

DUNA HOUSE GROUP

2022.Q2 Quarterly report

31 August 2022



Table of contents

Executive summary.....	3.
Consolidated financial statements	4.
Clean core profits.....	7.
Revenue, EBITDA, operating income and profit after tax by country.....	9.
2022 Management Guidance Fulfillment.....	10.
Consolidated Cash-flow statement.....	11.
Segment report.....	12.
Financial product intermediary services segment.....	15.
Franchise segment.....	16.
Own office segment.....	17.
Complementary services segment.....	18.
Property investments segment and MyCity projects.....	19.
Other- and consolidation segment	21.
Statement in changes of equity.....	22.
Annex 1.: time-series report of operational segments	23.
Declaration.....	24.

EXECUTIVE SUMMARY- 2022 SECOND QUARTER

Quarterly results

- **Duna House Group (the "Group") reported its strongest quarter ever in Q2 2022.** The Italian acquisition has delivered the expectations, while giving stability via the euro exposure, it contributed more than 50% of revenue and more than 60% of EBITDA. The Group faces a period of challenges and opportunities in the current market environment.
- **Following tripling the revenue in Q1 2022, the Group increased its revenue to HUF 9.1 billion in Q2, while its clean core EBITDA doubled year-on-year to HUF 1.2 billion. Clean core profit after tax increased by 111% year-on-year to HUF 947 million in the quarter.**
- **Since its IPO in November 2016, Duna House Group has undergone a substantial transformation: i) over the years, it has increased its quarterly revenues by 760% and increased its quarterly EBITDA from its services activities seven-fold; ii) financial intermediation has become the dominant business segment** accounting for 80% of revenues and EBITDA; **iii) 80% of its revenues and 60% of its EBITDA are generated abroad.** However, the share price has risen merely by 22% since the IPO.
- **Italy** has become the Group's largest profit-generating country, jumping to a **quarterly EBITDA of HUF 0.8 billion. Hungarian operations generated EBITDA of HUF 0.5 billion, while Poland fell to an EBITDA of HUF 29 million** in a market dominated by floating-rate loans (for market conditions refer to page 15).
- **Within the MyCity real estate development business, the handover of apartments of the Forest Hill project has continued** generating direct EBITDA of HUF 86 million in the quarter. The Group recognized **total revenue of HUF 1.7 billion** from the deliveries **in 2021 - Q2 2022, with further potential net proceeds of HUF 3.5 billion in the second half of the year,** following the receipt of the occupancy permits for the apartments in the 2-3rd row buildings, expected in October. The Group has gradually prepaid its project loan from the received purchase price and advance payments totaling HUF 3.7 billion and has completely repaid project loan on 18 July 2022. **The total expected total cash flow from the project after repayment of the project loan is HUF 4.7-4.8 billion.**

Guidance 2022

- Although the Group faces more challenges due to hikes in interest rates and the general macro environment, management believes **it can deliver its expectations for 2022 as stated in the management forecast and confirms its Guidance which was communicated early this year.**

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2022 Q2	2021 Q2	Variance		2022 Q1-Q2	2021 Q1-Q2	Variance	
	(not audited)	(not audited)	mHUF	%	(not audited)	(not audited)	mHUF	%
Net sales revenue	9 079,0	3 372,1	+5 707,0	+169%	16 994,9	5 911,2	+11 083,7	+188%
Other operating income	220,8	34,8	+186,0	+534%	288,9	216,7	+72,2	+33%
Change in stocks of finished products and work in progress	125,0	-341,4	+466,3	-137%	192,0	-630,5	+822,5	-130%
Consumables used	53,2	75,8	-22,6	-30%	125,4	134,3	-9,0	-7%
Cost of goods and services sold	556,9	601,9	-45,0	-7%	1 111,8	1 057,3	+54,5	+5%
Services purchased	6 270,0	2 104,5	+4 165,5	+198%	12 043,9	3 756,5	+8 287,4	+221%
Personnel expenses	615,3	212,5	+402,9	+190%	1 137,5	403,4	+734,1	+182%
Other operating expenses	306,3	242,0	+64,3	+27%	409,5	462,1	-52,6	-11%
EBITDA	1 373,2	511,6	+861,6	+168%	2 263,6	944,6	+1 319,0	+140%
Depreciation and amortization	91,5	48,7	+42,8	+88%	176,4	80,0	+96,4	+120%
Depreciation of right-of-use assets	67,5	31,8	+35,7	+112%	135,0	63,9	+71,1	+111%
Operating income (EBIT)	1 214,2	431,0	+783,1	+182%	1 952,1	800,7	+1 151,5	+144%
Finance income	189,3	4,5	+184,8	+4 139%	249,7	26,9	+222,8	+828%
Finance costs	141,3	109,9	+31,4	+29%	295,3	183,6	+111,6	+61%
Share of the profits of a joint venture	57,8	16,7	+41,1	+246%	79,6	40,7	+38,9	+96%
Profit before tax	1 319,9	342,3	+977,6	+286%	1 986,1	684,6	+1 301,5	+190%
Income tax expense	286,8	72,1	+214,7	+298%	389,8	124,9	+264,9	+212%
Profit after tax	1 033,1	270,2	+762,9	+282%	1 596,3	559,7	+1 036,6	+185%
Currency translation difference	583,7	5,6	+578,1	+10 238%	630,2	30,6	+599,7	+1 961%
Other comprehensive income	583,7	5,6	+578,1	+10 238%	630,2	30,6	+599,7	+1 961%
Total comprehensive income attributable to	1 616,8	275,9	+1 340,9	+486%	2 226,5	590,2	+1 636,3	+277%
Shareholders of the Company	1 416,6	274,5	+1 142,1	+416%	1 968,0	597,9	+1 370,1	+229%
Non-controlling interest	200,2	1,3	+198,9	+14 774%	258,5	-7,6	+266,1	-3 479%
Earnings per share (basic and diluted)	24,4	7,5	+16,9	+224%	38,7	15,6	+23,1	+148%

Comments

- The Group has jumped to new levels with the acquisition of Hgroup and further improved its performance after the first quarter. In the second quarter of 2022, consolidated revenue rose to a new record level of HUF 9.1 billion (+169% y/y), and EBITDA was nearly HUF 1.4 billion (+165% y/y). *Changes in EBITDA were influenced by unique factors, which are presented on page 7, [Clean core result](#).*
- Other operating revenues included the bank guarantee of HUF 155 million called on the former contractor of the Forest Hill project.
- Change in stocks of finished products and in progress represents the net difference between activated construction service costs related to the 100% owned Forest Hill development project and the book value of units sold and handed over. During the quarter, the handover of the apartments of the Forest Hill project has continued, for which the Group recognized HUF 440 million in revenues against an inventory value of HUF 336 million.
- The value of services purchased is significantly increased by the consolidation of Hgroup and the increased loan brokerage activity.
- The handover of the apartments in the MyCity Residence residential park, developed by the Group's 50% owned joint venture, has begun during the third quarter of 2020, generating a total PAT of HUF 58 million in Q2 2022.
- The Group booked a foreign exchange gains of HUF 62.2 million on foreign currency positions (in Q2 2022 foreign exchange loss was HUF 61.8 million) and realized HUF 68 million in interest income. Finance costs increased due to the bond issued in January 2022 (the outstanding bonds Duna House NKP 2030/l. and 2032/l. had a quarterly total interest of HUF 104 million) and the interest rates of bank loans of the consolidated Italian entities.
- PAT of Q2 2022 was higher by HUF 763 million compared to the same period of 2021. **The clean core PAT amounted to HUF 947 million, thereby HUF 499 million above Q2 2021. MyCity activity improved it by HUF 11 million and extraordinary items boosted it by HUF 75 million. Reconciliation of Clean core results can be found on page 7, [Clean core result](#).**
- The increase in other comprehensive income was due to exchange rate movements on foreign currency denominated goodwill.

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in mHUF	30 June 2022 (not audited)	31 December 2021 (Audited)	Variance	
			mHUF	%
Goodwill	10 749,2	1 775,5	+8 973,6	+505%
Investment property	1 597,6	1 849,5	-251,9	-14%
Property, plant	1 774,8	409,1	+1 365,7	+334%
Right-of-use asset	1 545,0	347,4	+1 197,7	+345%
Other	1 111,4	1 210,0	-98,6	-8%
Non-current assets	16 778,0	5 244,1	+11 533,9	+220%
Inventories	7 300,7	7 418,9	-118,2	-2%
Trade receivables	4 121,3	2 102,1	+2 019,3	+96%
Restricted cash	2 527,2	1 270,5	+1 256,7	+99%
Cash and cash equivalents	6 690,7	5 226,5	+1 464,1	+28%
Accruals	2 207,1	734,5	+1 472,6	+200%
Other	3 719,0	615,9	+3 103,0	+504%
Current assets	26 565,9	17 368,4	+9 197,5	+53%
Total assets	43 343,9	22 612,5	+20 731,4	+92%
Share capital	8 364,2	6 921,5	+1 442,7	+21%
Borrowings	14 664,1	6 909,5	+7 754,6	+112%
Other non-current liabilities	5 769,8	591,3	+5 178,6	+876%
Non-current liabilities	20 434,0	7 500,8	+12 933,2	+172%
Borrowings	4 420,3	4 373,4	+47,0	+1%
Trade payables	2 849,0	1 321,1	+1 528,0	+116%
Deferrals	987,1	369,3	+617,8	+167%
Other liabilities	6 289,3	2 126,5	+4 162,8	+196%
Current liabilities	14 545,7	8 190,2	+6 355,5	+78%
Total equity and liabilities	43 343,9	22 612,5	+20 731,4	+92%

Comments

- Goodwill increased by HUF 9.0 billion as a result of the HGroup acquisition. The difference between the purchase price paid for the stake with deferred liabilities and Hgroup's consolidated equity is presented fully as goodwill in this report. The preparation of the IFRS 3 Purchase Price Allocation is in progress, consequently the asset and liability values will be updated in the Q4 report.
- Value of the investment property portfolio decreased by HUF 252 million due to the price appreciation of HUF 38m and the sale of HUF 290 million worth of property. Property value increased by HUF 1.4 billion due to the consolidation of Hgroup, as did the value of the Right-of-use assets.
- The Group's inventory has decreased by HUF 118 million since the end of the previous year due to the following effects: i) capitalized construction and interest costs of HUF 591 million for ongoing development projects; ii) sold development properties with a total book value of HUF 709 million.
- Trade receivables rose to HUF 4.1 billion due to HGroup consolidation and handovers of Forest Hill. Accruals increased due to HGroup consolidation. Other receivables increased due to the Hgroup acquisition, of which HUF 1.9 billion is receivable from escrow and the sellers.
- The consolidated equity of the Group amounted HUF 8.4 billion on 30 June 2022. The Company held 598,279 pieces of own shares for the purpose of employee share program.
- The Group records deferred purchase price payments of HUF 3.8 billion related to HGroup acquisition among other non-current liabilities.
- Other liabilities increased due to HGroup consolidation and the received Forest Hill advance payments.
- At the end of the quarter loans increased to HUF 19.1 billion, out of which HUF 13.0 billion are liabilities from bonds with interests, HUF 2.4 billion bank loans of HGroup in Italy, HUF 3.6 billion are non-recourse project loans related to residential real-estate development projects. The core activity's net debt amounts to HUF 8.5 billion. The Group repaid its project loan on 18 July 2022.

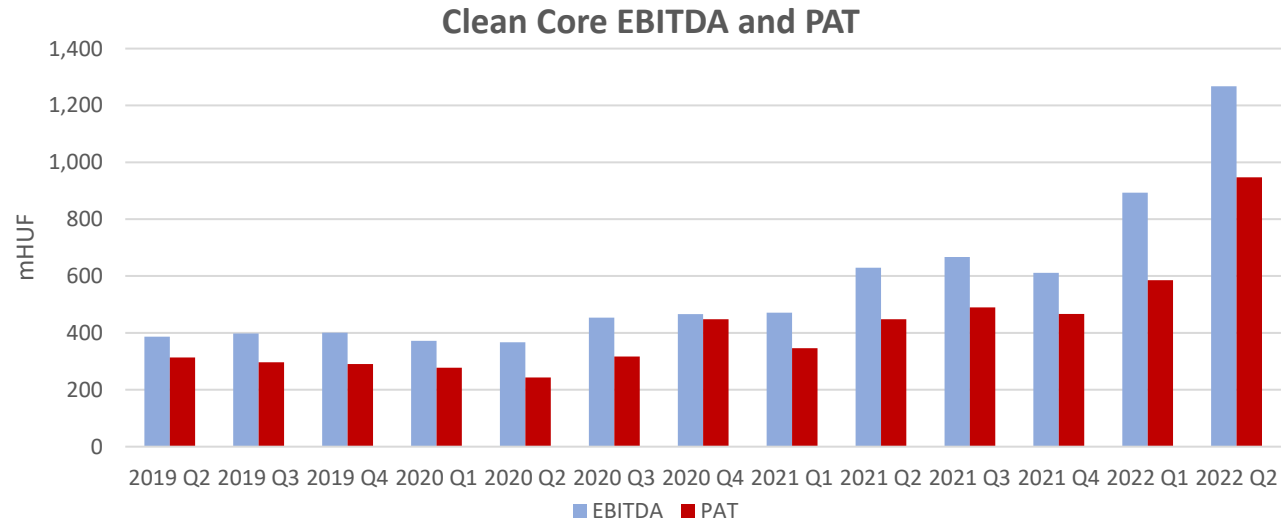
CLEAN CORE RESULT

data in million of HUF	2022Q2	2021Q2	Variance %	2022 Q1-Q2	2021 Q1-Q2	Variance %
EBITDA	1 373,2	511,6	+168%	2 263,6	944,6	+140%
(-) MyCity EBITDA	85,6	-135,8	-163%	170,7	-173,6	-198%
Core EBITDA	1 287,6	647,4	+99%	2 092,9	1 118,2	+87%
(-) Costs related to before acquisition date	-8,1	0,0	+0%	-8,1	0,0	+0%
(-) Result of portfolio appraisal	28,5	23,7	+20%	38,5	23,7	+63%
(-) Acquisition costs	0,0	-5,6	-100%	-98,0	-5,6	+1650%
Total core adjustments	-20,4	-18,1	+13%	67,6	-18,1	-474%
Cleaned core EBITDA	1 267,2	629,3	+101%	2 160,5	1 100,1	+96%

data in million of HUF	2022Q2	2021Q2	Variance %	2022 Q1-Q2	2021 Q1-Q2	Variance %
Profit after tax	1 033,1	270,2	+282%	1 596,3	559,7	+185%
(-) Profit after tax for MyCity	11,0	-138,0	-108%	61,4	-176,6	-135%
Core PAT	1 022,1	408,2	+150%	1 534,9	736,4	+108%
(-) Costs related to before acquisition date	-8,1	0,0	+0%	-8,1	0,0	+0%
(-) Result of portfolio appraisal	28,5	23,7	+20%	38,5	23,7	+63%
(+/-) Result of foreign currency exchange	62,2	-61,8	-201%	70,7	-81,8	-186%
(-) Acquisition costs	0,0	-5,6	-100%	-98,0	-5,6	+1650%
Total core adjustments	-82,6	43,8	-289%	-3,1	63,8	-105%
Tax effect of adjustments (9%)	7,4	-3,9	-289%	0,3	-5,7	-105%
Cleaned core PAT	946,9	448,1	+111%	1 532,1	794,4	+93%

- For transparency reasons, from Q2 2019 onwards the Group publishes “clean core” adjusted profit and loss categories. The Group adjusts its results besides the result of MyCity property development activity, with any 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 2022, the Group made the following one-off adjustments:
 - The Group paid compensation of HUF 8 million in relation to a transaction that occurred prior to the acquisition of Goldfinance and is covered by the seller's warranty. The enforcement of warranty is under progress.
 - The Group realized fair value gains on its investment property portfolio of HUF 29 million,
 - A net result of HUF 62 million was achieved on the revaluation of foreign currency positions.
- The Group’s **clean core EBITDA jumped by 101% to HUF 1 267 million** in Q2 2022 in comparison to the same period of 2021.
- The Group’s **clean core PAT increased by 111% and totaled HUF 947 million** in Q2 2022.

EVOLUTION OF CLEAN CORE RESULTS



- Duna House Group's clean core EBITDA and PAT have been steadily increasing since 2019.
- Quarterly clean core EBITDA jumped from HUF 400 million to HUF 1.3 billion by 2022.

REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2022 Q2	2021 Q2	2022 Q2	2021 Q2	2022 Q2	2021 Q2	2022 Q2	2021 Q2	2022 Q2	2021 Q2
Net sales revenue	1 717,1	1 141,0	2 092,4	2 117,5	86,9	113,6	5 182,6	0,0	9 079,0	3 372,1
EBITDA	531,8	293,8	29,0	209,3	-1,8	8,5	814,2	0,0	1 373,2	511,6
Operating income	459,0	234,3	13,5	188,2	-1,8	8,5	743,6	0,0	1 214,2	431,0
Profit after tax	475,1	121,6	10,6	141,8	-2,0	6,9	549,4	0,0	1 033,1	270,2

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2022Q1-2	2021Q1-2	2022Q1-2	2021Q1-2	2022Q1-2	2021Q1-2	2022Q1-2	2021Q1-2	2022Q1-2	2021Q1-2
Net sales revenue	3 372,3	2 085,0	4 202,8	3 626,3	183,2	199,8	9 236,6	0,0	16 994,9	5 911,2
EBITDA	974,2	613,6	149,8	315,8	-0,2	15,3	1 139,8	0,0	2 263,6	944,6
Operating income	838,3	512,8	114,2	272,6	-0,2	15,3	999,8	0,0	1 952,1	800,7
Profit after tax	782,1	341,7	82,8	201,4	-2,8	16,6	734,2	0,0	1 596,3	559,7

- The Group has repositioned itself on the international markets with the acquisition of HGroup. The Italian entities were responsible for over 50% of the Group`s consolidated revenues and nearly 60% of its EBITDA in Q2 2022. HGroup closed 2021 with a consolidated EBITDA of HUF 1.4 billion (EUR 3.9 million) as per Italian GAAP. HUF 750 million, 54% of the annual EBITDA was generated in H1 2021. *Technical note: In spite of Duna House Holding`s 70% shareholding, the 100% of HGroup is consolidated until and above net profit line in IFRS. The profit attributable to the 30% minority shareholders is show as `comprehensive income attributable to non-controlling interest`.*
- In Hungary revenues jumped by 50%, EBITDA increased by 75%. The turnover of the Hungarian operations was significantly impacted by the commencement of the handover of the Forest Hill apartments, which increased the turnover by HUF 440 million. The property development activity increased the Group`s EBITDA by a total of HUF 86 million, resulting in a Hungarian core EBITDA of HUF 446 million. This contains real estate portfolio appraisal results of HUF 29 million. For comparison, in Q2 2021, the core EBITDA related to the Hungarian core activity was HUF 412 million.
- The revenues of the Polish entities stagnated at HUF 2.1 billion on a year/year basis while EBITDA fell back to HUF 29 million (-86% YoY). The decrease in profit was caused by decrease in volume of high-margin own office and franchise activities an increase in operating costs (e.g. marketing). The credit market, dominated by variable rate loans, fell significantly due to interest rate increases (see page 15 for market specifics).
- The Czech subsidiaries closed the quarter with an 8% decrease in net sales revenue and EBITDA of -2 million.

2022 MANAGEMENT GUIDANCE FULFILLMENT

bIn HUF	2022 FY - 5 YR BP	2022 FY - Guidance	2022 H1 - Actuals	Completion in %
Clean core revenues	14,5		16,1	
Clean core EBITDA	2,4	3,2 - 5,1	2,2	53,0%
Clean core Net profit	1,6	1,9 - 3,3	1,5	57,7%
MyCity Property Development EBITDA		0,5 - 0,7	0,2	33,3%
MyCity Property Development PAT		0,3 - 0,4	0,1	28,6%
Duna House Group EBITDA		3,7 - 5,7	2,3	48,9%
Duna House Group PAT		2,1 - 3,7	1,6	55,2%

Despite the challenging market environment, Duna House Group's real estate and loan intermediation activities delivered an outstanding performance in the first half of 2022, delivered on the guidance, and achieved the targets set out in the 5-year business plan for the whole year. Handover of the apartments of the Forest Hill property development project is progressing as planned.

The Group's management is confident to reach its 2022 guidance in spite of the Russian-Ukrainian war and the macroeconomic uncertainties.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement Data in mHUF	1-6. 2022 (not audited)	1-6. 2021 (not audited)	Consolidated cash flow statement Data in mHUF	1-6. 2022 (not audited)	1-6. 2021 (not audited)
Cash flows from operating activities			Cash flows from investing activities		
Profit after tax	1 596,3	559,7	Payments for property, plant and equipment	326,4	-76,3
Adjustments:			Proceeds from the sale of properties	-290,4	55,8
Received / paid interests	45,6	156,8	Escrow account related to acquisition	-1 911,0	0,0
Depreciation	311,4	143,9	Assets held for sale and directly (...)	0,0	0,0
Deferred tax expense	18,5	-41,5	Other asset purchased	7,0	-29,6
Fair value adjustments of investment properties	-38,5	-23,7	Dividend received from joint venture	194,5	370,0
Share program	2,4	1,9	Acquisition of subsidiaries	-2 048,0	0,0
Change in Goodwill	-1 423,2	0,0	Net cash used in investing activities	-3 721,5	319,8
Share of profit of a joint venture	-79,6	-40,7			
The result of unrealized exchange differences	809,2	-21,2	Cash flows from financing activities		
Asset held for sale	0,0	0,0	Proceeds from borrowings	-307,4	76,0
Income tax expense	368,6	129,7	Treasury share transactions	-61,3	-9,1
Gross CF	1 610,7	864,9	Changes in right-of-use asset and leasing obligations	-170,8	-29,4
			Dividends paid	-1 134,3	-1 358,2
Movements of working capital			Bond issue	5 914,0	0,0
Increase in inventories	118,2	-426,7	Securities sold	0,0	0,0
Increase in trade- and other receivables	-1 580,1	-727,7	Received / paid interests	-9,7	22,1
Decrease of other assets	-1 393,9	14,8	Net cash generated from financing activities	4 230,5	-1 298,7
Increase of trade payables	-217,4	332,1			
Increase of other short term liabilities	1 974,6	-260,3	Net increase in cash and cash equivalents	1 324,2	-1 220,8
Increase in accruals	288,5	29,5	Cash and cash equivalents at the beginning of the year	5 226,5	6 169,5
Income taxes paid	14,7	-68,6	Exchange gains/(losses) on cash and cash equivalents	139,9	-83,3
Net cash generated by operating activities	815,3	-242,0	Cash and cash equivalents at the end of the year	6 690,7	4 865,4

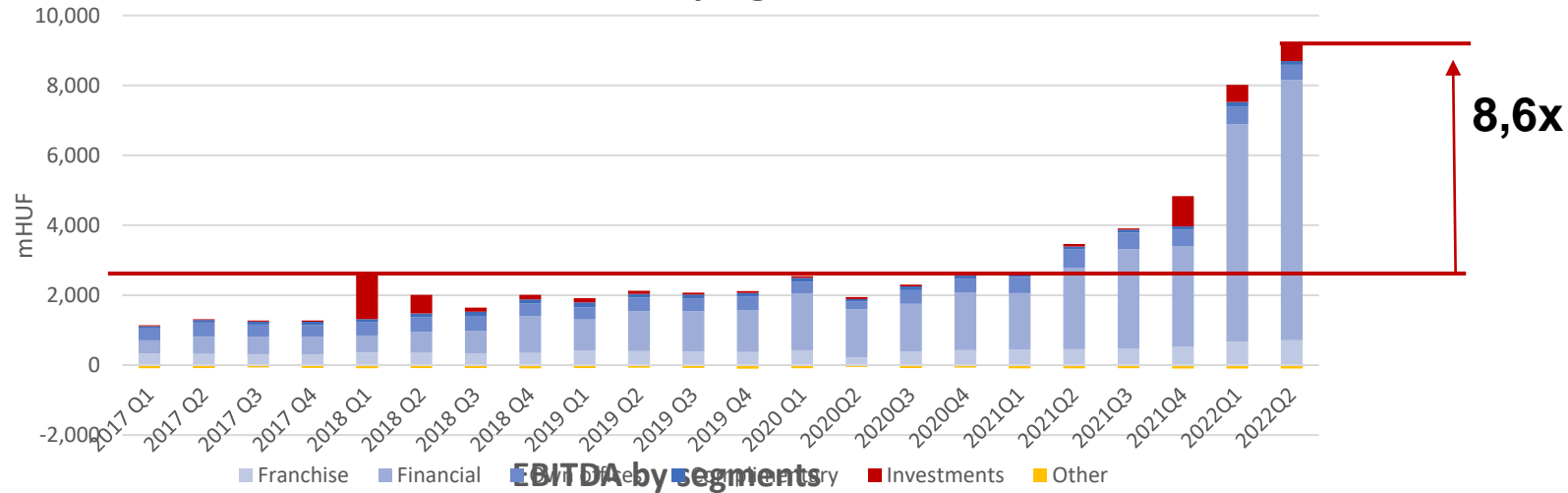
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Segment report



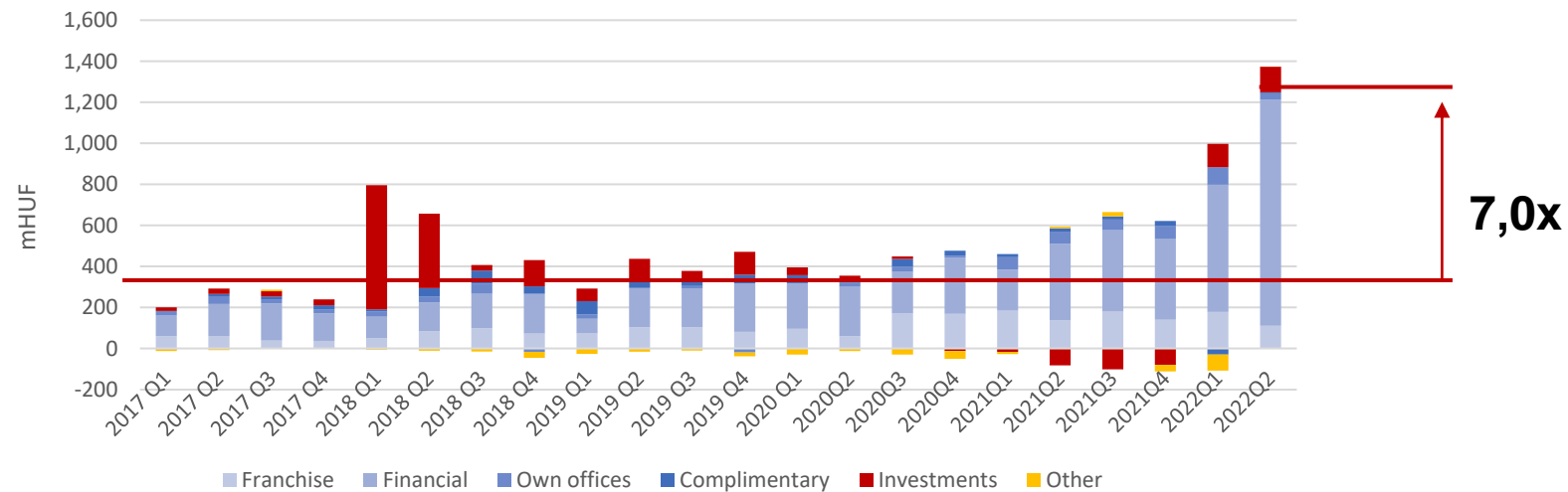
SEGMENT LEVEL RESULTS

Net revenue by segments



- Since the 2016 November IPO, Duna House Group **increased its quarterly revenues by 760% and EBITDA from services seven-fold.**
- *Note: the segment-level income statements do not include the results realized on the MyCity Residence project as they are presented by the Group under EBITDA under Share of profit from joint venture.*

EBITDA by segments



SEGMENT LEVEL RESULTS

CONSOLIDATED	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q2	Q2		(%)	Q1-Q2	Q1-Q2		(%)
Financial segment	7 440,5	2 329,9	+5 110,5	+219%	13 658,3	3 943,4	+9 714,9	+246%
Real estate franchise segment	713,8	453,9	+260,0	+57%	1 379,3	898,7	+480,6	+53%
Own office segment	432,5	533,3	-100,8	-19%	947,1	995,8	-48,6	-5%
Complementary segment	107,8	73,8	+34,0	+46%	235,0	149,1	+86,0	+58%
Investment segment	480,9	74,5	+406,4	+545%	970,2	109,5	+860,7	+786%
Other segment	-96,5	-93,3	-3,2	+3%	-195,0	-185,3	-9,7	+5%
Total net revenue	9 079,0	3 372,1	+5 707,0	+169%	16 994,9	5 911,2	+11 083,7	+188%
Financial segment	1 103,0	374,1	+728,9	+195%	1 722,9	574,2	+1 148,7	+200%
Real estate franchise segment	110,8	136,8	-26,0	-19%	289,2	321,0	-31,8	-10%
Own office segment	29,7	58,7	-29,0	-49%	114,9	119,5	-4,5	-4%
Complementary segment	4,7	16,5	-11,8	-72%	-25,0	31,5	-56,5	-179%
Investment segment	124,8	-82,0	+206,8	-252%	239,2	-98,0	+337,1	-344%
Other segment	0,1	7,5	-7,4	-99%	-77,6	-3,6	-74,1	+2076%
Total EBITDA	1 373,2	511,6	+861,6	+168%	2 263,6	944,6	+1 319,0	+140%
<i>Financial segment</i>	<i>15%</i>	<i>16%</i>	<i>-1%p</i>		<i>13%</i>	<i>15%</i>	<i>-2%p</i>	
<i>Real estate franchise segment</i>	<i>16%</i>	<i>30%</i>	<i>-15%p</i>		<i>21%</i>	<i>36%</i>	<i>-15%p</i>	
<i>Own office segment</i>	<i>7%</i>	<i>11%</i>	<i>-4%p</i>		<i>12%</i>	<i>12%</i>	<i>+0%p</i>	
<i>Complementary segment</i>	<i>4%</i>	<i>22%</i>	<i>-18%p</i>		<i>-11%</i>	<i>21%</i>	<i>-32%p</i>	
<i>Investment segment</i>	<i>26%</i>	<i>-110%</i>	<i>+136%p</i>		<i>25%</i>	<i>-89%</i>	<i>+114%p</i>	
<i>Other segment</i>	<i>0%</i>	<i>-8%</i>	<i>+8%p</i>		<i>40%</i>	<i>2%</i>	<i>+38%p</i>	
Total EBITDA margin	15%	15%	-0%p		13%	16%	-3%p	

- DH Group's net sales revenues and its EBITDA increased two and a half times in Q2 2022 YoY.
- Financial intermediation tripled both its revenue and EBITDA.
- The early-stage, loss-making Italian subsidiaries increased the revenues of the franchise real estate and complementary segments, while their EBITDA contribution was negative.
- *Changes in EBITDA were influenced by unique factors, which are presented on page 7 in the description of Clean core results*

SEGMENT LEVEL RESULTS

FINANCIAL SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q2	Q2		(%)	Q1-Q2	Q1-Q2		(%)
Net sales revenue	7 440,5	2 329,9	+5 110,5	+219%	13 658,3	3 943,4	+9 714,9	+246%
Direct expenses	5 332,4	1 782,9	+3 549,4	+199%	10 065,5	3 022,1	+7 043,4	+233%
Gross profit	2 108,1	547,0	+1 561,1	+285%	3 592,8	921,3	+2 671,5	+290%
Indirect expenses	1 005,1	172,9	+832,2	+481%	1 869,9	347,0	+1 522,9	+439%
EBITDA	1 103,0	374,1	+728,9	+195%	1 722,9	574,2	+1 148,7	+200%
<i>Gross profit margin (%)</i>	28%	23%	+5%		26%	23%	+3%	
<i>EBITDA margin (%)</i>	15%	16%	-1%		13%	15%	-2%	
Loan volume (bn HUF)	243,8	102,8	+141,0	+137%	453,4	176,4	+277,0	+157%
Hungary	26,1	27,4	-1,2	-5%	47,9	48,0	-0,1	-0%
Poland	80,3	75,5	+4,8	+6%	161,3	128,4	+32,9	+26%
Italy	137,4	0,0	+137,4		244,2	0,0	+244,2	

- The financial intermediation segment's growth exploded by the HGroup acquisition: Net sales revenue tripled and gross profit increased fourfold. Gross profit margin improved to 28%, while EBITDA margin reduced to 15% due to higher overhead in Italy. The segment's EBITDA grew to HUF 1.1 billion (+195% YoY).
- The brokered loan volume grew to HUF 137.4 billion (EUR 356.2 million) in Italy. The Q2 2021 volume of the Italian entities was EUR 337.3 million (+5.6% YoY).
- In Poland, the volume of loans intermediated by the Group increased to HUF 80.3 billion (+6.4%), while it decreased by 0.8% in PLN terms.
- The Group's Hungarian brokered loan volume decreased by 4.5% (YoY) reaching HUF 26.1 billion.

Market update

- The Italian market is dominated by loans of long interest periods. Analysts estimate a drop of 23% in total loan volume YoY driven by the increasing lending rates. In spite of that, the Group increased its volumes by overcoming the market drop through an increase in market share. Although the market share of intermediaries increased significantly from the pre-covid level of 10%, it is still just at 20%, offering further growth potential.
- In the Polish market, analysts expect housing loan disbursements to fall by 30-35% YoY. The peculiar situation is that, unlike the Hungarian and Italian markets, the Polish population has been borrowing at floating rates instead of fixed rates at the low-interest rates of recent years, which has caused a much bigger shock in a rising interest rate environment. This was addressed by the regulator by drastically tightening limits on borrowing, which is still a constraint for new lending. In the last two months, Polish banks have come up with new fixed-rate products (with lower interest rates than variable-rate loans). If combined with more favorable regulatory loan conditions in the future, they could boost lending.
- In Hungary, housing loans increased by 30% in the first half of 2022 on a year-on-year basis. The increase was mainly due to the rush for green loans, a product range where the participation of loan intermediaries was modest due to the very low commission cap.

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q2	Q2		(%)	Q1-Q2	Q1-Q2		(%)
Net sales revenue	713,8	453,9	+260,0	+57%	1 379,3	898,7	+480,6	+53%
Direct expenses	206,4	28,7	+177,7	+619%	334,3	61,1	+273,2	+447%
Gross profit	507,4	425,2	+82,3	+19%	1 045,0	837,6	+207,3	+25%
Indirect expenses	396,6	288,4	+108,2	+38%	755,8	516,7	+239,1	+46%
EBITDA	110,8	136,8	-26,0	-19%	289,2	321,0	-31,8	-10%
Gross profit margin (%)	71%	94%	-23%p		76%	93%	-17%p	
EBITDA margin (%)	16%	30%	-15%p		21%	36%	-15%p	
Network commission revenues*	4 068,1	3 541,3	+526,8	+15%	8 248,5	6 927,6	+1 320,9	+19%
Hungary	2 893,2	2 452,1	+441,2	+18%	6 008,0	4 928,8	+1 079,3	+22%
Poland	914,4	977,4	-63,0	-6%	1 786,3	1 793,9	-7,6	-0%
Czech Republic	87,3	111,8	-24,4	-22%	176,1	204,9	-28,8	-14%
Italy	173,1	0,0	+173,1		278,0	0,0	+278,0	
Network office numbers (pcs)	294	258	36	+14%	294	258	36	+14%
Hungary	164	167	-3	-2%	164	167	-3	-2%
Poland	104	90	14	+16%	104	90	14	+16%
Czech Republic	1	1	0	+0%	1	1	0	+0%
Italy	25	0	25		25	0	25	

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

Real Estate and Loan market data published by Duna House are available at the following link : <https://dh.hu/barometer>

Technical note: The Italian subsidiary, Realizza, does not operate in franchise model, but its business model resembles one. Its revenue equals the network commission revenue, while pays out 90% of the commission. Its gross profit per network commission revenue KPI equals 10%. The own office operation of Realizza (1 office currently) is not reported separately until it reaches significant size.

- EBITDA realized in the franchise segment decreased by 19% (YoY) to HUF 111 million due to the currently loss-making operation in Italy and a substantial Polish marketing campaign.
- Duna House Group's real estate brokerage networks achieved a total commission income of HUF 4.1 billion (+15% YoY). The growth was the highest in Hungary, where commission revenues increased by 18% reaching HUF 2.9 billion.
- In Poland, volumes were down 6% compared to the record-breaking second quarter of 2021, but were up by 5% compared to the first quarter of 2022. The Group is in a growth phase, having added 14 offices in one year.
- In Italy, real estate brokerage activity is being developed. The subsidiary reached commission revenues of HUF 173 million with 25 offices while exceeding the volumes of the first quarter by 65%. The real estate brokerage segment is currently loss-making at the EBITDA level due to its small size. Management's two-year focus will be on expanding the network while improving profitability is secondary for the time being.
- Volumes in the Czech Republic were reduced by 22%.

SEGMENT LEVEL RESULTS

OWN OFFICE SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q2	Q2		(%)	Q1-Q2	Q1-Q2		(%)
Net sales revenue	432,5	533,3	-100,8	-19%	947,1	995,8	-48,6	-5%
Direct expenses	253,1	347,9	-94,8	-27%	539,4	635,9	-96,4	-15%
Gross profit	179,4	185,4	-6,0	-3%	407,7	359,9	+47,8	+13%
Indirect expenses	149,7	126,7	+23,0	+18%	292,8	240,4	+52,3	+22%
EBITDA	29,7	58,7	-29,0	-49%	114,9	119,5	-4,5	-4%
<i>Gross profit margin (%)</i>	<i>41%</i>	<i>35%</i>	<i>+7%</i>		<i>43%</i>	<i>36%</i>	<i>+7%</i>	
<i>EBITDA margin (%)</i>	<i>7%</i>	<i>11%</i>	<i>-4%</i>		<i>12%</i>	<i>12%</i>	<i>+0%</i>	
Networ commission revenues*	556,4	569,9	-13,5	-2%	556,4	569,9	-13,5	-2%
Hungary	297,6	203,9	+93,7	+46%	297,6	203,9	+93,7	+46%
Poland	171,5	254,0	-82,5	-32%	171,5	254,0	-82,5	-32%
Czech Republic	87,3	112,0	-24,7	-22%	87,3	112,0	-24,7	-22%
Network office numbers (pcs)	24	22	2	+9%	24	22	2	+9%
Hungary	15	13	2	+15%	15	13	2	+15%
Poland	8	8	0	+0%	8	8	0	+0%
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 HUF 179 million in gross profit (-3% YoY) on network commission revenues of HUF 556 million (-2% YoY). Performance declined across the board compared to Q1 2022 due to the high-interest rate environment.
- In Hungary, commission income grew by 46% year-on-year on a strong activity level, but it was down by 11% from the record first quarter.
- In Poland, volumes were down by 32% year-on-year due to a combined fall in the loan and real estate markets.
- The segment's EBITDA margin decreased to 7%, EBITDA rose to HUF 30 million.
- Office numbers increased by two within a year.

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT <i>(data in mHUF)</i>	2022 Q2	2021 Q2	Variance	Variance (%)	2022 Q1-Q2	2021 Q1-Q2	Variance	Variance (%)
Net sales revenue	107,8	73,8	+34,0	+46%	235,0	149,1	+86,0	+58%
Direct expenses	25,3	20,0	+5,3	+27%	43,9	41,5	+2,4	+6%
Gross profit	82,5	53,7	+28,7	+53%	191,2	107,6	+83,6	+78%
Indirect expenses	77,8	37,3	+40,5	+109%	216,1	76,1	+140,0	+184%
EBITDA	4,7	16,5	-11,8	-72%	-25,0	31,5	-56,5	-179%
<i>Gross profit margin (%)</i>	77%	73%	+4%		81%	72%	+9%	
<i>EBITDA margin (%)</i>	4%	22%	-18%		-11%	21%	-32%	
Housing found NAV	1 820,8	3 494,9	-1 674,1	-48%	1 980,8	3 570,6	-1 589,9	-45%

- Net sales revenue of the complementary services segment reached HUF 108 million during the quarter (+46% YoY). Growth was driven by the acceleration of the property management activity of Home Management. The restructuring of Relabora, which generated significant revenue in the first quarter, was completed and its quarterly loss narrowed by HUF 37 million, turning the segment's EBITDA back into positive territory.
- The Group launched a proptech service called Primse.com for residential property development clients in the third quarter of 2021. The newly launched business is expected to be loss-making in the first quarters.
- The average net asset value of the Duna House Housing Fund amounted to HUF 1.8 billion during the quarter (-48% y/y). The COVID pandemic induced investor uncertainty and the 180-day redemption obligation imposed by the regulators sets a barrier to further household capital inflows.
- With an improving margin ratio, the segment generated an EBITDA margin of 4% on sales.

SEGMENT LEVEL RESULTS



INVESTMENT SEGMENT <i>(data in mHUF)</i>	2022 Q2	2021 Q2	Variance	Variance (%)	2022 Q1-Q2	2021 Q1-Q2	Variance	Variance (%)
Net sales revenue	480,9	74,5	+406,4	+545%	970,2	109,5	+860,7	+786%
Direct expenses	-124,6	42,8	-167,4	-391%	416,1	67,9	+348,2	+513%
Gross profit	605,5	31,7	+573,8	+1807%	554,0	41,6	+512,5	+1232%
Indirect expenses	480,7	113,8	+366,9	+323%	314,9	139,6	+175,3	+126%
EBITDA	124,8	-82,0	+206,8	-252%	239,2	-98,0	+337,1	-344%
<i>Gross profit margin (%)</i>	<i>126%</i>	<i>43%</i>	<i>+83%</i>		<i>57%</i>	<i>38%</i>	<i>+19%</i>	
<i>EBITDA margin (%)</i>	<i>26%</i>	<i>-110%</i>	<i>+136%</i>		<i>25%</i>	<i>-89%</i>	<i>+114%</i>	
Carrying amount of properties	3 250,0	2 143,1	+1 106,9	+52%	3 250,0	2 143,1	+1 106,9	+52%
Carrying amount of investment purpose properties	1 597,6	1 837,2	-239,6	-13%	1 597,6	1 837,2	-239,6	-13%
Carrying amount of operational properties	1 652,4	305,9	+1 346,5	+440%	1 652,4	305,9	+1 346,5	+440%
Number of properties (pcs) **	18	18	+0	+0%	18	18	+0	+0%
Number of investment purpose properties	12	15	-3	-20%	12	15	-3	-20%
Number of operational properties	6	3	+3	+100%	6	3	+3	+100%

- Property development activities generated a total EBITDA-level profit of HUF 125 million in the quarter, of which profit of HUF 86 million is related to MyCity property development project. The real estate portfolio of the group generated a positive EBITDA of HUF 39 million.
- MyCity project's handover phase for Forest Hill residential park continued during the quarter, resulting in HUF 104 million at the EBITDA level.
- Investment purpose properties are valued at market value by an independent appraiser on 30 June and on 31 December each year. Property portfolio was revalued by HUF 28.5 million during the quarter.
- The table does not include the result of the 50% owned MyCity Residence project (Hunor utca, District III, Budapest) as it is recognized through equity consolidation in the Group's financial statements.

PROPERTY DEVELOPMENT ACTIVITY

Duna House Group manages the development of 211 flats in 2 projects under MyCity brand, as follows:



	Forest Hill Budapest District III.	MyCity Panorama Budapest District III.	Összesen
Duna House Group's share in Project	100%	100%	
Landsize (m2)	Total FH and FHP: 29,314		29,314
Sellable area (m2)	11,837	4,605	16,442
Number of Apartments (pcs.)	154	57	211
Average Apartments size (m2)	76.9	80.7	77.9
Total expected cash flow (net of project loan)	HUF 4.7-4.8 bn		
	Future usage: acquisition or dividend payment		
Actual status of Projects	<ul style="list-style-type: none"> • Handover phase • The appartements' technical completion is ongoing. • The project's sales ratio was 70% as of the end of Q2 2022. 	<ul style="list-style-type: none"> • Given the current situation in the construction industry, the Group is considering whether to proceed with the project. 	.
			

SEGMENT LEVEL RESULTS

OTHER- AND CONSOLIDATION SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q2	Q2		(%)	Q1-Q2	Q1-Q2		(%)
Net sales revenue	-96,5	-93,3	-3,2	+3%	-195,0	-185,3	-9,7	+5%
Direct expenses	-58,4	-15,3	-43,1	+283%	-117,2	-37,9	-79,2	+209%
Gross profit	-38,1	-78,0	+39,9	-51%	-77,9	-147,4	+69,5	-47%
Indirect expenses	-38,2	-85,6	+47,4	-55%	-0,3	-143,8	+143,6	-100%
EBITDA	0,1	7,5	-7,4	-99%	-77,6	-3,6	-74,1	+2076%
<i>Gross profit margin (%)</i>	<i>39%</i>	<i>84%</i>	<i>-44%</i>		<i>40%</i>	<i>80%</i>	<i>-40%</i>	
<i>EBITDA margin (%)</i>	<i>0%</i>	<i>-8%</i>	<i>+8%</i>		<i>40%</i>	<i>2%</i>	<i>+38%</i>	

- Under the Other and consolidation segment we present the supporting holding activity of Duna House Holding Nyrt. and Hgroup S.p.a., income and expenses eliminated during the consolidation of the Group and the result of consolidation amendments.
- The quarterly expenses of the holding, which are not charged on any operating segments 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 IN CHANGES OF EQUITY

data in million HUF	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total equity
31 December 2020	172,0	1 526,2	83,3	5 318,3	6 906,2	-64,2	6 842,0
Dividend paid				-1 388,4	-1 388,4		-1 388,4
Total comprehensive income			29,2	1 470,4	1 499,6	0,2	1 499,7
Purchase of treasury shares					-49,8		-49,8
Employee Share-based payment provision		18,0			18,0		18,0
31 December 2021	172,0	1 544,1	112,5	5 400,3	6 985,5	-64,0	6 921,5
Dividend paid				-1 175,7	-1 175,7		-1 175,7
Total comprehensive income			586,1	1 381,9	1 968,0	709,3	2 677,4
Purchase of treasury shares					-61,3		-61,3
Employee Share-based payment provision		2,4			2,4		2,4
30 June 2022	172,0	1 546,5	698,6	5 606,5	7 718,9	645,3	8 364,2

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 2022Q2 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 2023.

Budapest, 31 August 2022.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymshiz, Board of Directors, President