. No amounts were used from this overdraft facility as at the end of the reporting period.

12. Registered 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	**Pieces**	**Total face value (HUF thousand)**	**Pieces**	**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	**Pieces**	**Total face value (HUF thousand)**	**Pieces**	**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	**Pieces**	**Total face value (HUF thousand)**	**Pieces**	**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.

On 27 April 2022, the Company's general meeting decided to pay HUF 1,175,700 thousand in dividends. In line with the above, holders of preferred shares are entitled to an amount equal to 6% of the taxed profit less the 2021 revaluation of investment property and the revaluation of the ownership shares involved in the consolidation with the equity method (i.e. HUF 75,300 thousand); HUF 1,100,400 thousand was paid to holders of ordinary shares (HUF 32.0 per share). The dividend was paid to holders of ordinary shares on 17 June 2022. Due to the treasury shares owned by the Company, the dividend actually paid was HUF 32.31 per share.

The General Meeting of the Company decided on 27 April 2023 to pay a dividend of HUF 3,836,900 thousand. As stated above, an amount corresponding to 6% of the consolidated profit after tax of 2022, i.e. (HUF 146,900 thousand), adjusted for the result from the revaluation of investment properties and the revaluation of equity method investments included in the consolidation, 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 is paid in four equal instalments quarterly.

13. 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 number of shares: HUF 20 million per participant would be made available for five participants with the scheme's future call price.
The management option scheme launched in 2022 pertains to a total of 250 thousand shares with the participation of 11 persons, at a call price of HUF 520/share, set in advance.
The executive stock option plan launched in 2023 with 11 participants covers a total of 250,000 shares at a pre-fixed exercise price of HUF 508 per share.

2023/2033 scheme

The General Meeting of Shareholders held on April 27, 2023 approved the Company's 2023/2033 Plan, under which Gay Dymschiz, founder of the Group and Chairman of the Board of Directors, may acquire 1,719,394 shares by way of a capital increase at an exercise price of HUF 400 per share, subject to performance conditions. The exercise 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 2023 EBITDA in EUR terms. 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

At the General Meeting held on 27 April 2023, the Company's "Employees 2024" share scheme was approved, under which all employees that are employed in Hungary by the Group since 1 April 2023 will receive shares in the amount of their average wage of 2023 if the performance conditions are met in 2025.

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 summarised 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**

14. Other long-term liabilities

	2023 Dec 31.	2022 Dec 31.
Deferred purchase price - Hgroup S.p.a.	1 306 318	3 800 802

The Company has a total expected earn-out obligation of HUF 1,306,318 thousand to the sellers of Hgroup S.p.a (2022: HUF 3,800,802 thousand). Section 2.4.2.1 provides information on the transaction and section 9 provides information on the Company's claim against the sellers.

15. 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 Company initiated a review of its external financing structure in order to diversify and improve the maturity structure of the Company's loan portfolio. Accordingly, the Company 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 Company 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 Company by the bond subscribers on the day of issue. Subsequently, on 1 March 2021, the "Duna House NKP Bond 2030/I." bonds were registered in the XBond multilateral trading facility of the Budapest Stock Exchange.

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

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

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

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

	Interest payment	Payments of principal on loans	Total Cash Flow
2022	-198 000	0	-198 000
2023	-198 000	0	-198 000
2024	-198 000	0	-198 000
2025	-198 000	0	-198 000
2026	-198 000	-1 320 000	-1 518 000
2027	-158 400	-1 320 000	-1 478 400
2028	-118 800	-1 320 000	-1 438 800
2029	-79 200	-1 320 000	-1 399 200
2030	-39 600	-1 320 000	-1 359 600
Total	**-1 386 000**	**-6 600 000**	**-7 986 000**

Duna House NKP Bond 2032/I.

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

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

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

The Company 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**

16. Accounts payable

	2023 Dec 31.	2022 Dec 31.
Trade payables	35 324	9 491
Total accounts payable	**35 324**	**9 491**

17. Liabilities to related undertakings

The value of related liabilities contains the following:

	2023 Dec 31.	2022 Dec 31.
Loans, deposits, and other received from subsidiaries	619 347	338 158
Employee dividend payment obligation	37 293	19 453
Total related liabilities	**656 640**	**357 611**

The loan received from subsidiaries includes the Group’s cash pool account and final balance.
The Company's receivables from related parties are presented in Section 8 and the remuneration of the Board of Directors and the Supervisory Board in Section 32.

18. Other liabilities

	2023 Dec 31.	2022 Dec 31.
Other tax liabilities	149 854	38 857
Liabilities from remuneration	6 185	4 586
Advances from suppliers	11 478	
Accrued costs and charges	18 223	41 216
Other	53	28
Total other liabilities	**185 793**	**84 687**

At the end of 2023, the Company recorded tax liabilities of HUF 149,854 thousand (2022: HUF 38,857 thousand), accrued expenses of HUF 18,223 thousand (2022: HUF 41,216 thousand), employee income liabilities of HUF 6,185 thousand (2022: HUF 4,586 thousand) and an advance of HUF 11,478 thousand related to the sale of Impact Asset Management Zrt. under other liabilities.

19. Sales revenue

	2023	2022
Revenue from holding services	264 208	195 324
Revenue from office rent	0	35 143
Revenue from of vehicle services	6 667	2 051
Revenue from office common expenses	15 204	11 509
Revenue from parking lot rental fee	1 404	2 916
Revenue from other re-invoicing	124	5 331
Revenue from other accounting services	900	900
Total net sales revenues	**288 507**	**253 174**

The Company purchases certain services centrally for its subsidiaries and invoices them to the companies concerned. In 2023, the Group changed the presentation of items recharged to subsidiaries in the financial statements in accordance with IFRS 15 and reduces revenue by the cost of the recharged items. The costs recharged in 2022 are included in Note 22 Goods and services sold.

20. Other operating income

	2023	2022
Vodafone postpaid commission income	0	213
Revenue received in respect of claims	66	
Other revenues	8	4 369
Total other operating income	**74**	**4 582**

21. Consumables and raw materials

	2023	2022
Utility fees and charges	13 400	9 201
Maintenance costs	355	640
Office supplies	67	304
Fuel	3 255	1 037
Total material costs	**17 077**	**11 182**

22. Goods and services sold

	2023	2022
Re-invoiced expenses of office rental fees	0	34 142
Re-invoicing of vehicle costs	0	189
Cost of office parking rental to be re-invoiced	0	2 916
Other re-invoicing costs	0	5 331
Total goods and services sold	**0**	**42 578**

In 2023, the Group changed the presentation of items recharged to subsidiaries in the financial statements and reduces revenue by the cost of recharged items.

23. Contracted services

	2023	**2022**
Professional service fees	35 256	55 262
Costs of stock market presence	30 440	18 647
Other real estate-related costs	28 707	16 993
Legal fees	17 043	9 198
Office building rental fee	13 557	12 202
Analysis service fee	13 273	10 694
Cost of IT operation	9 707	6 361
Other rental fees	6 955	5 727
Travel and assignment expenses	5 167	4 316
Insurance fees	4 889	4 175
Bank charges	3 890	5 985
Vehicle rental fee	3 678	2 453
Car park rent	2 481	2 514
Communication costs	1 545	1 636
Costs of education and continuing education	576	184
Cost of professional journals, subscriptions	138	122
Duties paid	130	410
Other services used	51	8 094
Acquisition costs	0	125 860
Advertising fees	0	209
Total services purchased	**177 483**	**291 042**

Professional services fees decreased due to a decrease in the use of consultancy services.

The Company includes the costs of maintaining the Budapest Stock Exchange as well as the costs of maintaining the share register and dividend payments in the costs related to the stock exchange presence.

In 2022, The Company has spent a total of HUF 125,860 thousand on due diligence, legal fees, and finder's fee advisory fees related to the acquisition of Hgroup Spa.

24. Personnel costs

	2023	2022
Payroll cost	118 162	89 050
Contributions	16 745	11 849
MRP costs in the target year	20 595	55 057
Other personnel-type benefits	7 120	4 542
Total staff costs	**162 622**	**160 498**
Average statistical headcount	11,5	9,4

The average number of employees of the Company was 11.5 in 2023 (2022:9.4), and the average gross salary increased from HUF 791 thousand to HUF 856 thousand.

The Company has recognised costs totalling HUF 20,295 thousand in connection with the costs for the MRP programmes detailed in section 13 (2022: HUF 55,057 thousand), which includes the costs for the employees of the Company's subsidiaries participating in these programmes.

25. Other operating charges

	2023	2022
Penalties	3 256	1 153
Other expenses	3 478	558
Tax	3 026	17 914
Total other operating charges	**9 760**	**19 625**

26. Revenues of financial transactions

	2023	2022
Dividend revenue	1 535 701	1 113 000
Interest received	1 074 303	755 004
Exchange rate gain	1 363 893	319 228
Total revenues of financial transactions	**3 973 897**	**2 187 232**

In 2023 the Company realised dividend income of HUF 1,535,701 thousand (2022: HUF 1,113,000 thousand) and interest income of HUF 1,074,303 thousand (2022: HUF 755,004 thousand). During 2023, the Company granted a short term, 3 weeks long interest free loan of HUF 47,000 thousand to directors for the exercise of MRP stock options (2021: 32,500). The loans were fully repaid by 31 December 2023.

The foreign exchange gain line includes the revaluation of the earn-out payable on the acquisition of Hgroup S.p.A., the revaluation of the foreign currency loan receivable from Metrohouse Franchise S.A. and Duna House Franchise s.r.o. and the realised/unrealised exchange difference on the Company's foreign currency holdings.

27. Expenses of financial transactions

	2023	2022
Paid Interest	478 989	447 690
Exchange rate losses	317 714	49 946
Total expenses of financial transactions	**796 703**	**497 636**

Of paid interest, HUF 434,314 thousand relates to the Duna House NKP 2030/I and 2032/I bonds (2021: HUF 434,313 thousand), and the remaining amount is interest paid to subsidiaries within the cash pool system. In relation to bonds, see Section 15 for detailed information.

28. Income tax expenses

	2023	2022
Actual income tax – corporate tax	137 688	27 019
Actual income tax – local business tax	5 429	1 994
Deferred taxes	0	205
Total	**143 117**	**29 218**

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

Reconciliation of income taxes recognised in the income statement:

	2023	2022
Profit/Loss before taxation	**3 072 205**	**1 416 360**
Hungarian corporate tax 9% (2021: 9%)	276 498	127 472
Non-deductible expenditures	2 513	661
Non-taxable income	(141 323)	(101 115)
Deferred taxes	0	205
Corporate tax in the profit and loss account	**137 688**	**27 224**
Business tax	5 429	1 994
Total income taxes	**143 117**	**29 218**

29. Capital management

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

The Company’s capital comprises net external funds and the Company’s equity (the latter comprises registered capital and reserves). Sections 12, 13 and 15- 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 14.
The following table presents the ratio of equity to registered capital.

	2023.12.31	**2022.12.31**
Registered capital	171 989	171 989
Total equity	3 622 610	4 316 071
Equity capital/registered capital	**2106%**	**2510%**

The Company issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 15). The Company 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:

- drops below B+ but not below B-, and the Bond is not given a credit rating of B+ or higher within two years (2*365 days) of the publication of the downgrade, or
- drops to or below CCC at any time during the Maturity Period.

In November 2023, Scope Ratings GmbH carried out an annual review of the credit rating of the Company's bonds issued under the NKP scheme, 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 Plc as issuer.

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

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

30. Risk management

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

- credit risk
- liquidity risk
- market risk

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

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

The effects of COVID-19
The COVID-19 pandemic had a negative effect on the markets and operations of the Company and its subsidiaries 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 Company and its subsidiaries are present in two countries neighbouring Ukraine: Hungary and Poland. The Company 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 Company'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 Company. Financial instruments that are exposed to credit risks may be long or short-term placements, cash and cash equivalents, trade and other receivables.

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

Lending risk	2023 Dec 31.	2022 Dec 31.
Trade receivables	327	285
Other receivables	46 110	633 617
Cash and cash equivalents	6 140 594	8 669 080
Total	**6 187 031**	**9 302 982**

The Company's cash and cash equivalents are held by the following financial institutions. The credit ratings of the banks are at least BBB-.

Breakdown of cash and cash equivalents

	2023 Dec 31.	**2022 Dec 31.**
Raiffeisen Bank Zrt.	2 812 017	8 668 896
OTP Bank	1 097 213	
Gránit Bank	2 230 919	
Cash	445	184
Total	**6 140 594**	**8 669 080**

The Company is rated BB-/Stable and its bonds are rated BB-. The Company's credit rating agency is Scope Ratings GmbH. The ratings are available at https://www.scoperatings.com/ratings-and-research/issuer/567473.

Exchange rate risk

An exchange rate risk is incurred when the Company performs transactions denominated in a currency other than the functional currency. The Company is exposed to foreign currency risk when financing foreign subsidiaries and making foreign acquisitions. In the preceding months, the Group built up the necessary foreign currency amounts for the first purchase price instalment of the HGroup acquisition in January 2022 and generally seeks to build up a foreign exchange balance for any major foreign exchange expenses incurred in the preceding 3-6 months.

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

	2022 Dec 31.	**2021 Dec 31.**
HUF	6 126 116	7 124 515
EUR	14 494	1 544 565
PLN	-16	0
Total	**6 140 594**	**8 669 080**

Liquidity risk

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

31 December, 2023

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings from affiliated enterprises (Section 17)	619 347			**619 347**
Interest-bearing bonds (Section 15)	468 000	6 913 200	8 098 800	**15 480 000**
Deferred purchase price and option liability (Section 2.4.2.1 and 14)	410 968	4 669 586		**5 080 554**
Lease liabilities (Section 5)	7 034	73 786	0	**80 820**
Accounts payable (Section 16)	35 324			**35 324**
Total	**1 540 673**	**11 656 572**	**8 098 800**	**21 296 045**

31 December, 2022

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings from affiliated enterprises (Section 17)	338 158			**338 158**
Interest-bearing bonds (Section 15)	468 000	4 472 400	11 403 600	**16 344 000**
Deferred purchase price and option liability (Section 2.4.2.1 and 14)	2 104 019	7 701 939	0	**9 805 957**
Lease liabilities (Section 5)	114	62 042	0	**62 156**
Accounts payable (Section 16)	9 491			**9 491**
Total	**2 919 782**	**12 236 380**	**11 403 600**	**26 559 763**

Market risk

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

Property development risks

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

Sensitivity analysis

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

	2023	2022
PBT	3 077 634	1 416 360
External interest revenue	-1 074 303	-755 004
External interest expenses	-478 989	-447 690

With actual interest	**2023.01.01.-2023.12.31**	**2022.01.01.-2022.12.31**
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	595 314	307 314
Profit/Loss before taxation	**3 077 634**	**1 416 360**
1%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	601 267	310 387
Profit/Loss before taxation	**3 083 587**	**1 419 433**
Changes in profit before tax	***5 953***	***3 073***
Changes in profit before tax (%)	***0,193%***	***0,217%***
5%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	625 080	322 680
Profit/Loss before taxation	**3 107 400**	**1 431 726**
Changes in profit before tax	***29 766***	***15 366***
Changes in profit before tax (%)	***0,958%***	***1,073%***
10%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	654 845	338 045
Profit/Loss before taxation	**3 137 165**	**1 447 091**
Changes in profit before tax	***59 531***	***30 731***
Changes in profit before tax (%)	***1,898%***	***2,124%***
-1%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	589 361	304 241
Profit/Loss before taxation	**3 071 681**	**1 413 287**
Changes in profit before tax	***-5 953***	***-3 073***
Changes in profit before tax (%)	***-0,194%***	***-0,217%***
-5%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	565 548	291 948
Profit/Loss before taxation	**3 047 868**	**1 400 994**
Changes in profit before tax	***-29 766***	***-15 366***
Changes in profit before tax (%)	***-0,977%***	***-1,097%***
-10%		
Profit before tax - excluding interest expense and interest income	2 482 320	1 109 046
Net interest income (income and expenses)	535 783	276 583
Profit/Loss before taxation	**3 018 103**	**1 385 629**
Changes in profit before tax	***-59 531***	***-30 731***
Changes in profit before tax (%)	***-1,972%***	***-2,218%***

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

31. Financial instruments

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

31 December 2023	**Carrying value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	0	0
Accounts receivables	327	327
Cash and cash equivalents	6 140 594	6 140 594
Financial liabilities		
Liabilities recorded at amortised historical cost		
Long term loans	0	0
Bonds payable	13 033 923	10 880 967
Other long term liabilities (leasing)	73 786	73 786
Short term loans	0	0
Short term leasing liabilities	8 182	8 182
Accounts payable	35 324	35 324

31 December 2022	**Carrying value**	**Fair value**
Financial instruments		
Assets recorded at amortised historical cost		
Financial instruments	0	0
Accounts receivables	285	285
Cash and cash equivalents	8 669 080	8 669 080
Financial liabilities		
Liabilities recorded at amortised historical cost		
Long term loans	0	0
Bonds payable	13 059 828	8 579 325
Other long term liabilities (leasing)	62 042	62 042
Short term loans	0	0
Short term leasing liabilities	6 998	6 998
Accounts payable	9 491	9 491

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 Company. The fair value of the Duna House NKP 2030/I and 2032/I bonds presented in Section 14 increased to HUF 10,880,967 thousand (2022: 8,579,325 thousand, 2023 book value: HUF 13,033,923 thousand) due to the change in long-term reference interest rates. Due to the accounting policy chosen, the Company does not account for the difference between fair value and book value in its financial statements. The Company used the following inputs to calculate fair value:

	Duration (years)	**Zero coupon yield**	**Spread**	**Expected return**
NKP 2032/I. issue	6,74	4,66%	1,92%	6,58%
31 December 2022				
NKP 2032/I.	5,46	10,18%	1,92%	12,10%
NKP 2030/I.	4,97	9,92%	1,92%	11,84%
31 December 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 15.

32. 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 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 implemented as part of the employee stock ownership plan. The increase in remuneration is due to the increase in the preferential dividend.

	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**

The following option schemes are operated for members of the Group’s management (for more details see Section 13).

Management option schemes
In addition to Ferenc Máté and Dániel Schilling, members of the Board of Directors and certain senior and mid-level managers of the Group participate in the programmes.

The table shows the number of options available to all participants:

Program	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	Implemented	2018	2020	2022	375	0	0
2019/2021	Implemented	2018	2021	2023	391	0	0
2020/2022	Implemented	2020	2022	2023	511	0	311 990
2021/2023	Implemented	2021	2023	2023	475	0	210 525
2022/2024	Implemented	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 Programme Founder and Chairman of the Management Board
The Group Founder, Chairman of the Board of Directors may acquire 1,719,394 shares in the context of a capital increase at an exercise 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 short-term interest-free loans of HUF 47,000 thousand with a maturity of three weeks to directors for the exercise of MRP stock options (2022: HUF 32,500 thousand). The loans were fully repaid by 31 December 2023.

The Company's receivables from related parties are disclosed in note 8 and its liabilities in note 17.

33. Events after the balance sheet date

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

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 at stock market rates. The amount of Company treasury shares was 361,256 on 25 March 2024.

34. Other publication obligations required by the Accounting Act

The reconciliation table below shows the reconciliation between the components of equity as determined in accordance with Section 114/B of Act C of 2000 on Accounting ("Accounting Act") as valid in Hungary and the components of equity as reported in the separate financial statements under EU IFRS, in accordance with the provisions of Section 114/B (4) a) of the Accounting Act. The reconciliation consists of both the allocation of the components of equity under EU IFRS to the components of equity under the Accounting Act and the derivation of the differences between the two types of equity.

	31.12.2023	31.12.2022
Registered capital	171 989	171 989
Reserves	676 251	3 127 802
Treasury shares	-160 147	-370 862
Profit / loss for the year	2 934 517	1 387 142
Equity as per Section 114/B (4) of the IFRS	**3 622 610**	**4 316 071**
Section 114/B (4) a) Equity	**3 622 610**	**4 316 071**
Registered capital as defined in the instrument of incorporation, if it qualifies as an equity instrument	171 989	171 989
Nominal value of treasury shares repurchased (-)	-1 664	-3 721
Registered capital as per Section 114/B (4) b) of the IFRS*	**170 325**	**168 268**
Section 114/B (4) c) Capital subscribed but not paid up		-
The sum of all elements of equity that do not meet the IFRS definition of registered capital, capital subscribed but not paid up, profit reserve, valuation reserve, profit/loss for the year, or retained reserves	1 562 273	1 564 066
Section 114/B (4) d) Capital reserve	**1 562 273**	**1 564 066**
Profit retained from prior years not distributed to owners, which may not include other comprehensive income, recognised in the IFRS Annual Report (±)	-886 022	1 563 736
Section 114/B (4) e) Profit reserve	**-886 022**	**1 563 736**
Section 114/B (4) f) Valuation reserve	-	-
Profit/loss for the year presented for continuing operations in the profit and loss section of the statement of comprehensive income or in the separate income statement	2 934 517	1 387 142
Section 114/B (4) g) Profit/loss the target year	**2 934 517**	**1 387 142**
Section 114/B (4) h) Tied-up reserves	-	-
Section 114/B (5) a) Reconciliation of the amount of registered capital registered by the court of registry and the registered capital as per the IFRS		
Registered capital registered at the court of registry	171 989	171 989
Registered capital as per the IFRS	170 325	168 268
Difference (Nominal value of treasury shares repurchased)	**1 664**	**3 721**
Section 114/B (5) b) Profit reserve available for dividend payments profit reserve (including the profit/loss for the financial year ending with the last Annual Report)		
Profit reserve available for dividend payments	**2 048 495**	**2 950 878**

* The registered capital shows, in the balance sheet, the value of the subscribed capital as recorded in the articles of association, the above table shows the derivation as required by the provisions of the above-mentioned paragraph of the Accounting Act.

The Company intends to use the amount of dividends declared by the subsidiaries up to the date of authorisation of these separate financial statements for the payment of dividends after the 2023 financial year.

The Company is obligated to have its standalone 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 54,500 in 2023, which includes the audit fees for the standalone and consolidated accounts of Duna House Holding Nyrt. but does not include the audit fees for the component reports. The auditor does not provide any other services to the Company.

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

The following persons are authorised to sign the report: 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 annual report on https://e-beszamolo.im.gov.hu/ as well as the Company's website: https://dunahouse.com/hu/kozzetetelek.

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

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

The Board of Directors of the parent company of the Company discussed these standalone financial statements at its meeting held on 8 April 2024 and approved their disclosure in this form.

Budapest, 8 April 2024

Persons authorised to sign the consolidated statements:

Doron Dymschiz
Member of the Board of Directors

Gay Dymschiz
Member of the Board of Directors

Ferenc Máté
Member of the Board of Directors

Dr. Jenő Nagy
Member of the Board of Directors

Dániel Schilling
Member of the Board of Directors

DUNA HOUSE HOLDING NYRT.

BUSINESS REPORT

ON THE 2023 ACTIVITIES OF THE COMPANY

Content

1. Company profile

This business report was prepared by the Board of Directors based on the standalone financial statements of Duna House Holding Nyrt. (the "Company") for the year ending with 31 December 2023. Duna House Holding Nyrt is a public limited company registered in Budapest, with its registered office at 1016 Budapest, Gellérthegy utca 17.

The Duna House Holding Nyrt. was founded in 2003; its main activity, by way of its subsidiaries, is real estate and loan brokerage. Through its subsidiaries, the Group is a leader in Central Europe in the service sector, primarily in the areas of real estate and financial product brokerage: with a total of 315 real estate offices, it has more than 4,000 real estate agents and credit advisors at the disposal of its clients in Hungary, Italy, Poland, and the Czech Republic.

The Company 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 Company has had majority control in the Italian subsidiaries since 1 April 2022.

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

The effects of COVID-19

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

A presentation of the impact of the Russian-Ukrainian war

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

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

Principal activities:

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

1.1 Subsidiaries and joint undertakings of the Company

Company name	Address	**31.12.2023**	**31.12.2022**
Direct subsidiaries of Duna House Holding Nyrt.			
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%
Credipass Polska S.A.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	100%	100%
MyCity Residential Development 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%
HGroup S.p.A.	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	71%
Subsidiaries of Metrohouse Franchise S.A.			
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%
Primse.com Sp. z o.o.	02-675 Warszawa, ul. Wołoska 22, Polska (Poland)	90%	90%
Subsidiaries of MyCity Residential Development Kft.			
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%
As jointly managed undertakings			
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	50%	50%
Subsidiaries of Duna House Franchise s.r.o.			
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%
Subsidiaries of HGroup S.p.A.			
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. (korábban Relabora S.r.l.)	24121 Bergamo, via Martiri di Cefalonia 5 (Italy)	94%	53%

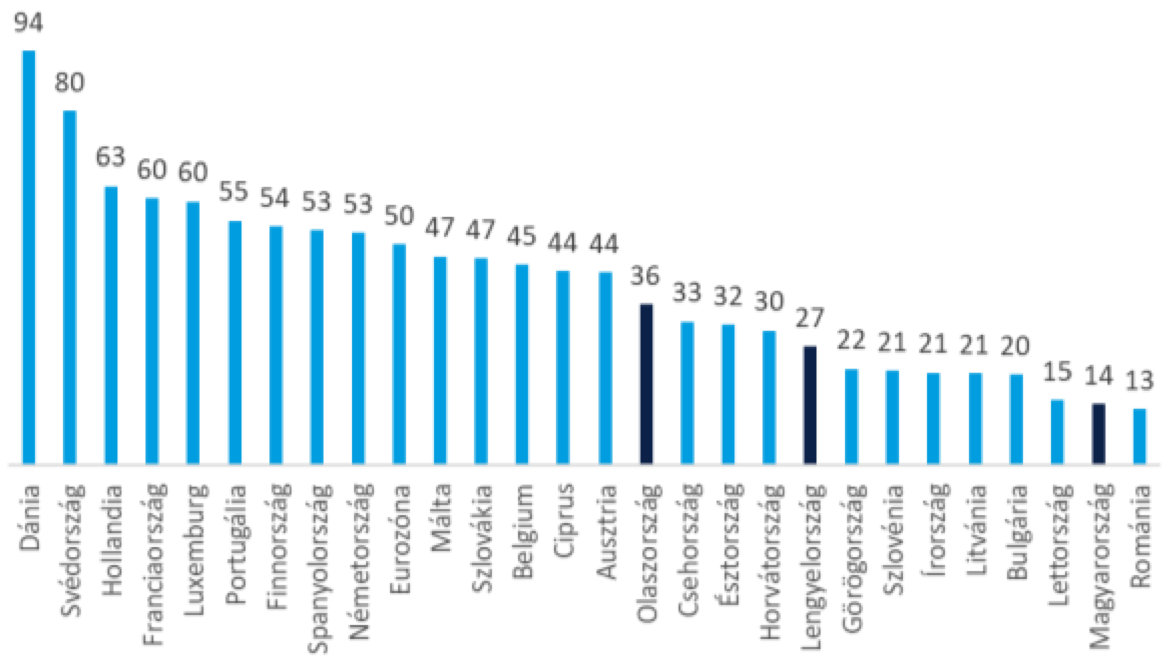
2. Presentation of the market and economic environment that affects the Company's activities

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.

The credit exposure of the population in the regions of the Group's operations are not significant in a European comparison. According to data provided by the National Bank of Hungary (MNB) and the European Central Bank (ECB), residential loans accounted for 36% of the GDP in Italy, 32% of the GDP in Poland, and 14% of the GDP in Hungary in 2023 Q1.

Residential loans to GDP, %



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.

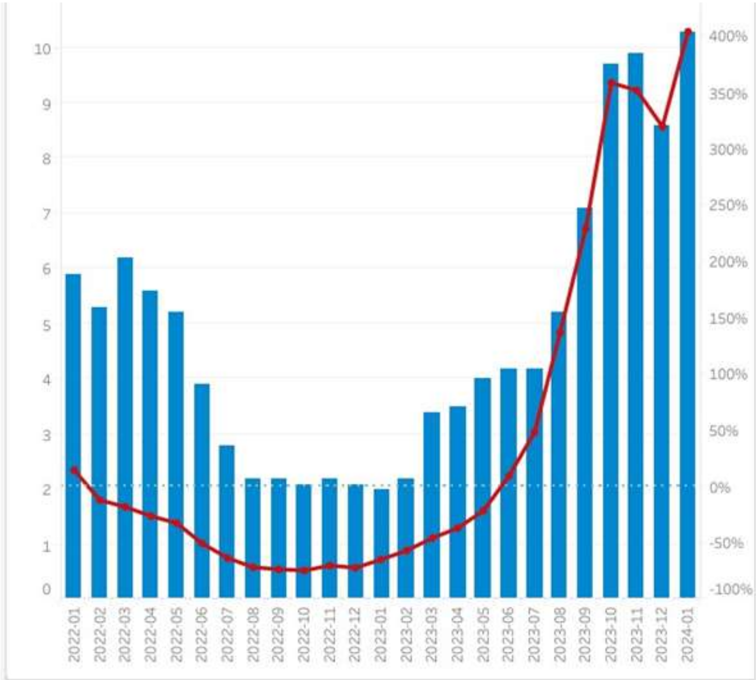
Long-term loans are popular in the Italian credit market, and as lending rates rise, the overall Italian mortgage market has been in steady decline for two years, with new mortgage originations falling by 23% in 2022 and a further 24% in 2023, according to CRIF analysts[1]. Although the share of intermediaries in the overall market has increased significantly from around 10% pre-Covid in recent

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

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.

Monthly evolution of home loan disbursement, Poland

PLN bn (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 Company's financial and equity situation

3.1 Income Statement

	2023	**2022**
Net sales revenues	288 507	253 174
Other operating income	74	4 582
Total revenue	**288 581**	**257 756**
Consumables and raw materials	(17 077)	(11 182)
Goods and services sold	0	(42 578)
Contracted services	(177 483)	(291 042)
Personnel costs	(162 622)	(160 498)
Depreciation and amortisation	(16 295)	(5 091)
Depreciation of right-of-use	(4 904)	(976)
Other operating charges	(9 760)	(19 625)
Operating costs	**(388 141)**	**(530 992)**
Operating profit/loss	**(99 560)**	**(273 236)**
Financial income	3 973 897	2 187 232
Financial charges	(796 703)	(497 636)
Profit before tax	**3 077 634**	**1 416 360**
Income tax expense	(143 117)	(29 218)
Profit for the year	**2 934 517**	**1 387 142**
Total comprehensive income	**2 934 517**	**1 387 142**

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

In 2023, the Company realised revenue of HUF 289 million (2022: HUF 253 million). The revenue consists mainly of holding services provided to subsidiaries and invoiced holding services.

Within the services provided, due diligence, legal and advisory costs related to the acquisition of Hgroup S.p.a. amounted to HUF 126 million in 2022, while no acquisition costs were incurred in 2023.

The Company's interest, dividend and foreign exchange income amounted to HUF 3,974 million in 2023 (2022: HUF 2,187 million) and its financial expenses increased to HUF 797 million (2022: HUF 498 million).

3.2 Assets

data in HUF thousands

	31.12.2023	31.12.2022
ASSETS		
Long-term assets		
Intangible assets	10 602	711
Right-of-use	19 966	244
Land and buildings	168	196
Machinery and equipment	119 574	134 234
Investments in subsidiaries	9 148 927	8 581 605
Total long-term assets	**9 299 237**	**8 716 990**
Current assets		
Inventories	2 121	2 121
Trade receivables	327	285
Amounts owed by related undertakings	3 434 248	3 531 819
Other receivables	46 110	633 617
Actual income tax assets	0	1 233
Cash and cash equivalents	6 140 594	8 669 080
Assets classified as held for sale	0	142 446
Total current assets	**9 623 400**	**12 980 601**
Total Assets	**18 922 637**	**21 697 591**

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

In 2022, the Company acquired the Italian credit intermediary group Hgroup S.p.a., which increased the value of investments by a total of HUF 6,820 million. During 2023, the Company acquired additional shares in the Italian subsidiary and reclassified its shares in Impact Alapkezelő Zrt. from held for sale to investments in subsidiaries, increasing the carrying value of its investments in subsidiaries to HUF 9,149 million (2022: HUF 8,582 million).

Other receivables decreased to HUF 46 million as a result of the deduction of receivables from the sellers of Hgroup S.p.A. from earn-out (2022: HUF 634 million).

3.3 Liabilities

data in HUF thousands

LIABILITIES	**31.12.2023**	**31.12.2022**
Equity		
Registered capital	171 989	171 989
Capital reserve	1 562 273	1 564 066
Treasury shares repurchased	-160 147	-370 862
Profit reserve	2 048 495	2 950 878
Total equity:	**3 622 610**	**4 316 071**
Long-term liabilities		
Deferred tax liabilities	61	61
Other long-term liabilities	1 306 318	3 800 802
Bonds payable	13 033 923	13 059 828
Long-term liabilities from leases	73 786	62 042
Total long-term liabilities	**14 414 088**	**16 922 733**
Current liabilities		
Accounts payable	35 324	9 491
Liabilities to related undertakings	656 640	357 611
Other liabilities	185 793	84 687
Short-term liabilities from leases	8 182	6 998
Total current liabilities	**885 939**	**458 787**
Total liabilities and equity	**18 922 637**	**21 697 591**

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

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

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

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

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

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

In 2022, the Company raised a total of HUF 5,914 million by issuing the 10-year fixed rate Duna House NKP 2032/I. bond, bringing its total bond debt to HUF 13,060 million.

At the end of 2023 In total, it has an expected earn-out liability of HUF 1,306 million arising from the acquisition of Hgroup S.p.a. (2022: HUF 3,800 million).

3.4 Cash flow report

	2023	2022
Operating cash flow		
Profit/Loss before taxation	3 077 634	1 416 360
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and impairment of real estate property, machinery and equipment and right-of-use assets	21 199	6 067
Expenses of share-based payments	20 595	55 057
Net exchange rate difference	77 320	(32 523)
Financial revenues	(3 973 897)	(2 187 232)
Financial costs	796 703	497 636
Changes in working capital		
Decrease/(increase) in inventories, trade receivables, contractual assets, advances, and restricted cash	(22 724)	(3 185)
Increase in trade and other liabilities, contractual liabilities, and refund liabilities	126 939	94 178
	123 769	(153 642)
Interest received	1 074 303	840 495
Interest paid	(478 989)	(211 376)
Income tax paid	(144 203)	(29 501)
Net operating cash flow	***574 880***	***445 976***
Investment cash flow		
Purchase of property, machinery and equipment	(2 512)	(136 713)
Decrease/(increase) in loans to a subsidiary	387 819	2 340 735
Increase/(decrease) in loans from a subsidiary	281 189	(641 796)
Dividends from subsidiaries and jointly controlled subsidiaries	1 245 453	1 608 081
Acquisition of a subsidiary	0	(3 506 647)
Net investment cash flow	***1 911 949***	***(336 340)***
Financing cash flow		
Revenue from the exercise of share options	259 426	155 612
Purchase of treasury shares	(71 100)	(388 941)
Purchase of non-controlling interests	(1 127 101)	(123 356)
Deferred payment of purchase price	(241 665)	
Revenue from borrowing	0	5 981 816
Dividends paid to shareholders of the parent company	(3 836 900)	(1 171 987)
Net financing cash flow from investment activities	***(5 017 340)***	***4 453 143***
Net change in cash and cash equivalents	(2 530 512)	4 562 780
Balance of cash and cash equivalents at the start of the period	8 669 080	3 983 944
Exchange differences on cash and cash equivalents	2 026	122 356
Balance of cash and cash equivalents at the end of the period	**6 140 594**	**8 669 080**

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

The Company ended the year 2023 with an operating cash flow of HUF 575 million (2022: HUF 446 million) due to increased operating profit. The balance of loans and advances to its subsidiaries improved by HUF 669 million (2022: HUF 1,699 million) and dividends of HUF 1,245 million were paid to the Company (2022: HUF 1,608 million), of which HUF 3,837 million was used to fund dividend payments and acquisitions of non-controlling interests.

The Company raised proceeds of HUF 259 million (2022: HUF 156 million) from the exercise of MRP schemes and spent HUF 71 million on the purchase of treasury shares (2022: HUF 389 million).

During 2022, the amount of debt increased by a total of HUF 5,982 million from bond issues and vehicle financing.

As a result of the above, the year-end balance of cash and cash equivalents amounted to HUF 6,141 million (2022: HUF 8,669 million).

3.5 Statement of changes in equity

	Registered capital	Capital reserve	Treasury shares repurchased	Profit reserve	Total equity
Balance as at 31 December 2021	**171 989**	**1 544 146**	**(243 406)**	**2 739 436**	**4 212 165**
Dividends				(1 175 700)	(1 175 700)
Purchase of treasury shares			(127 456)		(127 456)
Employee share programs		19 920			19 920
Total comprehensive income				1 387 142	1 387 142
Balance as at 31 December 2022	**171 989**	**1 564 066**	**(370 862)**	**2 950 878**	**4 316 071**
Dividends				(3 836 900)	(3 836 900)
Purchase of treasury shares			210 715		210 715
Employee share programs		(1 793)			(1 793)
Total comprehensive income				2 934 517	2 934 517
Balance as at 31 December 2023	**171 989**	**1 562 273**	**(160 147)**	**2 048 495**	**3 622 610**

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

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

Our company's employment policy and cross-country harmonisation is constantly evolving. The average statistical number of employees in the companies managed by the Company has decreased from 217 to 204 compared to the reference period. In Poland, the statistical number of employees decreased by 18.7 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 emphasises the diversification of jobs based on the skills and qualifications of its employees.

5. Information on equity and share capital

Increase of the Company's equity

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

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

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

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

The Company’s equity as at 31 December 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
Registered capital:						**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**

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

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

Shareholder Name	Number of shares held (pieces)	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 at 31 December 2023

7. Restrictions on the transfer of shares

Restrictions on alienation on ordinary shares

Shareholder Name			**Ferenc Máté**	**Total**
Number of ordinary shares held in 31. December 2023 (pcs)			416 215	416 215
Is alienation restricted?			yes	
Restrictions on alienation	Beginning of the period	End of the period		
	12.11.2023	11.11.2024	90 000	90 000
	12.11.2024	11.11.2025	60 000	60 000
	12.11.2025	11.11.2026	30 000	30 000

Restrictions on the alienation on preferred employee shares

Shareholder Name	Gay Dymschiz	Ferenc Máté	Dániel Schilling	Krisztián Fülöp	Anikó Varga	Dr András Szabadházy	Total
Number of preferred employee shares held (pieces)	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*

8. Other issues regarding controlling powers and executive officers

Board of Directors

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

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

- Gay Dymschiz (President),
- Doron Dymschiz,
- Gay 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 at 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 at 31 December 2023:

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

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

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

Other declarations

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

• Holders of issued ownership shares embodying special controlling rights and the presentation of such rights
• Control mechanism under any employee shareholder scheme where controlling rights are not exercised directly by employees
• Any restriction on voting rights (in particular, restrictions on the voting rights attached to the identified ownership share or on the number of votes, deadlines for exercising voting rights and the systems that help separate, in cooperation with the Company, the financial benefits associated with the ownership shares from the possession of the issued ownership shares)
• Rules governing the appointment and dismissal of executive officers and the modification of the Statutes
• The powers of executive officers, in particular, their powers to issue and repurchase shares

• Any material agreement to which the Company is a party which enters into force, is modified or terminates after a public purchase offer as a result of a change in the entrepreneur's control and their impact unless the disclosure of this information would harm the entrepreneur's lawful interests seriously if such information is not required to be made public by any other legal regulations
• Any agreement between the Company and its executive officer or its employee which stipulates compensation if the executive officer resigns or the employee quits, if the employment contract of the executive officer or the employee is unlawfully terminated or if the legal relationship is terminated because of a public purchase offer.

9. Risk management

Due to its activities, the Company's exposure to risk is equal to the sum of the risk exposure of its subsidiaries. The subsidiaries' assets contain liquid assets, securities, trade and other receivables and other assets, excluding taxes. The subsidiaries' resources include loans and borrowings, supplier and other payables, excluding the gains or losses arising from the revaluation at fair value of taxes and financial liabilities.

The subsidiaries are exposed to the following financial risks, which also affect the Company's operations:

- credit risk
- liquidity risk
- market risk

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

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

Capital management

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

The Group's capital comprises net external funds and the Company's equity (the latter comprises registered capital and reserves). Sections 12, 13, 15 of the notes to the financial statement provide detailed information regarding these capital elements. The Company's payment obligations in connection with acquisitions are set out in sections 2.4.2.1 and 14.

	31.12.2023	**31.12.2022**
Registered capital	171 989	171 989
Total equity	3 622 610	4 316 071
Equity capital/registered capital	**2106%**	**2510%**

The Company issued bonds under the names Duna House NKP bond 2030/I. and Duna House NKP bond 2032/I. (Section 15). The Company 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:

- drops below B+ but not below B-, and the Bond is not given a credit rating of B+ or higher within two years (2*365 days) of the publication of the downgrade, or
- drops to or below CCC at any time during the Maturity Period.

In November 2023, Scope Ratings GmbH carried out an annual review of the credit rating of the Company's bonds issued under the NKP programme, 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 Plc as issuer.

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

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

Lending risk

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

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

Lending risk	**2023 Dec. 31.**	**2022 Dec. 31.**
Trade receivables	327	285
Other receivables	46 110	633 617
Cash and cash equivalents	6 140 594	8 669 080
Total	**6 187 031**	**9 302 982**

The Company's cash and cash equivalents are held by the following financial institutions. The banks' credit ratings are at least BBB-.

	2022 Dec 31.	**2021 Dec 31.**
Raiffeisen Bank Zrt.	2 812 017	8 668 896
OTP Bank	1 097 213	
Gránit Bank	2 230 919	
Cash	445	184
Total	**6 140 594**	**8 669 080**

The Company is rated BB-/Stable and its bonds are rated BB-. The Company's credit rating agency is Scope Ratings GmbH. The ratings are available at https://www.scoperatings.com/ratings-and-research/issuer/567473.

FX risk

An exchange rate risk is incurred when the Company performs transactions denominated in a currency other than the functional currency. The Company is exposed to foreign currency risk when financing foreign subsidiaries and making foreign acquisitions. In the preceding months, the Group built up the necessary foreign currency amounts for the first purchase price instalment of the HGroup acquisition in January 2022 and generally seeks to build up a foreign exchange balance for any major foreign exchange expenses incurred in the preceding 3-6 months.

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

	2023 Dec 31.	**2022 Dec 31.**
HUF	6 126 116	7 124 515
EUR	14 494	1 544 565
PLN	-16	0
Total	**6 140 594**	**8 669 080**

Liquidity risk

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

Repayment schedule summary
31 December 2023

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings from affiliated enterprises (Section 17)	619 347			**619 347**
Interest-bearing bonds (Section 15)	468 000	6 913 200	8 098 800	**15 480 000**
Deferred purchase price and option liability (Section 2.4.2.1 and 14)	410 968	4 669 586		**5 080 554**
Lease obligations (Section 5)	7 034	73 786	0	**80 820**
Accounts payable (Section 16)	35 324			**35 324**
Total	**1 540 673**	**11 656 572**	**8 098 800**	**21 296 045**

31 December 2022

	less than 1 year	between 1 and 5 years	more than 5 years	Total
Interest-bearing loans and borrowings from affiliated enterprises (Section 17)	338 158			**338 158**
Interest-bearing bonds (Section 15)	468 000	4 472 400	11 403 600	**16 344 000**
Deferred purchase price and option liability (Section 2.4.2.1 and 14)	2 104 019	7 701 939	0	**9 805 957**
Lease obligations (Section 5)	114	62 042	0	**62 156**
Accounts payable (Section 16)	9 491			**9 491**
Total	**2 919 782**	**12 236 380**	**11 403 600**	**26 559 763**

Market risk

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

Property development risks

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

10. Events after the balance sheet date

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

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 at stock market rates. The amount of Company treasury shares on 25 March 2024 was 361,256.

11. Declaration on corporate governance

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

12. The Auditor of the Company

The Company is obligated to have its standalone 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 54,500 in 2023, which includes the audit fees for the standalone and consolidated accounts of Duna House Holding Nyrt. but does not include the audit fees for the component reports. The auditor does not provide any other services to the Company.

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

13. Declaration on responsibility

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

Budapest, 8 April 2024

Persons authorised to sign the business report:

____
Doron Dymschiz
Member of the Board of Directors

____
Gay Dymschiz
Member of the Board of Directors

____
Ferenc Máté
Member of the Board of Directors

____
Dr. Jenő Nagy
Member of the Board of Directors

____
Dániel Schilling
Member of the Board of Directors