

# DUNA HOUSE GROUP

## 2020. Q2 Quarterly report

August 26, 2020



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## **EXECUTIVE SUMMARY 2020. SECOND QUARTER**

### **Quarterly results**

- Despite the COVID-19 pandemic, Duna House Group (the “Group”) achieved significant results in the second quarter of 2020. The pandemic affected each business segment of the Group in a different way, however with a unique temporary cost reduction, the Group was able to mitigate the negative effects and reached net sales revenue of HUF 1.9 billion, consolidated EBITDA of HUF 343 million and clean core EBITDA of HUF 367 million.
- According to the Group's market estimate, the real estate market activity was the weakest between April-May, while from June onwards it reaches or exceeds the level of the previous year.
- Polish activities maintained their dynamism and were able to grow on a year-on-year basis, however revenues coming from Poland decreased by 23% compared to Q1 2020, due to the pandemic.
- In Hungary, the volume of commissions generated by the Group's real estate networks decreased by 33% in Q2 2020 compared to Q2 2019.
- Following the records in Q1 2020, the annual growth rate in financial intermediation segment was more moderate in Q2 2020, with HUF 19.4 billion loan intermediation in Hungary (+ 16% YoY) and HUF 42.9 billion in Poland (+33 % year/year), to which Alex T. Great's acquisition in January also contributed.
- The construction of MyCity Residence real estate project, which is 50% owned by the Group, was completed by the end of April 2020. In August 2020, the Group has obtained the occupancy permit, so the handover and final invoicing of the sold apartments are in progress. A significant portion of the profit coming from the project may be recognized in the third quarter of the year.

### **NKP bond issue**

- On 24 August 2020, the Group published its Information Summary in connection with the issue of a 10-year bond with a maximum nominal value of HUF 6.6 billion under the Bond Funding for Growth Scheme of the National Bank of Hungary. The planned date of the auction is 31 August 2020, the results of which will be immediately communicated to the Honoured Investors.
- The Group intends to refinance its existing corporate loans from bond proceeds and plans to make further acquisitions.

### **Guidance**

- In light of the H1 and Q2 2020 results and the dynamics within the quarter, the Group's Board of Directors believes the Company will achieve consolidated clean core PAT of at least the HUF 857 million within 2020, as per the 5-year strategic plan.

# DUNA HOUSE GROUP

## Consolidated financial statements



## CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2020 Q2 (not audited)	2019 Q2 (not audited)	Variance		2020 Q1-Q2 (not audited)	2019 Q1-Q2 (not audited)	Variance	
			mHUF	%			mHUF	%
Net sales revenue	1,892.0	2,051.2	-159.2	-8%	4,351.3	3,882.8	+468.4	+12%
Other operating income	46.8	63.4	-16.6	-26%	60.5	89.8	-29.3	-33%
Change in stocks of finished products and work in progress	-377.2	-593.2	+216.0	-36%	-685.9	-751.9	+66.0	-9%
Consumables used	63.1	15.7	+47.4	+303%	116.8	32.1	+84.7	+264%
Cost of goods and services sold	542.8	293.8	+249.0	+85%	1,042.4	530.2	+512.2	+97%
Services purchased	1,169.3	1,701.7	-532.4	-31%	2,748.8	2,920.0	-171.2	-6%
Personnel expenses	155.2	198.3	-43.1	-22%	378.6	416.7	-38.1	-9%
Other operating expenses	43.2	45.4	-2.2	-5%	102.9	75.8	+27.1	+36%
<b>EBITDA</b>	<b>342.5</b>	<b>453.0</b>	<b>-110.5</b>	<b>-24%</b>	<b>708.3</b>	<b>749.8</b>	<b>-41.4</b>	<b>-6%</b>
Depreciation and amortization	26.7	22.8	+3.8	+17%	53.2	45.6	+7.6	+17%
Depreciation of right-of-use assets	33.2	31.7	+1.6	+5%	66.1	62.5	+3.6	+6%
<b>Operating income (EBIT)</b>	<b>282.6</b>	<b>398.5</b>	<b>-115.9</b>	<b>-29%</b>	<b>589.0</b>	<b>641.6</b>	<b>-52.6</b>	<b>-8%</b>
Finance income	19.8	31.8	-11.9	-38%	71.0	29.7	+41.3	+139%
Finance costs	26.5	31.1	-4.6	-15%	56.9	63.0	-6.1	-10%
Share of the losses of a joint venture	-11.3	-15.4	+4.1	-27%	-24.2	-24.3	+0.1	-0%
<b>Profit before tax</b>	<b>264.6</b>	<b>383.8</b>	<b>-119.2</b>	<b>-31%</b>	<b>578.9</b>	<b>584.1</b>	<b>-5.1</b>	<b>-1%</b>
Income tax expense	59.8	45.4	+14.4	+32%	109.1	79.5	+29.6	+37%
<b>Profit after tax</b>	<b>204.8</b>	<b>338.5</b>	<b>-133.7</b>	<b>-39%</b>	<b>469.8</b>	<b>504.6</b>	<b>-34.8</b>	<b>-7%</b>
Currency translation difference	26.8	12.6	+14.2	+113%	32.3	40.0	-7.8	-19%
<b>Other comprehensive income</b>	<b>26.8</b>	<b>12.6</b>	<b>+14.2</b>	<b>+113%</b>	<b>32.3</b>	<b>40.0</b>	<b>-7.8</b>	<b>-19%</b>
<b>Total comprehensive income attributable to</b>	<b>231.7</b>	<b>351.1</b>	<b>-119.4</b>	<b>-34%</b>	<b>502.1</b>	<b>544.6</b>	<b>-42.5</b>	<b>-8%</b>
Shareholders of the Company	231.4	352.1	-120.7	-34%	508.2	550.0	-41.9	-8%
Non-controlling interest	0.3	-1.0	+1.3	-126%	-6.1	-5.4	-0.7	+13%
<b>Earnings per share (basic and diluted), before split</b>	<b>57</b>	<b>92</b>	<b>-35.1</b>	<b>-38%</b>	<b>130</b>	<b>140</b>	<b>-10.0</b>	<b>-7%</b>
<b>After split</b>	<b>5.7</b>	<b>9.2</b>	<b>-3.5</b>	<b>-38%</b>	<b>13.0</b>	<b>14.0</b>	<b>-1.0</b>	<b>-7%</b>

## Comments

- Despite the COVID-19 pandemic, the Group's consolidated net sales revenue decreased only by 8% YoY in Q2 2020 and approached HUF 1.9 billion.
- During the quarter, the Group realized a revaluation gain of HUF 10.3 million on the Group's investment property portfolio.
- Change in stocks of finished products and in progress represents the net difference between activated construction service costs related to MyCity development projects and the book value of units sold and handed over. There was no handover during the quarter, so the total amount covers capitalized costs. As the MyCity Residence project received occupancy permits for all 100 apartments in August 2020, the handover of the apartments began in Q3 2020.
- Cost of goods and services sold has increased by 85%, while services purchased decreased by 31% in Q2 2020, as a result of taking over the construction of the Forest Hill residential project, most of the construction costs are recorded as `cost of goods and services` instead of `services purchased`.
- The Group's EBITDA reached HUF 342.5 million in Q2 2020, mainly due to the COVID volume effect, the lower EBITDA of MyCity's real estate development business and the lower real estate revaluation result.
- From 1 January 2019, the Group applies the IFRS 16 standard regarding leased and rented assets. Rental fees are reclassified from services used to depreciation of right-of-use assets and finance costs.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.
- In Q2 2020, the Group's PAT decreased by 39% to HUF 204.8 million.

## CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in mHUF	2020. June 30. (not audited)	2019. December 31. (audited)	Variance	
			mHUF	%
Goodwill	1,703.1	1,360.0	+343.1	+25%
Investment property	1,763.3	1,836.0	-72.7	-4%
Property, plant	436.9	450.1	-13.2	-3%
Other	930.3	1,007.7	-77.3	-8%
<b>Non-current assets</b>	<b>4,833.6</b>	<b>4,653.8</b>	<b>+179.9</b>	<b>+4%</b>
Inventories	6,190.7	5,508.4	+682.3	+12%
Trade receivables	770.6	849.3	-78.7	-9%
Cash and cash equivalents	2,259.1	1,627.7	+631.4	+39%
Restricted cash	877.6	897.9	-20.4	-2%
Accruals / Deferrals	537.1	478.6	+58.5	+12%
Other	780.8	789.5	-8.6	-1%
<b>Current assets</b>	<b>11,415.8</b>	<b>10,151.4</b>	<b>+1,264.4</b>	<b>+12%</b>
<b>Total assets</b>	<b>16,249.5</b>	<b>14,805.2</b>	<b>+1,444.3</b>	<b>+10%</b>
<b>Share capital</b>	<b>5,947.1</b>	<b>5,548.0</b>	<b>+399.0</b>	<b>+7%</b>
Borrowings	2,519.5	6,049.3	-3,529.8	-58%
Other non-current liabilities	301.1	344.6	-43.5	-13%
<b>Non-current liabilities</b>	<b>2,820.6</b>	<b>6,393.9</b>	<b>-3,573.3</b>	<b>-56%</b>
Borrowings	5,034.3	331.5	+4,702.8	+1,419%
Trade payables	766.1	789.9	-23.8	-3%
Accruals / Deferrals	385.5	385.3	+0.1	+0%
Other liabilities	1,296.0	1,356.6	-60.6	-4%
<b>Current liabilities</b>	<b>7,481.8</b>	<b>2,863.2</b>	<b>+4,618.6</b>	<b>+161%</b>
<b>Total equity and liabilities</b>	<b>16,249.5</b>	<b>14,805.2</b>	<b>+1,444.3</b>	<b>+10%</b>

## Comments

- The value of goodwill recorded in the Group's books increased due to the January 2020 acquisition of Alex T. Great.
- The investment related portfolio is valued on June 30 and December 31 of each year. In Q2 2020 the Group recognized a revaluation result of HUF 10.3 million.
- The value of inventories increased by an additional HUF 682.3 million in Q2 2020, in line with the capitalized construction costs of ongoing developments.
- Cash and cash equivalents of the Group amounted to HUF 2,259.1 million and HUF 877.6 million of restricted cash as of 30 June 2020, which serves as collateral for residential real estate development project loans, corporate loan bank deposits, and share capital required for fund management activities.
- The consolidated equity of the Group amounted HUF 5.9 billion at the end of Q2 2020. At the end of Q2 the Company held 48,971 pieces of own shares for the purpose of employee share program (before share split).
- Loans increased to HUF 7.6 billion, out of which HUF 4.4 billion non-recourse loans related to development projects.
- On 31 August 2020, the Group plans to conduct a bond auction within the framework of Bond Funding for Growth Scheme of the National Bank of Hungary with a total nominal value of HUF 6.6 billion. The aim of the bond auction is to finance acquisitions and refinance the existing corporate loans (excluding non-recourse project loans).

## CLEAN CORE RESULT

data in million of HUF	2020 Q2	2019 Q2	Variance %	2020 Q1-Q2	2019 Q1-Q2	Variance %
<b>EBITDA</b>	<b>342.5</b>	<b>453.0</b>	<b>-24%</b>	<b>708.3</b>	<b>749.8</b>	<b>-6%</b>
(-) MyCity EBITDA	-34.6	22.8	-252%	-27.3	50.8	-154%
<b>Core EBITDA</b>	<b>377.1</b>	<b>430.2</b>	<b>-12%</b>	<b>735.7</b>	<b>699.0</b>	<b>+5%</b>
(-) Result of portfolio evaluation	10.3	43.8	-76%	10.3	43.8	-76%
(-) Acquisition and restructuring costs	0.0	0.0	+0%	-13.6	0.0	+0%
<b>Total core adjustments</b>	<b>-10.3</b>	<b>-43.8</b>	<b>-76%</b>	<b>3.3</b>	<b>-43.8</b>	<b>-107%</b>
<b>Cleaned core EBITDA</b>	<b>366.8</b>	<b>386.4</b>	<b>-5%</b>	<b>738.9</b>	<b>655.2</b>	<b>+13%</b>

data in million of HUF	2020 Q2	2019 Q2	Variance %	2020 Q1-Q2	2019 Q1-Q2	Variance %
<b>EBIT</b>	<b>282.6</b>	<b>398.5</b>	<b>-29%</b>	<b>589.0</b>	<b>641.6</b>	<b>-8%</b>
(-) EBIT of MyCity	-35.7	27.6	-229%	-29.0	50.8	-157%
<b>Core EBIT</b>	<b>318.3</b>	<b>370.9</b>	<b>-14%</b>	<b>618.0</b>	<b>590.9</b>	<b>+5%</b>
(-) Result of portfolio evaluation	10.3	43.8	-76%	10.3	43.8	-76%
(-) Acquisition and restructuring costs	0.0	0.0	+0%	-13.6	0.0	+0%
<b>Total core adjustments</b>	<b>-10.3</b>	<b>-43.8</b>	<b>-76%</b>	<b>3.3</b>	<b>-43.8</b>	<b>-107%</b>
<b>Cleaned core EBIT</b>	<b>308.0</b>	<b>326.5</b>	<b>-6%</b>	<b>621.2</b>	<b>546.4</b>	<b>+14%</b>

- For transparency reasons, from Q2 2019 onwards the Group will publish “clean core” adjusted profit and loss categories. The Group adjusts its results besides the result of MyCity property development activity, with additional one-off or other material items that according to the management’s opinion are essential for understanding the recurring profitability of the Group.
- In Q2 2020, the Group made the following adjustments:
  - Result of portfolio evaluation: In Q2 2020 the Group recognized a revaluation result of HUF 10.3 million.
- Despite the COVID-19 pandemic, the Group’s cleaned core EBITDA in Q2 2020 was only 5% lower than in Q2 2019 and 13% higher in H1 2020 than it was in H1 2019.

**REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY**

in million HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2020Q2	2019Q2	2020Q2	2019Q2	2020Q2	2019Q2	2020Q2	2019Q2
<b>Net sales revenue</b>	730.9	1,020.4	1,113.2	943.4	47.9	87.4	1,892.0	2,051.2
<b>EBITDA</b>	251.2	404.1	90.2	47.5	1.1	1.3	342.5	453.0
<b>Operating income</b>	210.9	371.0	70.6	26.2	1.1	1.3	282.6	398.5
<b>Profit after tax</b>	154.0	304.5	50.4	24.1	0.5	9.9	204.8	338.5

in million HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2020Q1-Q2	2019Q1-Q2	2020Q1-Q2	2019Q1-Q2	2020Q1-Q2	2019Q1-Q2	2020Q1-Q2	2019Q1-Q2
<b>Net sales revenue</b>	1,673.5	2,000.6	2,554.3	1,732.4	123.5	149.8	4,351.3	3,882.8
<b>EBITDA</b>	563.0	736.9	143.4	11.1	1.9	1.7	708.3	749.8
<b>Operating income</b>	484.2	669.5	102.9	-29.5	1.9	1.7	589.0	641.6
<b>Profit after tax</b>	397.2	528.5	72.2	-27.8	0.4	3.9	469.8	504.6

- The Hungarian activities reached EBITDA of HUF 251.2 million out of which HUF 285.8 million related to the core activities. In comparison, the Hungarian core EBITDA was HUF 381.3 in Q2 2019 (-25.5% YoY).
- In Poland, following the acquisitions of Gold Finance in November 2018 and then Alex T. Great in January 2020, both revenues and loan intermediation volumes increased extremely, which was also supported by significant organic growth. During the quarter, 59% of the Group's consolidated revenues was generated in Poland. All profit categories grew significantly in Poland during Q2 2020.
- The Czech subsidiaries closed the quarter at break-even point with decreasing revenue.



## CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	1-6. 2020 (not audited)	1-6. 2019 (not audited)
Data in mHUF		
<b>Cash flows from operating activities</b>		
Profit after tax	469.8	504.6
Adjustments:		
Received / paid interests	-14.1	54.9
Depreciation	119.3	45.6
Deferred tax expense	-1.3	-22.5
Fair value adjustments of investment properties	-10.3	-43.8
Share program	9.7	0.2
Badwill	0.0	0.0
Share of profit of a joint venture	24.2	24.3
The result of unrealized exchange differences	-26.5	0.0
Asset held for sale	0.0	0.0
<b>Gross CF</b>	<b>570.7</b>	<b>563.2</b>
Movements of working capital		
Increase in inventories	-682.3	-748.4
Increase in trade- and other receivables	107.7	-321.6
Decrease of other assets	-58.5	-104.8
Increase of trade payables	-10.6	739.5
Increase of other short term liabilities	-82.5	139.7
Increase in accruals	0.1	-65.4
<b>Net cash generated by operating activities</b>	<b>-155.3</b>	<b>202.1</b>

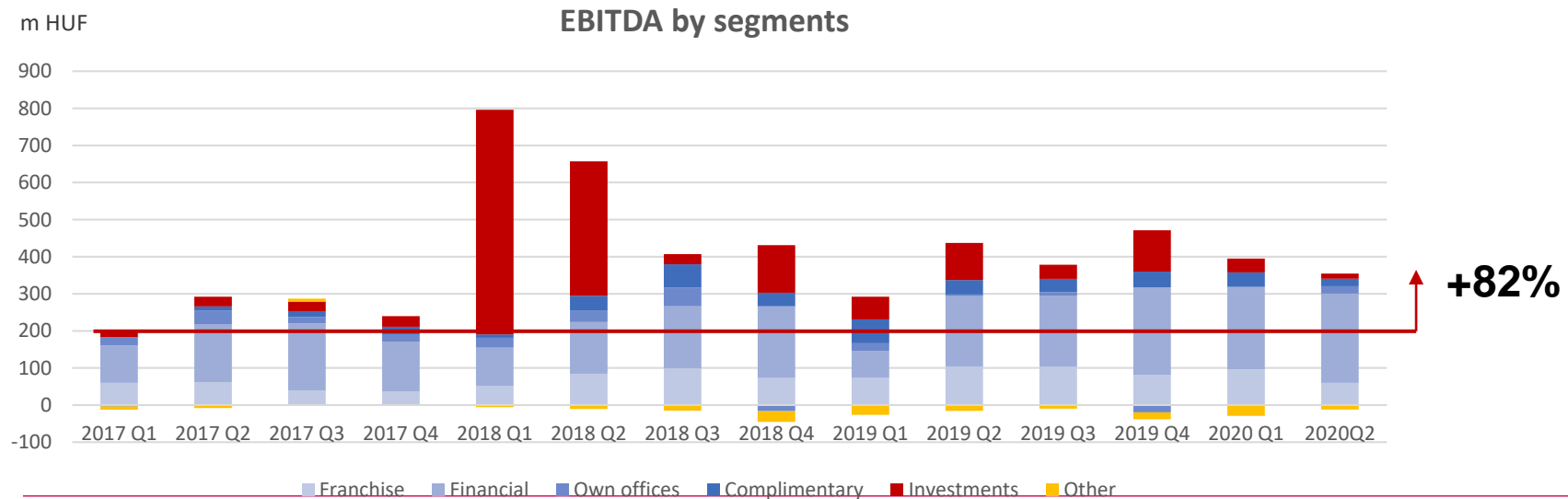
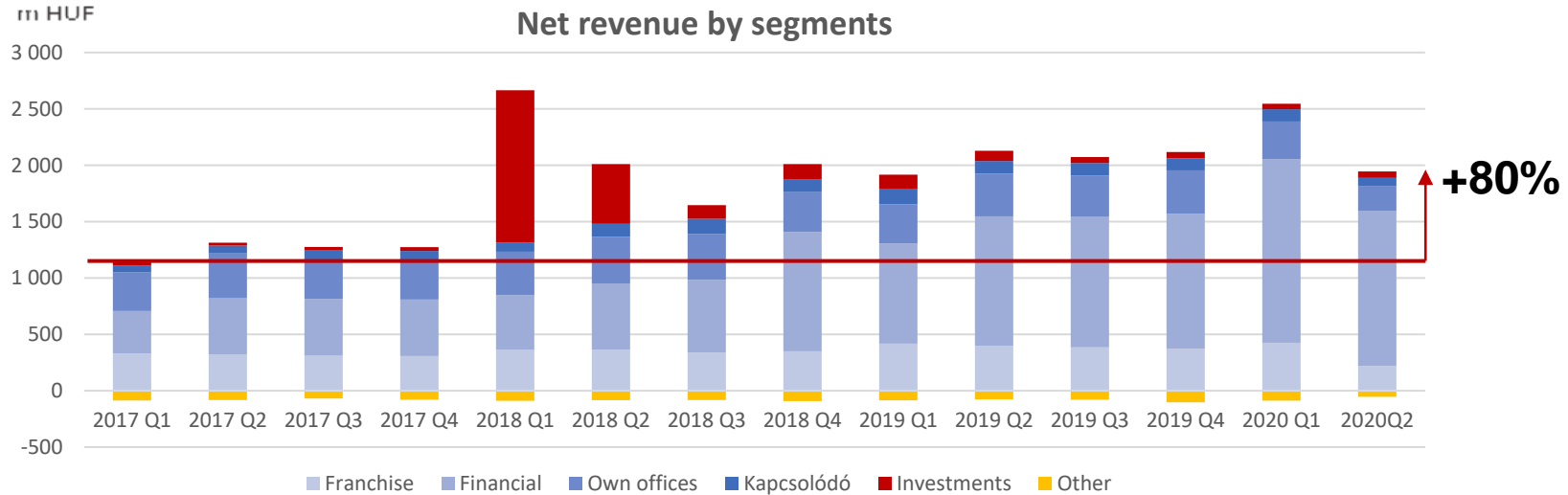
Consolidated cash flow statement	1-6. 2020 (not audited)	1-6. 2019 (not audited)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-46.6	-95.0
Proceeds from the sale of properties	83.0	0.0
Assets held for sale and directly (...)	0.0	0.0
Acquisition of subsidiaries	-339.8	0.0
<b>Net cash used in investing activities</b>	<b>-303.4</b>	<b>-95.0</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,173.8	1,003.4
Treasury share transactions	-10.9	-51.8
Changes in right-of-use asset and leasing obligations	-48.3	0.0
Dividends paid	-38.6	-898.1
Securities sold	0.0	0.0
Received / paid interests	14.1	-54.9
<b>Net cash generated from financing activities</b>	<b>1,090.1</b>	<b>-1.3</b>
Net increase in cash and cash equivalents	631.4	105.9
Cash and cash equivalents at the beginning of the year	1,627.7	756.9
<b>Cash and cash equivalents at the end of the year</b>	<b>2,259.1</b>	<b>862.8</b>

# DUNA HOUSE GROUP

## Segment report



## SEGMENT LEVEL RESULTS



- Since its listing in November 2016, the Duna House Group has increased its quarterly sales by 80% and its EBITDA by 82 %.
- By 2020, the Group's revenue has been transformed: 73% is accounted for the financial intermediation segment, while the real estate franchise and own office segments accounted for 23%.
- The Group's service businesses have grown steadily over the years. The leap in 2018 was caused by the Reviczky Liget residential real estate project implemented and handed over within the investment segment. The Group plans to complete two more projects this year (see page 18. for more information).

## SEGMENT LEVEL RESULTS

<b>CONSOLIDATED</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
Real estate franchise segment	219.6	400.5	-180.9	-45%	645.6	818.1	-172.5	-21%
Own office segment	223.9	379.6	-155.7	-41%	558.8	725.8	-167.1	-23%
Financial segment	1,374.2	1,146.1	+228.1	+20%	3,001.8	2,036.2	+965.6	+47%
Complementary segment	71.2	111.1	-39.9	-36%	179.8	250.1	-70.3	-28%
Investment segment	56.7	91.0	-34.3	-38%	106.3	214.8	-108.6	-51%
Other segment	-53.6	-77.1	+23.5	-31%	-140.9	-162.1	+21.2	-13%
<b>Total net revenue</b>	<b>1,892.0</b>	<b>2,051.2</b>	<b>-159.2</b>	<b>-8%</b>	<b>4,351.3</b>	<b>3,882.8</b>	<b>+468.4</b>	<b>+12%</b>
Real estate franchise segment	59.8	115.8	-56.0	-48%	155.7	201.4	-45.6	-23%
Own office segment	20.1	18.0	+2.1	+12%	20.8	52.7	-31.9	-61%
Financial segment	240.5	190.5	+50.0	+26%	462.6	262.2	+200.4	+76%
Complementary segment	20.1	41.2	-21.1	-51%	58.9	108.0	-49.1	-45%
Investment segment	14.1	100.0	-85.9	-86%	51.6	161.2	-109.6	-68%
Other segment	-12.1	-12.5	+0.4	-3%	-41.3	-35.7	-5.6	+16%
<b>Total EBITDA</b>	<b>342.5</b>	<b>453.0</b>	<b>-110.5</b>	<b>-24%</b>	<b>708.3</b>	<b>749.8</b>	<b>-41.4</b>	<b>-6%</b>
<i>Real estate franchise segment</i>	<i>27%</i>	<i>29%</i>	<i>-2%p</i>		<i>24%</i>	<i>25%</i>	<i>-0%p</i>	
<i>Own office segment</i>	<i>9%</i>	<i>5%</i>	<i>+4%p</i>		<i>4%</i>	<i>7%</i>	<i>-4%p</i>	
<i>Financial segment</i>	<i>17%</i>	<i>17%</i>	<i>+1%p</i>		<i>15%</i>	<i>13%</i>	<i>+3%p</i>	
<i>Complementary segment</i>	<i>28%</i>	<i>37%</i>	<i>-9%p</i>		<i>33%</i>	<i>43%</i>	<i>-10%p</i>	
<i>Investment segment</i>	<i>25%</i>	<i>110%</i>	<i>-85%p</i>		<i>49%</i>	<i>75%</i>	<i>-26%p</i>	
<i>Other segment</i>	<i>23%</i>	<i>16%</i>	<i>+6%p</i>		<i>29%</i>	<i>22%</i>	<i>+7%p</i>	
<b>Total EBITDA margin</b>	<b>18%</b>	<b>22%</b>	<b>-4%p</b>		<b>16%</b>	<b>19%</b>	<b>-3%p</b>	

- The Group's revenue decreased by 8% and EBITDA by 24% year-on-year in Q2 2020. Restrictive actions in the countries of the region affected each segment of the Group differently. The franchise real estate segment was the most and the financial intermediary segment was the least affected.
- In January 2020, the Group acquired Alex T. Great, one of Poland's leading loan intermediary businesses. The acquisition significantly increased the consolidated results of the financial intermediation segment and the Group's.

## SEGMENT LEVEL RESULTS

<b>REAL ESTATE FRANCHISE SEGMENT</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
<b>Net sales revenue</b>	<b>219.6</b>	<b>400.5</b>	<b>-180.9</b>	<b>-45%</b>	<b>645.6</b>	<b>818.1</b>	<b>-172.5</b>	<b>-21%</b>
Direct expenses	17.8	32.7	-15.0	-46%	50.9	63.2	-12.3	-20%
<b>Gross profit</b>	<b>201.8</b>	<b>367.7</b>	<b>-165.9</b>	<b>-45%</b>	<b>594.7</b>	<b>754.9</b>	<b>-160.1</b>	<b>-21%</b>
Indirect expenses	142.0	251.9	-109.9	-44%	439.0	553.5	-114.5	-21%
<b>EBITDA</b>	<b>59.8</b>	<b>115.8</b>	<b>-56.0</b>	<b>-48%</b>	<b>155.7</b>	<b>201.4</b>	<b>-45.6</b>	<b>-23%</b>
<i>Gross profit margin (%)</i>	<i>92%</i>	<i>92%</i>	<i>+0%p</i>		<i>92%</i>	<i>92%</i>	<i>-0%p</i>	
<i>EBITDA margin (%)</i>	<i>27%</i>	<i>29%</i>	<i>-2%p</i>		<i>24%</i>	<i>25%</i>	<i>-0%p</i>	
<b>Network commission revenues*</b>	<b>1,893.7</b>	<b>2,809.6</b>	<b>-915.9</b>	<b>-33%</b>	<b>4,377.8</b>	<b>5,478.6</b>	<b>-1,100.9</b>	<b>-20%</b>
Hungary	1,469.5	2,273.2	-803.7	-35%	3,357.0	4,496.6	-1,139.6	-25%
Poland	367.2	434.5	-67.3	-15%	876.5	809.5	+67.0	+8%
Czech Republic	57.1	101.9	-44.8	-44%	144.3	172.5	-28.2	-16%
<b>Network office numbers (pcs)</b>	<b>236.0</b>	<b>250.0</b>	<b>-14.0</b>	<b>-6%</b>	<b>236.0</b>	<b>250.0</b>	<b>-14.0</b>	<b>-6%</b>
Hungary	156	173	-17	-10%	156	173	-17	-10%
Poland	78	74	4	+5%	78	74	4	+5%
Czech Republic	2	3	-1	-33%	2	3	-1	-33%

\* the total revenue that realized after the real estate market transactions mediated by the franchise networks of the Duna House Group

- Revenues of the franchise segment decreased by 45% compared to Q2 2019, due to the drastic impact of COVID-19 restrictions from mid-March and actions of the Group that were taken to support the network (temporary suspension of minimum franchise fees).
- In Hungary, the quarter closed with a total commission of HUF 1.5 billion (-35.0%). The number of offices in Hungary decreased in Q2 2020 due to the merger of the Smart Real Estate network into the Duna House brand and their rationalization.
- Indirect costs decreased by 44% during the quarter due to rationalizations between the Hungarian networks and successful cost reduction actions.
- Overall, the EBITDA of the franchise segment reached HUF 59.8 million in Q2 2020, which represents a 48.0% improvement compared to Q2 2019.

The housing and loan market data published by Duna House are available at the following link: <https://dh.hu/barometer>

**SEGMENT LEVEL RESULTS**

<b>OWN OFFICE SEGMENT</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
<b>Net sales revenue</b>	<b>223.9</b>	<b>379.6</b>	<b>-155.7</b>	<b>-41%</b>	<b>558.8</b>	<b>725.8</b>	<b>-167.1</b>	<b>-23%</b>
Direct expenses	134.9	221.9	-87.0	-39%	352.0	414.8	-62.8	-15%
<b>Gross profit</b>	<b>89.0</b>	<b>157.6</b>	<b>-68.6</b>	<b>-44%</b>	<b>206.8</b>	<b>311.1</b>	<b>-104.3</b>	<b>-34%</b>
Indirect expenses	68.9	139.6	-70.8	-51%	186.0	258.3	-72.3	-28%
<b>EBITDA</b>	<b>20.1</b>	<b>18.0</b>	<b>+2.1</b>	<b>12%</b>	<b>20.8</b>	<b>52.7</b>	<b>-31.9</b>	<b>-61%</b>
<i>Gross profit margin (%)</i>	<i>40%</i>	<i>42%</i>	<i>-2%</i>		<i>37%</i>	<i>43%</i>	<i>-6%</i>	
<i>EBITDA margin (%)</i>	<i>9%</i>	<i>5%</i>	<i>+4%</i>		<i>4%</i>	<i>7%</i>	<i>-4%</i>	
<b>Networ commission revenues*</b>	<b>240.2</b>	<b>469.9</b>	<b>-229.8</b>	<b>-49%</b>	<b>597.3</b>	<b>877.2</b>	<b>-279.9</b>	<b>-32%</b>
Hungary	106.3	275.8	-169.4	-61%	252.9	513.9	-261.0	-51%
Poland	93.0	116.2	-23.2	-20%	230.9	229.1	+1.7	+1%
Czech Republic	40.8	77.9	-37.1	-48%	113.5	134.1	-20.6	-15%
<b>Network office numbers (pcs)</b>	<b>22</b>	<b>29</b>	<b>-7</b>	<b>-24%</b>	<b>22</b>	<b>29</b>	<b>-7</b>	<b>-24%</b>
Hungary	13	18	-5	-28%	13	18	-5	-28%
Poland	8	10	-2	-20%	8	10	-2	-20%
Czech Republic	1	1	0	+0%	1	1	0	+0%

\* the total revenue that realized after the real estate market transactions mediated by the own offices of Duna House Group

- Own office segment achieved net sales revenue of HUF 223.9 million (-41% YoY) and gross profit of HUF 89.0 million (-44% YoY) in Q2 2020.
- Commission revenues decreased by 49% in Q2 2020.
- The Group was able to reduce the segment's indirect expenses by 51% due to the extraordinary actions taken in connection with COVID-19.
- In Hungary, commission revenues decreased by 61% year-on-year due to the downturn in the Budapest real estate market. As a result of the merge between the Duna House and Smart Ingatlan brands, the number of self-operated offices decreased by a total of 5 in one year.
- The commission revenues of the Polish own offices decreased by 20% within a year.
- Commission revenues of the Czech own office decreased by 48% YoY, mainly due to the COVID effect.

## SEGMENT LEVEL RESULTS

<b>FINANCIAL SEGMENT</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
<b>Net sales revenue</b>	<b>1,374.2</b>	<b>1,146.1</b>	<b>+228.1</b>	<b>+20%</b>	<b>3,001.8</b>	<b>2,036.2</b>	<b>+965.6</b>	<b>+47%</b>
Direct expenses	1,001.9	819.7	+182.2	+22%	2,246.7	1,481.8	+764.9	+52%
<b>Gross profit</b>	<b>372.3</b>	<b>326.4</b>	<b>+45.9</b>	<b>+14%</b>	<b>755.1</b>	<b>554.4</b>	<b>+200.7</b>	<b>+36%</b>
Indirect expenses	131.9	135.9	-4.1	-3%	292.6	292.3	+0.3	+0%
<b>EBITDA</b>	<b>240.5</b>	<b>190.5</b>	<b>+50.0</b>	<b>+26%</b>	<b>462.6</b>	<b>262.2</b>	<b>+200.4</b>	<b>+76%</b>
<i>Gross profit margin (%)</i>	<i>27%</i>	<i>28%</i>	<i>-1%</i>		<i>25%</i>	<i>27%</i>	<i>-2%</i>	
<i>EBITDA margin (%)</i>	<i>17%</i>	<i>17%</i>	<i>+1%</i>		<i>15%</i>	<i>13%</i>	<i>+3%</i>	
<b>Loan volume (bn HUF)</b>	<b>62.3</b>	<b>49.1</b>	<b>+13.2</b>	<b>+27%</b>	<b>131.8</b>	<b>87.0</b>	<b>+44.9</b>	<b>+52%</b>
Hungary	19.4	16.7	+2.6	+16%	40.1	29.3	+10.8	+37%
Poland	42.9	32.4	+10.5	+33%	91.8	57.7	+34.1	+59%

- The revenues of the financial intermediation segment exceeded HUF 1.3 billion in Q2 (+20% YoY).
- After the record of Q1 2020, Q2 2020 was more moderate, with HUF 19.4 billion intermediated loans (+16%YoY) in Hungary and HUF 42.9 billion intermediated loans (+33%YoY) in Poland, for which the acquisition of Alex T.Great in January 2020 also contributed.
- Overall, the segment's gross profit increased to HUF 372.3 million (+14% YoY), while indirect costs stagnated due to the successful integration of acquisitions, so EBITDA reached HUF 240.5 million (+26% YoY).

**SEGMENT LEVEL RESULTS**

<b>COMPLEMENTARY SEGMENT</b> <i>(data in mHUF)</i>	<b>2020</b> <b>Q2</b>	<b>2019</b> <b>Q2</b>	<b>Variance</b>	<b>Variance</b> <b>(%)</b>	<b>2020</b> <b>Q1-Q2</b>	<b>2019</b> <b>Q1-Q2</b>	<b>Variance</b>	<b>Variance</b> <b>(%)</b>
<b>Net sales revenue</b>	<b>71.2</b>	<b>111.1</b>	<b>-39.9</b>	<b>-36%</b>	<b>179.8</b>	<b>250.1</b>	<b>-70.3</b>	<b>-28%</b>
Direct expenses	20.5	25.1	-4.7	-19%	47.5	53.8	-6.3	-12%
<b>Gross profit</b>	<b>50.7</b>	<b>86.0</b>	<b>-35.3</b>	<b>-41%</b>	<b>132.3</b>	<b>196.2</b>	<b>-64.0</b>	<b>-33%</b>
Indirect expenses	30.6	44.8	-14.2	-32%	73.3	88.2	-14.8	-17%
<b>EBITDA</b>	<b>20.1</b>	<b>41.2</b>	<b>-21.1</b>	<b>-51%</b>	<b>58.9</b>	<b>108.0</b>	<b>-49.1</b>	<b>-45%</b>
<i>Gross profit margin (%)</i>	<i>71%</i>	<i>77%</i>	<i>-6%</i>		<i>74%</i>	<i>78%</i>	<i>-5%</i>	
<i>EBITDA margin (%)</i>	<i>28%</i>	<i>37%</i>	<i>-9%</i>		<i>33%</i>	<i>43%</i>	<i>-10%</i>	
<b>Housing found NAV</b>	<b>4,428.9</b>	<b>4,710.3</b>	<b>-281.4</b>	<b>-6%</b>	<b>4,494.4</b>	<b>4,483.2</b>	<b>+11.2</b>	<b>+0%</b>

- The complementary services segment's revenue reached HUF 71.2 million in Q2 2020. This represents a decrease of 36% compared to Q2 2019. The decrease was primarily due to lower fund management success fees and lower transaction revenues in the property management business.
- The average net asset value of Duna House Real Estate Fund amounted to HUF 4.4 billion in Q2 2020 (- 6% YoY).
- Overall, the segment has reached EBITDA of HUF 20.1 million at 28% margin in Q2 2020.



**SEGMENT LEVEL RESULTS**

<b>INVESTMENT SEGMENT</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
<b>Net sales revenue</b>	<b>56.7</b>	<b>91.0</b>	<b>-34.3</b>	<b>-38%</b>	<b>106.3</b>	<b>214.8</b>	<b>-108.6</b>	<b>-51%</b>
Direct expenses	12.2	35.1	-22.9	-65%	23.5	84.2	-60.7	-72%
<b>Gross profit</b>	<b>44.5</b>	<b>55.9</b>	<b>-11.4</b>	<b>-20%</b>	<b>82.8</b>	<b>130.6</b>	<b>-47.8</b>	<b>-37%</b>
Indirect expenses	30.4	-44.1	+74.5	-169%	31.2	-30.5	+61.7	-202%
<b>EBITDA</b>	<b>14.1</b>	<b>100.0</b>	<b>-85.9</b>	<b>-86%</b>	<b>51.6</b>	<b>161.2</b>	<b>-109.6</b>	<b>-68%</b>
<i>Gross profit margin (%)</i>	<i>78%</i>	<i>61%</i>	<i>+17%</i>		<i>78%</i>	<i>61%</i>	<i>+17%</i>	
<i>EBITDA margin (%)</i>	<i>25%</i>	<i>110%</i>	<i>-85%</i>		<i>49%</i>	<i>75%</i>	<i>-26%</i>	
<b>Carrying amount of properties</b>	<b>2,082.8</b>	<b>1,903.8</b>	<b>+179.0</b>	<b>+9%</b>	<b>2,082.8</b>	<b>1,903.8</b>	<b>+179.0</b>	<b>+9%</b>
Carrying amount of investment purpose properties	1,763.3	1,570.1	+193.2	+12%	1,763.3	1,570.1	+193.2	+12%
Carrying amount of operational properties	319.5	333.6	-14.2	-4%	319.5	333.6	-14.2	-4%
<b>Number of properties (pcs) **</b>	<b>16</b>	<b>16</b>	<b>+0</b>	<b>+0%</b>	<b>16</b>	<b>16</b>	<b>+0</b>	<b>+0%</b>
Number of investment purpose properties	13	11	+2	+18%	13	11	+2	+18%
Number of operational properties	3	5	-2	-40%	3	5	-2	-40%

Property investment segment generated EBITDA of HUF 14.1 million in Q2 2020, of which HUF 10.3 million was revaluation related to investment purpose properties.

Investment purpose properties are valued at market value by an independent appraiser. The market valuation is performed every six months, next time on December 31, 2020.




\*Profit/loss difference related to revaluation of investment purpose properties is indicated among indirect operating costs

\*\*Before April 1, 2017, the result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement. MyCity group was fully acquired at the end of March 2017.

**PROPERTY DEVELOPMENT ACTIVITY**

Duna House Group manages the development of 314 flats in 3 projects under MyCity brand, as follows:



	Forest Hill Budapest III. district	Forest Hill Panorama Budapest III. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	100%	100%	50%	
Landsize (m2)	Total FH and FHP: 29,314		3,345	3,345
Sellable area (m2)	11,837	4,605	6,882	23,324
Number of Apartements (pcs.)	154	57	100+3	314
Average Apartements size (m2)	76.9	80.7	68.8	74.9
<b>Actual status of Projects</b>	<ul style="list-style-type: none"> <li>• Sale of the project is as per plan, 81% of the apartments have been sold.</li> <li>• The technical completion of the apartments is expected by the end of December 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• On September 6, 2018, the project obtained a valid building permit, so according to the current legislation the completed apartments will be available for sale with 5% VAT.</li> <li>• Contractor's tendering is in progress.</li> </ul>	<ul style="list-style-type: none"> <li>• 81% of the apartments have been sold.</li> <li>• <b>It has an occupancy permit.</b></li> <li>• Handover of the flats has begun.</li> </ul>	
				

**SEGMENT LEVEL RESULTS**

<b>OTHER- AND CONSOLIDATION SEGMENT</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>Variance</b>
<i>(data in mHUF)</i>	<b>Q2</b>	<b>Q2</b>		<b>(%)</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>		<b>(%)</b>
<b>Net sales revenue</b>	<b>-53.6</b>	<b>-77.1</b>	<b>+23.5</b>	<b>-31%</b>	<b>-140.9</b>	<b>-162.1</b>	<b>+21.2</b>	<b>-13%</b>
Direct expenses	-6.4	-13.9	+7.4	-54%	-17.3	-12.7	-4.7	+37%
<b>Gross profit</b>	<b>-47.1</b>	<b>-63.2</b>	<b>+16.1</b>	<b>-25%</b>	<b>-123.6</b>	<b>-149.5</b>	<b>+25.9</b>	<b>-17%</b>
Indirect expenses	-35.0	-50.7	+15.7	-31%	-82.3	-113.7	+31.4	-28%
<b>EBITDA</b>	<b>-12.1</b>	<b>-12.5</b>	<b>+0.4</b>	<b>-3%</b>	<b>-41.3</b>	<b>-35.7</b>	<b>-5.6</b>	<b>+16%</b>
<i>Gross profit margin (%)</i>	<i>88%</i>	<i>82%</i>	<i>+6%</i>		<i>88%</i>	<i>92%</i>	<i>-4%</i>	
<i>EBITDA margin (%)</i>	<i>23%</i>	<i>16%</i>	<i>+6%</i>		<i>29%</i>	<i>22%</i>	<i>+7%</i>	

- Under the Other and consolidation segment we present the Company's supporting holding activity and the result of consolidation amendments.
- The Q2 expenses of the holding include primarily cost of the employee share program, BÉT, KELER fees, as well as the proportional part of the accounting and auditing fees in relation of the Group's annual and consolidated reports.

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total equity
<b>31 December 2018</b>	<b>172.0</b>	<b>1,493.3</b>	<b>35.3</b>	<b>3,917.1</b>	<b>5,500.7</b>	<b>-56.0</b>	<b>5,444.6</b>
Dividend paid							
Total comprehensive income			-3.8	166.3	162.4	0.0	162.4
Purchase of treasury shares					-37.0		-37.0
Employee Share-based payment provision		13.6			13.6		13.6
<b>31 March 2019</b>	<b>172.0</b>	<b>1,506.8</b>	<b>31.5</b>	<b>4,083.4</b>	<b>5,639.6</b>	<b>-56.0</b>	<b>5,583.6</b>
Dividend paid				-945.1	-945.1		-945.1
Total comprehensive income			18.3	338.3	356.6	-1.0	355.6
Purchase of treasury shares					-14.7		-14.7
Employee Share-based payment provision		-13.4			-13.4		-13.4
<b>30 June 2019</b>	<b>172.0</b>	<b>1,493.4</b>	<b>49.8</b>	<b>3,476.5</b>	<b>5,023.0</b>	<b>-57.0</b>	<b>4,965.9</b>
Dividend paid							
Total comprehensive income			8.4	253.5	261.9	-1.8	260.1
Purchase of treasury shares					-3.7		-3.7
Employee Share-based payment provision		2.8			2.8		2.8
<b>30 September 2019</b>	<b>172.0</b>	<b>1,496.3</b>	<b>58.2</b>	<b>3,730.1</b>	<b>5,284.0</b>	<b>-58.9</b>	<b>5,225.1</b>
Dividend paid							
Total comprehensive income			12.6	315.2	327.8	-3.9	323.9
Purchase of treasury shares					-4.4		-4.4
Employee Share-based payment provision		3.4			3.4		3.4
<b>31 December 2019</b>	<b>172.0</b>	<b>1,499.7</b>	<b>70.8</b>	<b>4,045.3</b>	<b>5,610.8</b>	<b>-62.8</b>	<b>5,548.0</b>
Dividend paid							
Total comprehensive income			-29.5	264.9	235.4	-6.4	229.1
Purchase of treasury shares					-4.1		-4.1
Employee Share-based payment provision		3.7			3.7		3.7
<b>31 March 2020</b>	<b>172.0</b>	<b>1,503.4</b>	<b>41.3</b>	<b>4,310.2</b>	<b>5,845.9</b>	<b>-69.2</b>	<b>5,776.7</b>
Dividend paid							
Total comprehensive income			26.8	204.6	231.4	0.3	231.7
Purchase of treasury shares					-6.8		-6.8
Employee Share-based payment provision		6.0			6.0		6.0
<b>30 June 2020</b>	<b>172.0</b>	<b>1,509.4</b>	<b>68.1</b>	<b>4,454.3</b>	<b>6,016.0</b>	<b>-68.9</b>	<b>5,947.1</b>

**Annex 1.**

*Time-series report of the different operational segments for the previous quarters is attached to the interim report as a separate file, as well as the consolidated balance sheet and interim income statement for the current record date.*

Duna House Holding Nyrt 2020Q2 negyedebes  
ENG\_Annex1.xlsx

## **Disclaimer**

Undersigned, members of the Board of Directors of DUNA HOUSE HOLDING Plc. (seated H-1016 Budapest, Gellérthegy str 17. Hungary; Company Reg. No. 01-10-048384) ; hereinafter „Company”) declare that the present quarterly report has been prepared with our best knowledge and conviction, and with the aim to present an extensive look at the financial state of the Company, including statements and estimates referred to for the present.

All statements and estimates are based on estimates and forecasts up-dated with our best knowledge and conviction, and in relation to which we shall not be held responsible for publicly up-dating any of the statements or estimates based on any future information, or events. Statements referring to the present bear a certain level of risk and uncertainty in themselves, thus factual results in some cases may significantly differ from forecast-type statements.

We believe that the present quarterly interim report presents a trustworthy and real picture regarding the assets, liabilities, financial state, as well as the profit and loss of the Company and joint ventures included in the consolidation. The report also presents a trustworthy picture of the state, development and performance of the Company and joint ventures included in the consolidation.

Simultaneously, we shall call attention to the financial statements presented in the interim report not being subject of an accounting audit, and in its present form not being in full compliance with all requirements of the International Financial Reporting Standards implemented by the European Union. The audited annual report of the Company, prepared in compliance with the regulations of International Financial Reporting Standards shall be published following the approval of the ordinary General Meeting of the Company planned to take place in April 2021.

Budapest, 26 August 2020.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President