

This is a translation of the Hungarian Report

## Independent Auditors' Report

To the Shareholders of Duna House Holding Nyrt.

Report on the audit of the consolidated annual financial statements

### Opinion

We have audited the 2022 consolidated annual financial statements of Duna House Holding Nyrt. ("the Company") and its subsidiaries (altogether "the Group") included in the accompanying 529900H88CH9J67U0764-2022-12-31-hu.zip<sup>1</sup> digital file, which comprise the consolidated statement of financial position as at 31 December 2022 - showing a balance sheet total of HUF 41,172,638 thousand and a total comprehensive income for the year of HUF 3,453,668 thousand -, the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

### Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report.

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<sup>1</sup> Digital identification of the above referred digital file, using SHA 256 HASH algorithm is 62FB7EF470DBD2BE16FB14B7AF14C3B64DAD7657A867B19668FA29C032B18E90



We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

### Revenue recognition

The Group's consolidated revenue from contracts with third-party customers amounted to HUF 30,669,178 thousand in 2022, thus it is significant to the consolidated annual financial statements. Revenue is recognized when all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized before all the 5 step criteria above are met. Recognition of revenues in a different period represents significant risk of

Our audit procedures included, among others, understanding of key controls over revenue recognition which are designed to ensure proper timing and recognition of revenues when all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met. We analyzed the Group' revenue through entire population of journal entries of sales transactions including correlations between revenue, accounts receivables, value added tax and cash inflows. On a sample basis we confirmed outstanding debtor balances and tested subsequent cash inflows. We tested a sample of significant sales transactions closed around the balance



misstatements in the consolidated annual financial statements.

Based on this we consider the recognition of revenue in the correct period significant to our audit and a key audit matter.

sheet date as well as credit notes issued after the balance sheet date to assess whether revenue was recognized in the correct period. We performed analytical review procedures on revenue comparing actual data to our expectations developed based on non-financial data.

We assessed the adequacy of the Group's disclosures in respect of revenue in the consolidated annual financial statements in accordance with the EU IFRSs.

The Group's disclosures about revenues are included in, Note 2.1.6 Significant accounting policies – Revenues; Note 31 - Revenues and Note 33 – Other operating income to the consolidated annual financial statements.

#### Valuation of goodwill

The Group's goodwill represents HUF 5,662,784 thousand as of 31 December 2022, which is approximately 31.5 % of total assets. Valuation of goodwill relies on judgmental assumptions and estimation of prospective information, such as the determination of discount rate or the subsidiaries' growth rate of future profits. Management annually assesses the goodwill impairment in accordance with EU IFRSs.

This is a key audit matter as significant judgement is involved to determine if the goodwill is impaired.

Our audit procedures included, among others, involving specialists who assisted us in evaluation of assumptions and methodologies used by the Group to assess whether goodwill is impaired. We assessed the accuracy of key assumptions used in the model, such as management's primary cash-flow assumptions, the applied discount- and growth rates. We reconciled the assumptions and prospective information to the approved business plan of the subsidiaries and also assessed historical accuracy of management's estimates.

We assessed the compliance of the valuation method with EU IFRSs. We assessed the adequacy of the Group's disclosures about goodwill in accordance with EU IFRSs including information how the impairment is evaluated by the Group.

The Group's accounting policy and disclosures about its goodwill and related impairment are included in Note 2.1.3 Significant accounting policies – Business

combinations and goodwill and Note 7 Goodwill to the consolidated annual financial statements.

### Acquisition of Hgroup

The Group acquired 70% of the shares of Hgroup in January 2022 for a purchase price of HUF 6,820,237. This acquisition falls under the scope of IFRS 3 Business Combinations, assets and liabilities identified and acquired are measured at their fair value.

The recognition of the acquisition under EU IFRSs requires significant judgement in applying assumptions for the fair valuation of assets acquired and liabilities assumed.

We identified the principal risk in the preparation of purchase price allocation arising in relation to the fair values of the identifiable assets and liabilities assumed together with deferred tax.

The Group prepared the purchase price allocation and engaged an external expert to provide valuation support for the buildings acquired.

Due to the size of the acquisition, complex accounting and the extent of judgement involved we identified this acquisition as a key audit matter.

Our audit procedures performed included, among others, the following procedures. We assessed based on the sale and purchase agreement when the control was obtained by the Group.

We assessed the competence, objectivity and independence of management's valuation expert, to evaluate whether they are qualified to carry out the valuation.

We engaged valuation specialists to assist us in the audit of the purchase price allocation.

We tested the identification and valuation of the tangible and intangible assets and liabilities assumed against available market data, if any. We assessed the business plans approved and assumptions used by management. We tested the reasonableness of the discount rates used and we validated the main assumptions against external data such as risk-free rates and beta.

The Group's accounting policy and disclosures about the business combination are included in Note 2.1.3 Significant accounting policies – Business combinations and goodwill and Note 2.4.2.1 Business combination - Hgroup S.p.a to the consolidated annual financial statements.



## Other matters

The consolidated annual financial statements as at 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated annual financial statements on 4 April 2022.

## Other information

Other information consists of the 2022 consolidated business report of the Group and the annual report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available.

When fulfilling this responsibility, we have considered the following law: Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation"), as such prescribing specific requirements for the consolidated business report, in relation with forming our opinion on the consolidated business report.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2022 is consistent, in all material respects, with the 2022 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law and the other law listed above.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the consolidated annual financial statements

Management is responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with the EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for consolidated annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

#### REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE REGULATION ON THE EUROPEAN SINGLE ELECTRONIC FORMAT

We have undertaken a reasonable assurance engagement on the compliance of the consolidated annual financial statements included in the digital file - identified in our report - prepared by the Group ("consolidated annual financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the consolidated annual financial statements in ESEF format.

The Company's management is responsible for preparing the consolidated annual financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the consolidated annual financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary; including completeness of use of the relevant tags, appropriateness of creation and anchoring of the extension elements; and
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- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Group's financial reporting process including compliance with the ESEF Regulation.



## Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the consolidated annual financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, verifying whether the XHTML format was applied properly, evaluating the completeness of the Group's tagging of the consolidated annual financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the consolidated annual financial statements in ESEF format of the Group for the year ended 31 December 2022 included in the digital file -identified in our report - complies, in all material respects, with the requirements of the ESEF Regulation.

Reporting requirements on content of auditor's report in compliance with regulation (EU) NO. 537/2014:

## Appointment and Approval of Auditor

We were appointed as the statutory auditor of Duna House Holding Nyrt. by the General Assembly of Shareholders of the Company on 30 September 2022. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 1 year.



## Consistency with Additional Report to Audit Committee

Our audit opinion on the consolidated annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

## Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated business report and in the consolidated annual financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Rita Domszlai.

Budapest, 6<sup>th</sup> April 2023

(The original Hungarian version has been signed.)

Rita Domszlai  
Engagement Partner  
Ernst & Young Kft.  
1132 Budapest, Váci út 20.  
Registration No. 001165

Rita Domszlai  
Registered auditor  
Chamber membership No.: 007371