

DUNA HOUSE GROUP

2022.Q3 Quarterly report

29 November 2022



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EXECUTIVE SUMMARY- 2022 THIRD QUARTER

Quarterly results

- **Duna House Group (the "Group") closed Q3 2022 with 120% year-on-year growth in revenues to HUF 8.4 billion and 60% increase in EBITDA to HUF 904 million.**
- Following the strong results of Q2 2022, the Group's core profit lines have declined from the record highs due to real estate and loan market downturn caused by rate hikes. Strengthened by the Italian acquisition, in possession of record high cash levels and handing over the units of the successfully completed Forest Hill project, the Group is ready to face the challenges of these special times.
- In Q3 2022, the Group reached revenues of HUF 8.4 billion (+120% yoy) and clean core EBITDA of HUF 686 million (+3% yoy). Its clean core PAT amounted to HUF 501 million with 2% yoy increase. The ongoing handover of Forest Hill apartments had a significant addition to the Group's results, while core loan, real estate and related volumes declined this quarter. 30% of the units have been handed over to buyers until the end of the third quarter generating accumulated revenues of HUF 2.9 billion and EBITDA of HUF 490 million, of which revenues of HUF 1.1 billion and EBITDA of HUF 266 million in Q3 alone. At current list prices, the Group expects additional cash inflow of HUF 6.1 billion after 30 September 2022.
- Italian activities reached quarterly EBITDA of HUF 437 million. Hungarian businesses generated EBITDA of HUF 533 million, while Poland dropped to -52 million EBITDA in a market dominated by variable rate loans (please refer to page 15 for market specifics). Management focuses on expanding the network and gaining market share. It believes the currently extraordinarily strong barriers on lending will be eased on the short term and the Polish market will return to its growth path.

Guidance 2022

- The Group has passed the lower-end of its annual core and consolidated PAT guidance after the first nine months. The management is confident that the core and consolidated EBITDA levels will also close the year within the guidance range.

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2022 Q3	2021 Q3	Variance		2022 Q1-Q3	2021 Q1-Q3	Variance	
	(not audited)	(not audited)	mHUF	%	(not audited)	(not audited)	mHUF	%
Net sales revenue	8 385,0	3 817,3	+4 567,7	+120%	25 379,8	9 728,5	+15 651,4	+161%
Other operating income	69,8	24,9	+44,9	+180%	358,8	241,6	+117,1	+48%
Change in stocks of finished products and work in progress	525,0	-371,9	+896,9	-241%	717,1	-1 002,3	+1 719,4	-172%
Consumables used	57,1	61,4	-4,3	-7%	182,5	195,7	-13,2	-7%
Cost of goods and services sold	541,6	664,6	-123,0	-19%	1 653,4	1 721,9	-68,4	-4%
Services purchased	5 852,7	2 559,6	+3 293,1	+129%	17 896,6	6 316,1	+11 580,5	+183%
Personnel expenses	440,5	216,0	+224,5	+104%	1 578,0	619,4	+958,6	+155%
Other operating expenses	133,9	149,5	-15,7	-10%	543,4	611,7	-68,3	-11%
EBITDA	904,1	563,1	+341,0	+61%	3 167,6	1 507,7	+1 660,0	+110%
Depreciation and amortization	89,2	52,0	+37,2	+71%	265,6	132,0	+133,6	+101%
Depreciation of right-of-use assets	70,2	40,5	+29,7	+73%	205,2	104,4	+100,8	+96%
Operating income (EBIT)	744,7	470,5	+274,1	+58%	2 696,8	1 271,2	+1 425,6	+112%
Finance income	269,4	81,1	+188,3	+232%	519,1	108,0	+411,0	+380%
Finance costs	161,7	73,3	+88,4	+121%	456,9	257,0	+200,0	+78%
Share of the profits of a joint venture	0,6	70,3	-69,7	-99%	80,1	110,9	-30,8	-28%
Profit before tax	853,0	548,6	+304,3	+55%	2 839,1	1 233,2	+1 605,8	+130%
Income tax expense	125,9	83,4	+42,5	+51%	515,7	208,3	+307,4	+148%
Profit after tax	727,1	465,3	+261,8	+56%	2 323,4	1 025,0	+1 298,4	+127%
Currency translation difference	530,3	-1,8	+532,0	-29 934%	1 160,5	28,8	+1 131,7	+3 930%
Other comprehensive income	530,3	-1,8	+532,0	-29 934%	1 160,5	28,8	+1 131,7	+3 930%
Total comprehensive income attributable to	1 257,3	463,5	+793,8	+171%	3 483,9	1 053,8	+2 430,1	+231%
Shareholders of the Company	1 152,5	482,5	+670,0	+139%	3 120,5	1 080,4	+2 040,2	+189%
Non-controlling interest	104,8	1,0	+103,8	+9 946%	363,3	-6,6	+369,9	-5 601%
Earnings per share (basic and diluted)	18,6	13,0	+5,6	+43%	57,4	28,6	+28,7	+100%

Comments

- The Group quarterly revenues stood at HUF 8.4 billion (+120% y/y), its composition has changed due to the intensifying handover of Forest Hill apartments and decreasing volume in the core activity. EBITDA was HUF 0.9 billion (+61% y/y). *Changes in EBITDA were influenced by unique factors, which are presented on page 7, [Clean core result](#).*
- 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 1 146 million in revenues against an inventory value of HUF 736 million.
- The value of services purchased is significantly increased by the consolidation of Hgroup and the increased loan brokerage activity.
- The Group booked a foreign exchange gains of HUF 144.3 million on foreign currency positions (in Q3 2022 foreign exchange gain was HUF 69.7 million) and realized HUF 72 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 105 million) and the interest rates of bank loans of the consolidated Italian entities.
- PAT of Q3 2022 was higher by HUF 262 million compared to the same period of 2021. **The clean core PAT amounted to HUF 501 million, thereby HUF 12 million above Q3 2021. MyCity activity improved it by HUF 139 million and extraordinary items by another HUF 88 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 Sept 2022 (not audited)	31 December 2021 (Audited)	Variance	
			mHUF	%
Goodwill	11 306,5	1 775,5	+9 530,9	+537%
Investment property	1 365,5	1 849,5	-484,0	-26%
Property, plant	1 841,1	409,1	+1 432,1	+350%
Right-of-use asset	1 554,7	347,4	+1 207,3	+348%
Other	1 125,1	1 210,0	-84,9	-7%
Non-current assets	17 192,8	5 244,1	+11 948,8	+228%
Inventories	6 673,5	7 418,9	-745,4	-10%
Trade receivables	2 006,9	2 102,1	-95,1	-5%
Restricted cash	219,0	1 270,5	-1 051,5	-83%
Cash and cash equivalents	8 663,3	5 226,5	+3 436,7	+66%
Accruals	1 765,5	734,5	+1 031,0	+140%
Other	2 668,4	615,9	+2 052,4	+333%
Current assets	21 996,5	17 368,4	+4 628,2	+27%
Total assets	39 189,4	22 612,5	+16 576,9	+73%
Share capital	9 620,8	6 921,5	+2 699,4	+39%
Borrowings	14 540,7	6 909,5	+7 631,2	+110%
Other non-current liabilities	5 748,9	591,3	+5 157,6	+872%
Non-current liabilities	20 289,6	7 500,8	+12 788,8	+171%
Borrowings	592,0	4 373,4	-3 781,3	-86%
Trade payables	2 117,4	1 321,1	+796,3	+60%
Deferrals	1 588,4	369,3	+1 219,1	+330%
Other liabilities	4 981,1	2 126,5	+2 854,6	+134%
Current liabilities	9 278,9	8 190,2	+1 088,7	+13%
Total equity and liabilities	39 189,4	22 612,5	+16 576,9	+73%

Comments

- Goodwill increased by HUF 9.5 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. The remaining goodwill element amounting HUF 1.8 billion is predominantly related to the acquisitions in Poland and will be subject to usual impairment testing at the end of 2022.
- Value of the investment property portfolio decreased by HUF 484 million due to the price appreciation of HUF 64m and the sale of HUF 550 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 745 million since the end of the previous year due to the following key effects: i) capitalized construction and interest costs of HUF 1 178 million for ongoing development projects; ii) sold development properties with a total book value of HUF 1 895 million.
- Trade receivables amounted HUF 2.0 billion. Receivables increased by HUF 1.2 billion due to HGroup consolidation and decreased by the same magnitude due to handovers of Forest Hill. Accruals increased due to HGroup consolidation. Other receivables increased due to the Hgroup acquisition, of which HUF 640 million is receivable from the sellers.
- The consolidated equity of the Group amounted HUF 9.6 billion on 30 September 2022. The Company held 664,287 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.
- At the end of the quarter loans amounted to HUF 15.1 billion, out of which HUF 12.9 billion are liabilities from bonds with interests, HUF 2.2 billion bank loans of HGroup in Italy. Non-recourse project loans has been repaid during the quarter. The core activity's net debt amounts to HUF 6.5 billion, 1.9x the Group's 12-month trailing clean core EBITDA.

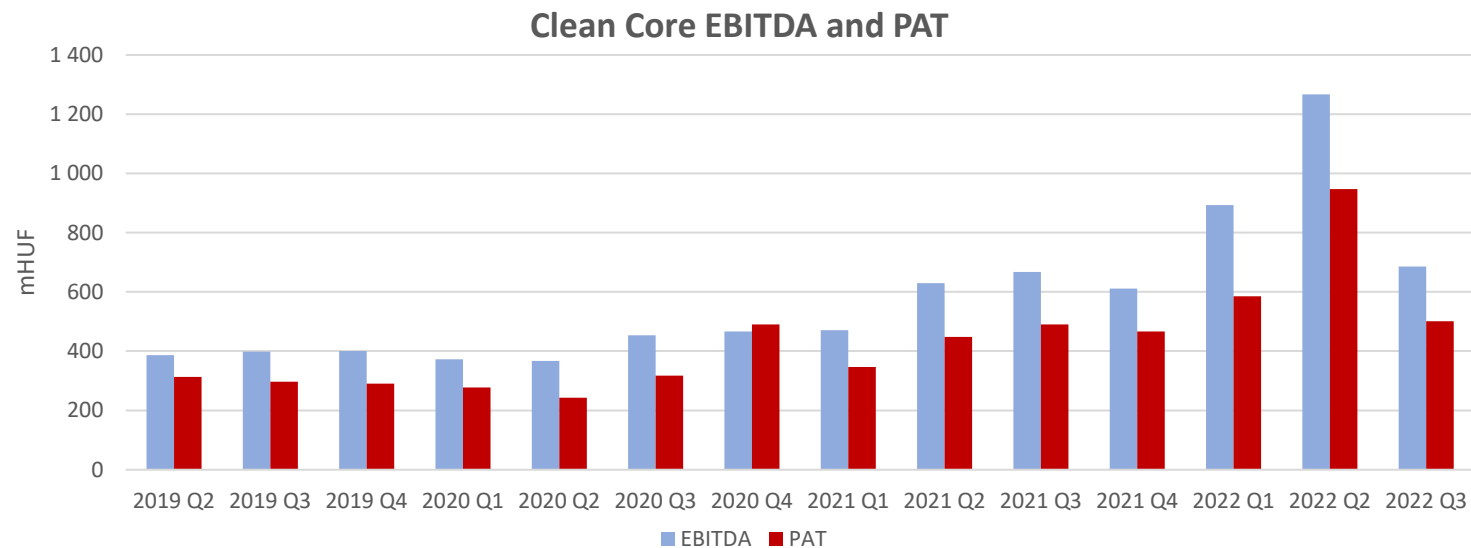
CLEAN CORE RESULT

data in million of HUF	2022Q3	2021Q3	Variance %	2022 Q1-Q3	2021 Q1-Q3	Variance %
EBITDA	904,1	563,1	+61%	3 167,6	1 507,7	+110%
(-) MyCity EBITDA	266,5	-122,3	-318%	437,2	-295,9	-248%
Core EBITDA	637,6	685,4	-7%	2 730,5	1 803,6	+51%
(-) Costs related to before acquisition date	0,0	0,0		-8,1	0,0	
(-) Result of portfolio appraisal	25,6	0,0	+0%	64,1	23,7	+171%
(-) COVID subsidy	0,0	18,3	-100%	0,0	18,3	-100%
(-) Audit cost related to past quarters	-46,0	0,0	+0%	0,0	0,0	+0%
(-) Acquisition costs	-27,9	0,0	+0%	-125,9	-5,6	+2149%
Total core adjustments	48,3	-18,3	-364%	115,9	-36,4	-419%
Cleaned core EBITDA	685,9	667,1	+3%	2 846,4	1 767,2	+61%

data in million of HUF	2022Q3	2021Q3	Variance %	2022 Q1-Q3	2021 Q1-Q3	Variance %
Profit after tax	727,1	465,3	+56%	2 323,4	1 025,0	+127%
(-) Profit after tax for MyCity	138,5	-104,6	-232%	199,9	-281,2	-171%
Core PAT	588,6	569,9	+3%	2 123,4	1 306,2	+63%
(-) Costs related to before acquisition date	0,0	0,0		-8,1	0,0	
(-) Result of portfolio appraisal	25,6	0,0	+0%	64,1	23,7	+171%
(+/-) Result of foreign currency exchange	144,3	69,7	+107%	215,0	-12,1	-1878%
(-) COVID subsidy	0,0	18,3	-100%	0,0	18,3	-100%
(-) Audit cost related to past quarters	-46,0	0,0	+0%	0,0	0,0	+0%
(-) Acquisition costs	-27,9	0,0	+0%	-125,9	-5,6	+2149%
Total core adjustments	-96,0	-88,1	+9%	-99,1	-24,3	+308%
Tax effect of adjustments (9%)	8,6	7,9	+9%	8,9	2,2	+308%
Cleaned core PAT	501,2	489,7	+2%	2 033,3	1 284,1	+58%

- 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 Q3 2022, the Group made the following one-off adjustments:
 - The Group realized fair value gains on its investment property portfolio of HUF 26 million,
 - Audit cost of HUF 46 million was booked related to H1 2022 following the halfyear closing after the appointment of E&Y re. financial year 2022.
 - Acquisition cost of HUF 28 million was paid related to Hgroup acquisition and upfront settlement of future finders fees.
 - A net result of HUF 144 million was achieved on the revaluation of foreign currency positions.
- The Group’s **clean core EBITDA increased by 3% to HUF 686 million** in Q3 2022 in comparison to the same period of 2021.
- The Group’s **clean core PAT elevated by 2% and totaled HUF 501 million** in Q2 2022.

EVOLUTION OF CLEAN CORE RESULTS



- The growth path of Duna House Group's clean core EBITDA and PAT has halted in Q3 2022: adjusted profit levels decreased by 46% compared to Q2 2022.
- Quarterly clean core EBITDA amounted HUF 686 million in Q3, down from 1 267 million in Q2 (-581 million). The qoq decline was driven by three items
 - The Italian subsidiaries generated lower EBITDA by HUF 380 million (-46%), than in Q3, due to summer seasonality (especially August),
 - Hungarian core activities lowered their EBITDA by HUF 100 million (-25%),
 - Polish subsidiaries turned to loss-making by EBITDA decline of HUF 80 million.

REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2022 Q3	2021 Q3	2022 Q3	2021 Q3	2022 Q3	2021 Q3	2022 Q3	2021 Q3	2022 Q3	2021 Q3
Net sales revenue	2 215,7	1 132,1	1 331,9	2 574,1	85,0	111,1	4 752,4		8 385,0	3 817,3
EBITDA	533,0	260,2	-52,4	283,7	-13,0	19,1	436,6		904,1	563,1
Operating income	467,2	199,7	-70,6	251,7	-13,0	19,1	361,1		744,7	470,5
Profit after tax	553,5	248,8	-56,3	199,1	-13,5	17,3	243,3		727,1	465,3

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2022Q1-3	2021Q1-3	2022Q1-3	2021Q1-3	2022Q1-3	2021Q1-3	2022Q1-3	2021Q1-3	2022Q1-3	2021Q1-3
Net sales revenue	5 588,0	3 217,1	5 534,7	6 200,4	268,2	310,9	13 989,0		25 379,8	9 728,5
EBITDA	1 507,1	873,8	97,3	599,5	-13,2	34,4	1 576,4		3 167,6	1 507,7
Operating income	1 305,5	712,6	43,6	524,3	-13,2	34,4	1 360,9		2 696,8	1 271,2
Profit after tax	1 335,6	590,6	26,6	400,5	-16,2	33,9	977,5		2 323,4	1 025,0

- 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 50% of its EBITDA in Q3 2022. HGroup closed 2021 with a consolidated EBITDA of HUF 1.4 billion (EUR 3.9 million) as per Italian GAAP, which level was exceeded within three quarters in 2022. *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 96%, EBITDA increased by 105%. 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 1.1 billion. The property development activity increased the Group`s EBITDA by a total of HUF 267 million, resulting in a Hungarian core EBITDA of HUF 266 million. This contains one-off costs of HUF 21 million. For comparison, in Q3 2021, the core EBITDA related to the Hungarian core activity was HUF 383 million.
- The revenues of the Polish entities halved on a year/year basis while EBITDA turned to loss of HUF 52 million due to a drastic drop in volumes and increase of operating costs. 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 23%% decrease in net sales revenue and EBITDA of -13 million.

2022 MANAGEMENT GUIDANCE FULFILLMENT

bIn HUF	2022 FY - 5 YR BP	2022 FY - Guidance	2022 Q1-Q3 - Actuals	Completion
Clean core revenues	14,5		23,4	
Clean core EBITDA	2,4	3,2 - 5,1	2,8	<i>In progress</i>
Clean core Net profit	1,6	1,9 - 3,3	2,0	✓
MyCity Property Development EBITDA		0,5 - 0,7	0,4	<i>In progress</i>
MyCity Property Development PAT		0,3 - 0,4	0,2	<i>In progress</i>
Duna House Group EBITDA		3,7 - 5,7	3,2	<i>In progress</i>
Duna House Group PAT		2,1 - 3,7	2,3	✓

Duna House Group's real estate and loan intermediation activities delivered on the guidance, and achieved the lower thresholds of the core and consolidated PAT targets in nine months.

Handover of the apartments of the Forest Hill property development project is progressing as planned. The total expected cash inflow from the project is HUF 6.5 billion after full repayment of the project loan that happened in July 2022. Of this, HUF 0.4 billion cash-in was realized until 30 September 2022, HUF 2.5 billion is expected to be collected by 31 March 2022 and additional HUF 3.6 billion by end of year 2023.

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	1-9. 2022 (not audited)	1-9. 2021 (not audited)	Consolidated cash flow statement Data in mHUF	1-9. 2022 (not audited)	1-9. 2021 (not audited)
Cash flows from operating activities			Cash flows from investing activities		
Profit after tax	2 323,4	1 025,0	Payments for property, plant and equipment	-456,1	-151,9
Adjustments:			Proceeds from the sale of properties	550,1	55,8
Received / paid interests	-62,1	148,9	Escrow account related to acquisition	0,0	0,0
Depreciation	470,8	236,5	Assets held for sale and directly (...)	0,0	0,0
Deferred tax expense	-58,7	-69,7	Other asset purchased	-20,5	-35,9
Fair value adjustments of investment properties	-64,1	-23,7	Dividend received from joint venture	194,5	370,0
Share program	8,8	8,6	Acquisition of subsidiaries	-2 048,0	0,0
Change in Goodwill	-1 282,9	0,0	Net cash used in investing activities	-1 780,0	238,0
Share of profit of a joint venture	-80,1	-110,9			
			Cash flows from financing activities		
The result of unrealized exchange differences	1 433,1	-20,8	Proceeds from borrowings	-4 798,5	334,4
Asset held for sale	0,0	0,0	Treasury share transactions	-93,0	-14,5
Income tax expense	580,7	204,8	Changes in right-of-use asset and leasing obligations	-254,9	27,3
Gross CF	3 268,7	1 398,7	Dividends paid	-1 153,2	-1 373,3
			Bond issue	5 694,1	-199,7
Movements of working capital			Securities sold	0,0	0,0
Increase in inventories	745,4	-970,7	Received / paid interests	-222,1	21,0
Increase in trade- and other receivables	2 052,6	-861,2	Net cash generated from financing activities	-827,6	-1 204,9
Decrease of other assets	-952,4	-100,9			
Increase of trade payables	-923,0	516,8	Net increase in cash and cash equivalents	3 152,5	-1 151,5
Increase of other short term liabilities	889,7	-262,0	Cash and cash equivalents at the beginning of the year	5 226,5	6 169,5
Increase in accruals	889,9	135,5	Exchange gains/(losses) on cash and cash equivalents	284,2	-14,1
Income taxes paid	-210,9	-40,8			
Net cash generated by operating activities	5 760,1	-184,6	Cash and cash equivalents at the end of the year	8 663,3	5 003,9

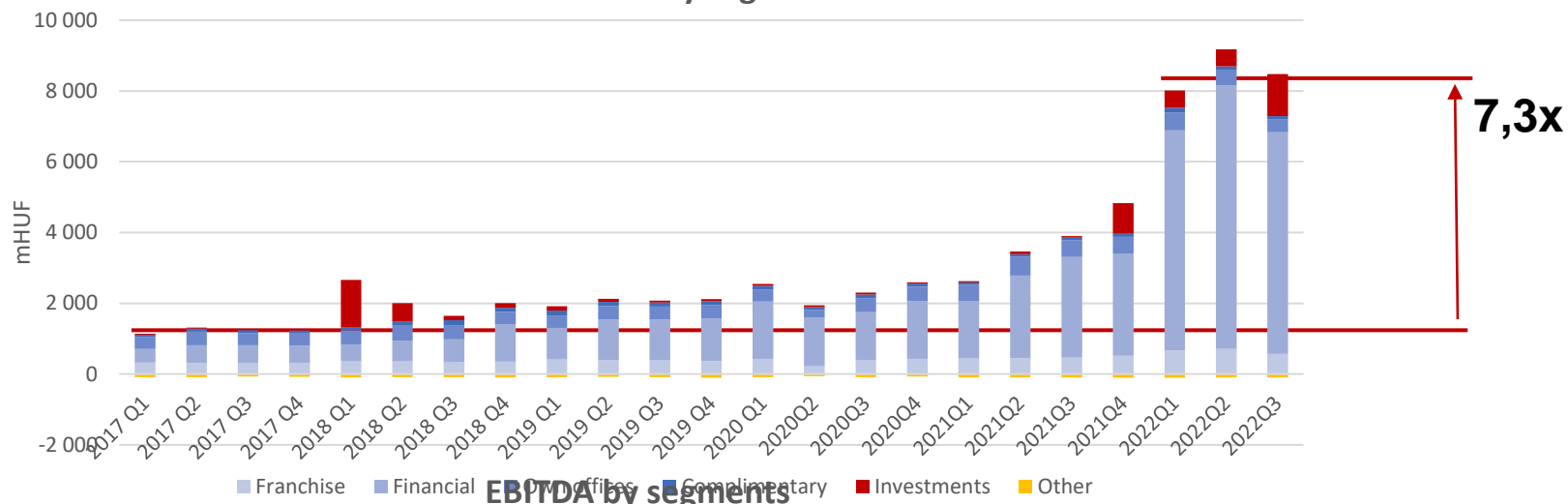
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Segment report



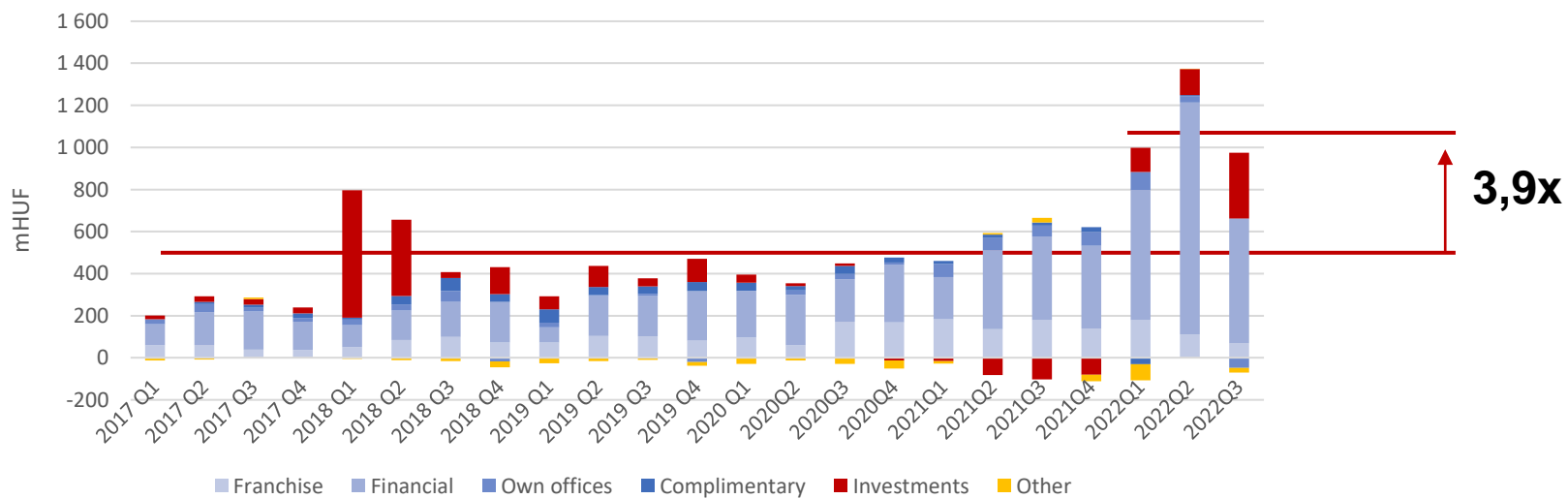
SEGMENT LEVEL RESULTS

Net revenue by segments



- Since the 2016 November IPO, Duna House Group **increased its 1-9month revenues by 630% and EBITDA from services four-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>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Financial segment	6 260,8	2 848,5	+3 412,3	+120%	19 919,1	6 791,9	+13 127,1	+193%
Real estate franchise segment	575,5	464,8	+110,7	+24%	1 954,8	1 363,5	+591,3	+43%
Own office segment	355,9	472,7	-116,8	-25%	1 303,1	1 468,5	-165,4	-11%
Complementary segment	100,2	88,3	+11,9	+13%	335,2	237,4	+97,8	+41%
Investment segment	1 182,9	33,8	+1 149,1	+3400%	2 153,1	143,3	+2 009,8	+1402%
Other segment	-90,4	-90,9	+0,5	-1%	-285,5	-276,2	-9,2	+3%
Total net revenue	8 385,0	3 817,3	+4 567,7	+120%	25 379,8	9 728,5	+15 651,4	+161%
Financial segment	592,9	396,7	+196,2	+49%	2 315,7	970,9	+1 344,8	+139%
Real estate franchise segment	67,9	217,3	-149,3	-69%	357,1	538,3	-181,1	-34%
Own office segment	-48,2	52,4	-100,6	-192%	66,7	171,8	-105,2	-61%
Complementary segment	1,5	15,0	-13,5	-90%	-23,5	46,5	-70,0	-151%
Investment segment	311,9	-101,9	+413,8	-406%	551,1	-199,9	+751,0	-376%
Other segment	-21,9	-16,4	-5,5	+34%	-99,5	-20,0	-79,6	+399%
Total EBITDA	904,1	563,1	+341,0	+61%	3 167,6	1 507,7	+1 660,0	+110%
<i>Financial segment</i>	<i>9%</i>	<i>14%</i>	<i>-4%p</i>		<i>12%</i>	<i>14%</i>	<i>-3%p</i>	
<i>Real estate franchise segment</i>	<i>12%</i>	<i>47%</i>	<i>-35%p</i>		<i>18%</i>	<i>39%</i>	<i>-21%p</i>	
<i>Own office segment</i>	<i>-14%</i>	<i>11%</i>	<i>-25%p</i>		<i>5%</i>	<i>12%</i>	<i>-7%p</i>	
<i>Complementary segment</i>	<i>1%</i>	<i>17%</i>	<i>-16%p</i>		<i>-7%</i>	<i>20%</i>	<i>-27%p</i>	
<i>Investment segment</i>	<i>26%</i>	<i>-301%</i>	<i>+328%p</i>		<i>26%</i>	<i>-139%</i>	<i>+165%p</i>	
<i>Other segment</i>	<i>24%</i>	<i>18%</i>	<i>+6%p</i>		<i>35%</i>	<i>7%</i>	<i>+28%p</i>	
Total EBITDA margin	11%	15%	-4%p		12%	15%	-3%p	

- **DH Group's net sales revenues jumped by 120% and its EBITDA increased by 61% in Q3 2022 YoY.**
- The growth rate of financial intermediation revenues lags behind previous quarters due to volume decline in Poland and Hungary.
- The early-stage, loss-making Italian subsidiaries increased the revenues of the franchise real estate and complementary segments, while their EBITDA contribution was negative.
- Own office activity turned loss-making as declining volumes coupled with increasing operating costs (partly one-time).
- Revenues of investment segment increased to HUF 1.2 billion, EBITDA to HUF 312 million as Forest Hill handover and sale of investment property continues.
- *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>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	6 260,8	2 848,5	+3 412,3	+120%	19 919,1	6 791,9	+13 127,1	+193%
Direct expenses	4 684,1	2 239,2	+2 444,9	+109%	14 749,6	5 261,3	+9 488,3	+180%
Gross profit	1 576,7	609,3	+967,3	+159%	5 169,5	1 530,6	+3 638,8	+238%
Indirect expenses	983,8	212,7	+771,2	+363%	2 853,7	559,7	+2 294,0	+410%
EBITDA	592,9	396,7	+196,2	+49%	2 315,7	970,9	+1 344,8	+139%
<i>Gross profit margin (%)</i>	25%	21%	+4%		26%	23%	+3%	
<i>EBITDA margin (%)</i>	9%	14%	-4%		12%	14%	-3%	
Loan volume (bn HUF)	190,0	125,1	+64,9	+52%	643,4	301,5	+341,9	+113%
Hungary	23,1	28,3	-5,2	-18%	70,9	76,3	-5,3	-7%
Poland	46,0	96,8	-50,8	-52%	207,3	225,2	-17,9	-8%
Italy	120,9	0,0	+120,9		365,1	0,0	+365,1	

Market update

- The Italian market is dominated by loans of long interest periods. Analysts of CRIF estimate a drop of 22.6% in total loan volume in Q1-3 2022 YoY driven by the increasing lending rates. New loan disbursement only declined by 1.7%, while refinancing took a hit. The Group's loan volumes increased by 6.9% in the same period. Although the share of brokers have increased significantly from the pre-COVID levels of around 10%, it is still merely approx. 20% and offers further growth potential.
- In the Polish market, analysts expect housing loan disbursements to have fallen by 65-70% YoY in July and August. 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 couple 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, following the uptrend in first half of 2022 driven by Green loans, new housing loan disbursement fell by 32% in July, 29% in August and 38% in September yoy. The Group's volume declined by 18% during the same period yoy.

- The financial intermediation segment was driven by acquisition of Hgroup in Italy and slowing loan markets. Net sales revenue increased to HUF 6.3 billion (+120% yoy), EBITDA to nearly HUF 600 million (+49% yoy), but below performance of Q2 2022.
- Italy was impacted by the usual holiday season in August, when loan volumes drop to 40-42% of normal levels. The brokered loan volume amounted to EUR 299.6 million (HUF 120.9 billion) in Q3, a 4.1% increase compared to Q3 2021 (EUR 287.9 million).
- In Poland, the volume of loans intermediated by the Group fell to PLN 541 million (HUF 46.0 billion, -56.6% yoy in PLN terms). The total mortgage loan market fell by 64% in July and 69% in August, therefore the Group increased its market share by nearly 50%.
- The Group's Hungarian brokered loan volume decreased by 18.4% yoy reaching HUF 23.1 billion, while the household loans market dropped by 30%.

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	575,5	464,8	+110,7	+24%	1 954,8	1 363,5	+591,3	+43%
Direct expenses	128,3	32,0	+96,3	+301%	462,6	93,1	+369,5	+397%
Gross profit	447,3	432,8	+14,4	+3%	1 492,2	1 270,4	+221,8	+17%
Indirect expenses	379,3	215,5	+163,8	+76%	1 135,1	732,2	+402,9	+55%
EBITDA	67,9	217,3	-149,3	-69%	357,1	538,3	-181,1	-34%
Gross profit margin (%)	78%	93%	-15%p		76%	93%	-17%p	
EBITDA margin (%)	12%	47%	-35%p		18%	39%	-21%p	
Network commission revenues*	3 151,3	3 488,0	-336,8	-10%	11 399,7	10 415,6	+984,1	+9%
Hungary	2 176,7	2 400,4	-223,6	-9%	8 184,8	7 329,2	+855,6	+12%
Poland	764,6	974,9	-210,4	-22%	2 550,9	2 768,8	-217,9	-8%
Czech Republic	80,4	112,7	-32,2	-29%	256,5	317,6	-61,1	-19%
Italy	129,5	0,0	+129,5		407,5	0,0	+407,5	
Network office numbers (pcs)	308	261	47	+18%	308	261	47	+18%
Hungary	165	164	1	+1%	165	164	1	+1%
Poland	103	96	7	+7%	103	96	7	+7%
Czech Republic	1	1	0	+0%	1	1	0	+0%
Italy	39	0	39		39	0	39	

* 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 declined by 69% yoy to HUF 68 million due to the currently loss-making operation in Italy and the Polish operation turning loss-making due to falling volumes.
- In Hungary, volumes lowered by 9.3% yoy mainly due to lending rate hikes and unusually weak seasonal activity level in summer. The Hungarian operation maintained its EBITDA generation power and reached HUF 120 million quarterly EBITDA.
- In Poland, the decline strengthened, reaching yoy volume drop of 22% following 7% in Q2. Quarterly EBITDA amounted HUF -10 million.
- In Italy, the Realizza network reached commission revenues of HUF 130 million. 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.
- Number of offices increased, exceeding 300 unites. Italy expanded by 14, Hungary by 1 offices, while 1 office was closed in Poland in Q3 2022.

SEGMENT LEVEL RESULTS

OWN OFFICE SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	355,9	472,7	-116,8	-25%	1 303,1	1 468,5	-165,4	-11%
Direct expenses	224,1	304,3	-80,2	-26%	763,6	940,2	-176,6	-19%
Gross profit	131,8	168,5	-36,6	-22%	539,5	528,4	+11,2	+2%
Indirect expenses	180,1	116,1	+64,0	+55%	472,8	356,5	+116,3	+33%
EBITDA	-48,2	52,4	-100,6	-192%	66,7	171,8	-105,2	-61%
<i>Gross profit margin (%)</i>	37%	36%	+1%		41%	36%	+5%	
<i>EBITDA margin (%)</i>	-14%	11%	-25%		5%	12%	-7%	
Networ commission revenues*	420,7	514,9	-94,2	-18%	1 607,0	1 574,8	+32,2	+2%
Hungary	205,8	200,9	+4,9	+2%	839,6	594,2	+245,4	+41%
Poland	134,5	201,4	-66,8	-33%	510,9	672,8	-161,9	-24%
Czech Republic	80,4	112,7	-32,2	-29%	256,5	307,9	-51,3	-17%
Network office numbers (pcs)	24	21	3	+14%	24	21	3	+14%
Hungary	15	13	2	+15%	15	13	2	+15%
Poland	8	7	1	+14%	8	7	1	+14%
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 421 million commission volume (-18% yoy) and HUF 132 million gross profit (-22% YoY). Performance declined across the board compared to Q2 2022 due to the high-interest rate environment.
- The segment's indirect expenses increased due to higher office numbers and extra cost of HUF 29 million from above-usual cost levels: marketing spendings, unique receivable impairments and other one-off items. Energy prices will put additional pressure in the last quarter of 2022 and first of 2023, but indirect expenses will decline by HUF 25-29 million due to the one-off items.
- In Hungary, commission income grew by 2% yoy,, but it was down by 39% from the record first quarter.
- In Poland, volumes were down by 33% year-on-year due to a combined fall in the loan and real estate markets.
- The segment's EBITDA fell and turned negative HUF 48 million in Q3 due to falling gross profit and higher indirect expenses.
- Office numbers increased by three within a year.

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	100,2	88,3	+11,9	+13%	335,2	237,4	+97,8	+41%
Direct expenses	18,3	20,0	-1,7	-9%	62,1	61,4	+0,7	+1%
Gross profit	81,9	68,3	+13,6	+20%	273,1	176,0	+97,1	+55%
Indirect expenses	80,4	53,4	+27,1	+51%	296,6	129,5	+167,1	+129%
EBITDA	1,5	15,0	-13,5	-90%	-23,5	46,5	-70,0	-151%
<i>Gross profit margin (%)</i>	82%	77%	+4%		81%	74%	+7%	
<i>EBITDA margin (%)</i>	1%	17%	-16%		-7%	20%	-27%	
Housing found NAV	1 854,1	3 315,2	-1 461,1	-44%	1 938,5	3 485,5	-1 547,0	-44%

- Net sales revenue of the complementary services segment reached HUF 100 million during the quarter (+13% YoY). Growth was driven by the acceleration of the property management activity of Home Management (+75% revenue YoY). The restructuring of Relabora, which generated significant losses 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 1.9 billion during the quarter (-44% YoY). 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 1% on sales.

SEGMENT LEVEL RESULTS

INVESTMENT SEGMENT <i>(data in mHUF)</i>	2022 Q3	2021 Q3	Variance	Variance (%)	2022 Q1-Q3	2021 Q1-Q3	Variance	Variance (%)
Net sales revenue	1 182,9	33,8	+1 149,1	+3400%	2 153,1	143,3	+2 009,8	+1402%
Direct expenses	-62,9	17,8	-80,7	-454%	353,2	85,7	+267,5	+312%
Gross profit	1 245,8	16,0	+1 229,8	+7676%	1 799,9	57,6	+1 742,3	+3025%
Indirect expenses	933,9	117,9	+816,0	+692%	1 248,8	257,5	+991,3	+385%
EBITDA	311,9	-101,9	+413,8	-406%	551,1	-199,9	+751,0	-376%
<i>Gross profit margin (%)</i>	<i>105%</i>	<i>47%</i>	<i>+58%</i>		<i>84%</i>	<i>40%</i>	<i>+43%</i>	
<i>EBITDA margin (%)</i>	<i>26%</i>	<i>-301%</i>	<i>+328%</i>		<i>26%</i>	<i>-139%</i>	<i>+165%</i>	
Carrying amount of properties	3 088,3	2 140,3	+948,0	+44%	3 088,3	2 140,3	+948,0	+44%
Carrying amount of investment purpose properties	1 365,5	1 837,2	-471,7	-26%	1 365,5	1 837,2	-471,7	-26%
Carrying amount of operational properties	1 722,8	303,1	+1 419,7	+468%	1 722,8	303,1	+1 419,7	+468%
Number of properties (pcs) **	14	18	-4	-22%	14	18	-4	-22%
Number of investment purpose properties	8	15	-7	-47%	8	15	-7	-47%
Number of operational properties	6	3	+3	+100%	6	3	+3	+100%

- Property investment activities generated a total EBITDA-level profit of HUF 312 million in the quarter, of which profit of HUF 266 million is related to MyCity property development projects. The real estate portfolio of the group generated a positive EBITDA of HUF 45 million.
- MyCity project's handover phase for Forest Hill residential park continued during the quarter, resulting in HUF 275 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. The Group achieved pre-tax value appreciation of HUF 25.6 million on sold real estate in this 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.

FOREST HILL RESIDENTIAL PARK



Forest Hill – UNDER HANDOVER – Key data

	Total	Realized by Q3 2022	Expected after Q3 2022
Number of units (pcs)	154	117 sold (76%) 54 handed over (30%)	37 to sell (24%) 100 to hand over (70%)
Expected consolidated revenue	HUF 12.0bn	HUF 2.9bn	HUF 9.1bn
Additional construction cost			Max. HUF 100m
Net cash flow form handovers	HUF 6.5bn	HUF 0.4bn	HUF 6.1bn (out of which HUF 2.5bn by Q1 2023)

Phase II: MyCity Panorama (same plot as Forest Hill)

- 57 apartments, 4 605 sqm sellable area
- Given the current uncertain economic environment, the Group is contemplating the potential use cases of the plot, including selling.

SEGMENT LEVEL RESULTS

OTHER- AND CONSOLIDATION SEGMENT	2022	2021	Variance	Variance	2022	2021	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	-90,4	-90,9	+0,5	-1%	-285,5	-276,2	-9,2	+3%
Direct expenses	-59,1	-26,3	-32,8	+125%	-176,3	-64,2	-112,0	+174%
Gross profit	-31,3	-64,6	+33,3	-52%	-109,2	-212,0	+102,8	-49%
Indirect expenses	-9,4	-48,2	+38,8	-81%	-9,6	-192,0	+182,4	-95%
EBITDA	-21,9	-16,4	-5,5	+34%	-99,5	-20,0	-79,6	+399%
<i>Gross profit margin (%)</i>	<i>35%</i>	<i>71%</i>	<i>-36%</i>		<i>38%</i>	<i>77%</i>	<i>-38%</i>	
<i>EBITDA margin (%)</i>	<i>24%</i>	<i>18%</i>	<i>+6%</i>		<i>35%</i>	<i>7%</i>	<i>+28%</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			1 080,6	2 040,0	3 120,5	838,8	3 959,3
Purchase of treasury shares					-93,0		-93,0
Employee Share-based payment provision		8,8			8,8		8,8
30 September 2022	172,0	1 552,9	1 193,1	6 264,5	8 846,0	774,8	9 620,8

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 2022Q3 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, 29 November 2022.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymshiz, Board of Directors, President