DUNA HOUSE
GROUP

2023.Q1
Quarterly report

31 May 2023

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Listed on the Prime Market of the Budapest Stock Exchange

DUNA HOUSE
GROUP

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DUNA HOUSE GROUP

EXECUTIVE SUMMARY- 2023 FIRST QUARTER

Quarterly results

- **Duna House Group`s (the "Group") revenue grew by 143% to HUF 9.4 billion and EBITDA increased by 47% to HUF 832 million in Q1 2023 compared to the previous year. Management believes that the current quarter was the low point of the market decline since mid-2022 and expects an improving trend in the Group's core results in 2023.**
- In Q1 2023, the Group achieved an adjusted core EBITDA of HUF 351 million (-36% y/y). Clean core after tax profit decreased by 40% y/y to HUF 308 million. Core credit and real estate volumes reached a bottom during the quarter. The continued delivery of apartments in the Forest Hill project contributed significantly to the Group's results, with a particularly large number of loan-financed apartments being finalized during the quarter. By the end of the quarter, a total of 71% of the apartments had been delivered, and on the total revenue of HUF 7.5 billion recognized to date, the Group realized EBITDA of HUF 1,521 million, of which HUF 3.4 billion in revenue and HUF 481 million in EBITDA in Q1 2023. At current sales prices, the Group expects a further net cash flow of HUF 4.2 billion from the project after 31 March 2023. Sales of the remaining apartments are expected to be slower than in the previous period due to the current market environment.
- Italy achieved a quarterly EBITDA of HUF 302 million. Hungarian operations generated an EBITDA of HUF 618 million, while in Poland EBITDA stagnated at HUF -86 million as at Q4 2022. Management's focus is on network expansion and market acquisition and expects the negative impact of the current very tight borrowing constraints on the market to be mitigated in the short term and the Polish and Hungarian markets to return to growth from Q2 2023 (see page 15 for market specifics).
- *The Company has made changes to the accounting treatment of the Italian Hgroup regarding year 2022, details of which are described on page 11.*

Guidance 2023

- Developments in the first quarter of 2023 are consistent with the assumptions used for the 2023 management guidance. Management maintains its forecast for 2023.

DUNA HOUSE GROUP

Consolidated financial statements

DUNA HOUSE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2023 Q1 (not audited)	2022 Q1 (not audited)	Variance	
			mHUF	%
Net sales revenue	9 391,6	3 861,9	+5 529,7	+143%
Other operating income	34,4	43,2	-8,8	-20%
Variation in self-manufactured stock	2 584,6	67,1	+2 517,5	+3 754%
Consumables and raw materials	37,8	67,4	-29,6	-44%
Cost of goods and services sold	493,2	555,0	-61,7	-11%
Contracted services	4 789,4	2 336,5	+2 452,9	+105%
Personnel costs	578,4	243,3	+335,0	+138%
Other operating charges	110,9	71,1	+39,8	+56%
EBITDA	**831,8**	**564,8**	**+267,0**	**+47%**
Depreciation and amortization	177,2	57,6	+119,6	+208%
Depreciation of right-of-use assets	70,4	25,5	+44,9	+176%
Operating income (EBIT)	**584,2**	**481,7**	**+102,5**	**+21%**
Financial income	572,9	50,9	+521,9	+1 025%
Financial charges	293,2	127,8	+165,4	+129%
Share of the results of jointly controlled undertakings	2,8	154,9	-152,1	-98%
Profit before tax from continuing operations	**866,7**	**559,7**	**+307,0**	**+55%**
Income tax expense	146,9	47,2	+99,7	+211%
Profit after tax from continuing operations	**719,7**	**512,5**	**+207,2**	**+40%**
Profit or loss after tax from a discontinued operations	-20,3	0,0	-20,3	
Profit after tax	**699,4**	**512,5**	**+186,9**	**+36%**
Other comprehensive income	-499,2	-11,7	-487,5	+4 164%
Total comprehensive income	**200,2**	**500,8**	**-300,5**	**-60%**
attributable to				
Shareholders of the Company	211,9	503,0	-291,1	-58%
Non-controlling interest	-11,7	-2,2	-9,5	+432%
Earnings per share (basic and diluted)	**19,8**	**14,4**	**+5,4**	**+38%**

Comments

- *The Company modified the consolidation date of Hgroup S.p.a. in its fourth-quarter 2022 report: it included it in its financial statements through equity consolidation for the first quarter of 2022, and through full consolidation for the second to fourth quarters of 2022. The details of the change are provided on page 11.*
- The Group's quarterly revenue was HUF 9.4 billion (+143% y/y), with its structure slightly reshaped by the booming Forest Hill handovers and declining core business volumes. EBITDA amounted to HUF 832 million (+47% y/y). *Changes in EBITDA were influenced by unique factors, which are presented on page 7, Clean core result.*
- The variation in self-manufactured stock is due to the book value of the flats in the Group's 100% owned Forest Hill development project, which have been invoiced and handed over to buyers. During the quarter, the delivery of the apartments at the Forest Hill development continued, in respect of which the Group recognized revenue of HUF 3,360 million against an inventory value of HUF 2,585 million. This was driven by the concentrated handover of loan-financed apartments in the current quarter, while sales of the remaining apartments are expected to be slower than before given the current market.
- The value of contracted services is significantly increased by the consolidation of HGroup and the increase in audit fees.
- Within the depreciation and amortization line, the amortization of intangible assets identified in connection with the acquisition of Hgroup (brand name, value of contracts with banks and agents) amounted to HUF 106 million.
- The Group recorded a net foreign exchange gain of HUF 46 million on foreign currency items (Q1 2022 foreign exchange gain of HUF 9 million), of which HUF 153 million was the foreign exchange gain on the Hgroup deferred purchase price liability. In addition, there was a financial gain of HUF 83 million on the buyout of a minority shareholder in Hgroup and interest income of HUF 334 million in the quarter. Financial expenses included quarterly interest on the Duna House NKP 2030/I and 2032/I bonds totaling HUF 109 million.
- The profit after tax for the first quarter of 2023 was HUF 187 million higher than in the same period of 2022. The clean core result amounted to HUF 308 million, down HUF 205 million on the first quarter of the previous year. The MyCity activity improved it by HUF 371 million, while individual items worsened it by HUF 23 million. The reconciliation of the Clean core results can be found on page 7.
- The other comprehensive income line shows the exchange rate changes on goodwill and equity of foreign subsidiaries recorded in HUF.

DUNA HOUSE GROUP

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in mHUF	31 March 2023 (not audited)	31 December 2022 (audited)	Variance	
			mHUF	%
Intangibles and Goodwill	11 662,1	12 328,9	-666,8	-5%
Investment property	982,5	982,5	+0,0	+0%
Property, plant	1 705,0	1 787,1	-82,0	-5%
Right-of-use asset	1 425,4	1 540,9	-115,5	-7%
Other	1 170,9	1 309,3	-138,4	-11%
Non-current assets	**16 945,9**	**17 948,7**	**-1 002,8**	**-6%**
Inventories	3 216,2	6 059,1	-2 842,9	-47%
Trade receivables	2 679,1	3 229,8	-550,6	-17%
Restricted cash	92,5	92,6	-0,0	-0%
Cash and cash equivalents	10 210,1	10 646,4	-436,3	-4%
Accruals	1 010,9	911,2	+99,7	+11%
Other	2 216,9	2 285,0	-68,1	-3%
Current assets	**19 425,7**	**23 223,9**	**-3 798,2**	**-16%**
Total assets	**36 371,7**	**41 172,6**	**-4 801,0**	**-12%**
Share capital	**6 007,6**	**5 250,9**	**+756,7**	**+14%**
Borrowings	14 113,7	14 463,9	-350,1	-2%
Other non-current liabilities	10 214,8	12 373,0	-2 158,2	-17%
Non-current liabilities	**24 328,5**	**26 836,8**	**-2 508,3**	**-9%**
Borrowings	461,1	357,0	+104,1	+29%
Trade payables	2 723,2	3 106,9	-383,7	-12%
Deferrals	662,5	731,8	-69,3	-9%
Other liabilities	2 188,8	4 889,2	-2 700,3	-55%
Current liabilities	**6 035,6**	**9 084,9**	**-3 049,3**	**-34%**
Total equity and liabilites	**36 371,7**	**41 172,6**	**-4 801,0**	**-12%**

Comments

- Of the intangible assets and goodwill, HUF 9.6 billion was the value of intangible assets and goodwill identified in the Hgroup acquisition. The Group recognised a total amortization charge of HUF 106 million on a time-based proportion during the quarter for intangible assets related to the Hgroup acquisition (brand name and value of banking and agency contracts) and a reduction of HUF 560 million due to the strengthening of the HUF.
- The Group's inventory has decreased by HUF 2.8 billion since the end of the previous year due to the continued delivery of the Forest Hill apartments.
- Trade receivables amounted to HUF 2.7 billion. Other receivables increased in connection with the consolidation of Hgroup, of which the Group has a receivable from sellers of HUF 441 million.
- Within other assets, assets held for sale decreased by HUF 165 million since 31 December 2022 due to the sale of real estate.
- The consolidated equity of the Group amounted to HUF 6.0 billion at 31 March 2023.
- Total debt liabilities amounted to HUF 14.1 billion at the end of the quarter, of which HUF 12.9 billion is the interest-bearing value of liabilities from bonds and HUF 1.2 billion is the value of Hgroup's bank loans in Italy. The Group's net external debt stood at HUF 4.4 billion at 31 March 2023, 1.3 times 12-month adjusted core EBITDA.
- Under other non-current liabilities, the Group has a lease liability and two deferred liabilities in relation to the HGroup acquisition: i) an earn-out liability of HUF 2.9 billion in relation to the acquisition of the 70% stake and ii) an expected option liability of HUF 4.0 billion for the buy-out of the remaining minority stake.

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CLEAN CORE RESULT

data in million of HUF	2023Q1	2022Q1	Variance %
EBITDA	**831,8**	**564,8**	**+47%**
(-) MyCity EBITDA	480,6	85,1	+465%
Core EBITDA	**351,2**	**479,7**	**-27%**
(-) Result of portfolio appraisal	0,0	10,0	-100%
(-) Audit cost related to past quarters	0,0	23,0	-100%
(-) Acquisition costs	0,0	-98,0	-100%
Total core adjustments	**0,0**	**65,0**	**-100%**
Cleaned core EBITDA	**351,2**	**544,7**	**-36%**

data in million of HUF	2023Q1	2022Q1	Variance %
Profit after tax	**699,4**	**512,5**	**+36%**
(-) Profit after tax for MyCity	370,8	50,4	+636%
Core PAT	**328,6**	**462,1**	**-29%**
(-) Result of portfolio appraisal	0,0	10,0	-100%
(-) Result of foreign currency exchange	46,2	8,5	+446%
(-) Result on Hgroup minority buyout	82,7	0,0	+0%
(-) Amortization of Hgroup intangibles	-106,2	0,0	+0%
(-) Acquisition costs	0,0	-98,0	-100%
Total core adjustments	**-22,7**	**56,5**	**-140%**
Tax effect of adjustments (9%)	**2,0**	**-5,1**	**-140%**
Cleaned core PAT	**308,0**	**513,5**	**-40%**

- 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 Q1 2023, the Group made the following one-off adjustments:
  - HUF 46 million foreign exchange gain on revaluation of foreign currency and foreign currency denominated receivables and payables,
  - A gain of HUF 83 million on the buy-out of a minority shareholder in Hgroup,
  - Scheduled depreciation of HUF 106 million on intangible assets included in the balance sheet in connection with the Hgroup acquisition (brand name, value of contracts with banks and agents). The maintenance of these assets does not incure any expenses for the Group.

- The Group's **clean core EBITDA decreased by 36% to HUF 351 million** in Q1 2023 compared to the same period last year.
- Duna House Group’s **clean core after tax profit decreased by 40% and amounted to HUF 308.0 million** in Q1 2023. **Management believes that core activity has plateaued and expects a gradual improvement in results during the year.**

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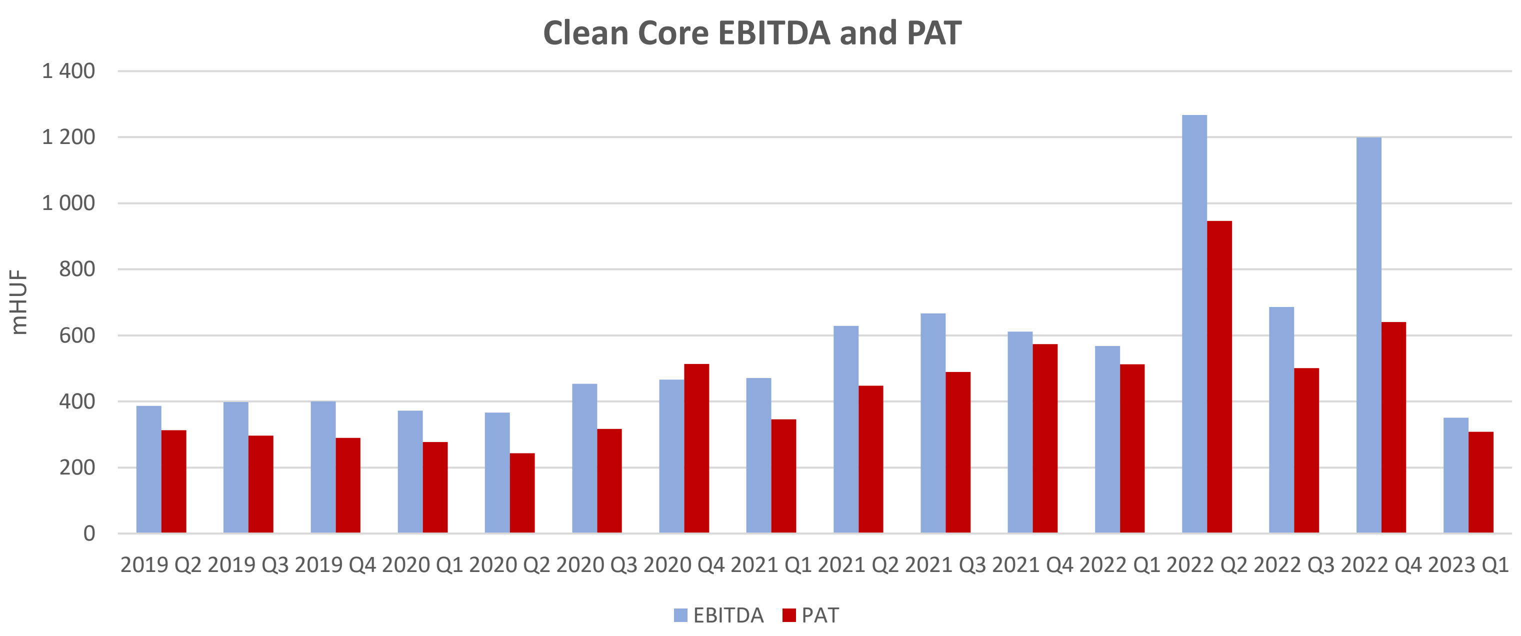
EVOLUTION OF CLEAN CORE RESULTS



- Duna House Group's growth in adjusted core EBITDA and profit after tax since its IPO has stalled in the third quarter of 2022 due to strong summer seasonality of its Italian subsidiaries and declining Polish and Hungarian markets.
- A strong Italian performance at the end of 2022 was able to give a further boost to core results, while the credit and real estate markets in Poland and Hungary continued to decline.
- The first quarter of 2023 is the low point for the core business, and management expects a gradual improvement in results over 2023 and maintains its profit guidance.
- *Note: The Company has made changes to the accounting treatment of the Italian Hgroup regarding year 2022, details of which are described on* *page 11*.

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REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2023 Q1	2022 Q1	2023 Q1	2022 Q1	2023 Q1	2022 Q1	2023 Q1	2022 Q1	2023 Q1	2022 Q1
Net sales revenue	4 158,4	1 655,2	1 062,5	2 110,4	60,2	96,3	4 110,4	0,0	9 391,6	3 861,9
EBITDA	618,2	442,4	-85,8	120,8	-2,6	1,7	301,9	0,0	831,8	564,8
Operating income	560,2	379,4	-99,2	100,7	-2,6	1,7	125,7	0,0	584,2	481,7
Profit after tax	747,2	441,1	-97,1	72,2	-0,1	-0,8	49,5	0,0	699,4	512,5

- With the acquisition in Italy, the Group has repositioned itself on international markets. The Italian Hgroup accounted for nearly 45% of the Group's revenue and 36% of EBITDA in the first quarter of 2023. The Italian operating profit figures were reduced by HUF 106 million in the quarter by the amortization of intangible assets (brand name, value of banking and agency contracts) identified in the acquisition under IFRS 3. These assets serve the Group in the long term, however, their maintenance does not entail any expense for the Group and they have no cash flow impact. *Technical note: the Company has made changes to the accounting treatment of the Italian Hgroup, details of which are described on page 11.*
- In Hungary, quarterly revenue doubled and EBITDA jumped 40% year-on-year, driven by the residential handovers of the Forest Hill project. The real estate development activity generated total revenues of HUF 3.4 billion and quarterly EBITDA of HUF 483 million, resulting in Hungarian core EBITDA of HUF 135 million. For comparison, the EBITDA related to the Hungarian core activity in Q1 2022 was HUF 357 million.
- The revenue of the Group's Polish subsidiaries was halved year-on-year, and its EBITDA in the third quarter was in a loss due to a drastic decline in volumes and an increase in operating costs. The credit market, dominated by variable interest rate loans, significantly declined due to interest rate hikes and strict borrowing regulations. At the beginning of 2023, borrowing regulations eased, leading to a noticeable improvement in the market. From the second quarter of 2023, the Group expects growth in the Polish market. (*see page 15 for market specifics*).
- The Czech subsidiaries closed the quarter with 37%% decrease in net sales revenue and EBITDA of -3 million.

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CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement Data in mHUF	1-3. 2023 (not audited)	1-3. 2022 (not audited)
Cash flow from operating activity		
Profit before tax from continuing operations	699,4	512,5
Profit/(loss) before tax from discontinued operations	(20,3)	0,0
Profit before tax	***679,1***	***512,5***
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	141,4	83,1
Amortisation and impairment of intangible assets and impairment of goodwill	106,2	0,0
Share-based payment expense	0,1	3,3
Net foreign exchange differences	(332,8)	(18,8)
Gain on disposal of property, plant and equipment	0,0	(3,8)
Finance income	(572,9)	(50,9)
Finance costs	293,2	127,8
Share of profit of an associate and a joint venture	(2,8)	(154,9)
Movements in provisions, pensions and government grants	(40,2)	0,0
Changes of working capital		
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	344,3	(1 321,5)
Decrease in inventories and right of return assets	2 842,9	41,8
Increase in trade and other payables, contract liabilities and refund liabilities	(3 131,0)	1 054,7
Interest received	333,5	128,0
Interest paid	(182,8)	(198,8)
Income tax paid	98,1	(7,2)
Net cash flow from operating activity	***576,4***	***195,2***

Consolidated cash flow statement Data in mHUF	1-3. 2023 (not audited)	1-3. 2022 (not audited)
Cash flow from investing activity		
Proceeds from sale of property, plant and equipment	165,0	0,0
Purchase of property, plant and equipment	(4,9)	(7,5)
Purchase of financial instruments	(1,0)	(1,8)
Dividends from associates and joint ventures	183,0	194,5
Development expenditures	(48,6)	(43,3)
Net cash flow from investing activity	***293,5***	***142,0***
Cash flow from financing activity		
Proceeds from exercise of share options	0,0	49,7
Purchase of own shares	(29,5)	(57,3)
Acquisition of non-controlling interests	(427,0)	0,0
Payment of deferred payments	(583,3)	0,0
Payment of principal portion of lease liabilities	(150,6)	(19,5)
Proceeds from borrowings	0,0	5 914,0
Repayment of borrowings	(85,2)	(262,5)
Dividends paid to equity holders of the parent	(18,8)	(15,1)
Net cash flow from financing activity	***(1 294,4)***	***5 609,3***
Net change of cash and cash equivalents	(424,5)	5 946,5
Cash and cash equivalents at start of period	10 646,4	5 226,5
Currency exchange differences on cash and cash equivalents	(11,8)	(0,1)
Cash and cash equivalents at end of period	***10 210,1***	***11 172,9***

ACCOUNTING TREATMENT OF HGROUP S.P.A. ACQUISITION

ATTENTION

- **The Company has changed the consolidation date of Hgroup S.p.a. in the preparation of its fourth quarter 2022 report: it will include it in its financial statements on a consolidation of equity basis for the first quarter of 2022 and on a full consolidation basis from the second quarter of 2022.**
- The Company's management has reviewed the date of acquisition of control over Hgroup S.p.a. and changed it from 1 January 2022 to 1 April 2022 based on the detailed rules for the acquisition of control rights over Hgroup S.p.a.
- The consequence of this change is that Hgroup S.p.a. and its subsidiaries ("Hgroup Group") are not fully consolidated in the Company's consolidated financial statements for the first quarter of 2022, but the Company's share of the Hgroup Group's quarterly net profit after tax (70%) is reported under "Share of profit of joint venture, equity method".
- The following table presents the income statement of the Hgroup Group used for the unaudited Q1 2022 report of the Company and the restated income statement for Q1 2022 used in the preparation of this quarterly report.
- For the full financial year 2022, the results of the Hgroup Group for the period 1 January - 31 March 2022 have been included in the "Share of profit of joint venture, equity method line" on a full consolidation basis from 1 April 2022.
- The changes have been applied retrospectively and all tables and graphs showing the Hgroup Group's performance for the first quarter of 2022 are included in this report with the corrected figures.

Hgroup consolidated profit and loss statement (in HUF millions)	2022 Q1 22Q1 report	2023 Q1 23Q1 report
Net sales revenue	4 054.0	0.0
Other operating income	24.9	0.0
	0.0	0.0
Consumables used	4.7	0.0
Cost of goods and services sold	0.0	0.0
Services purchased	3 437.5	0.0
Personnel expenses	278.8	0.0
Other operating expenses	32.1	0.0
EBITDA	**325.6**	**0.0**
Depreciation and amortization	27.3	0.0
Depreciation of right-of-use assets	42.0	0.0
Operating income (EBIT)	**256.3**	**0.0**
Finance income	0.0	0.0
Finance costs	25.2	0.0
Share of the profits of a joint venture	0.0	133,2
Profit before tax	**231.1**	**133,2**
Income tax expense	55.8	0.0
Profit after tax	**175.3**	**133,2**
Currency translation difference	14.9	0.0
Other comprehensive income	**14.9**	**0.0**
	0.0	0.0
Total comprehensive income	**190.2**	**133,2**
attributable to	0	0
Shareholders of the Company	133.2	133,2
Non-controlling interest	57.1	0.0

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Segment report

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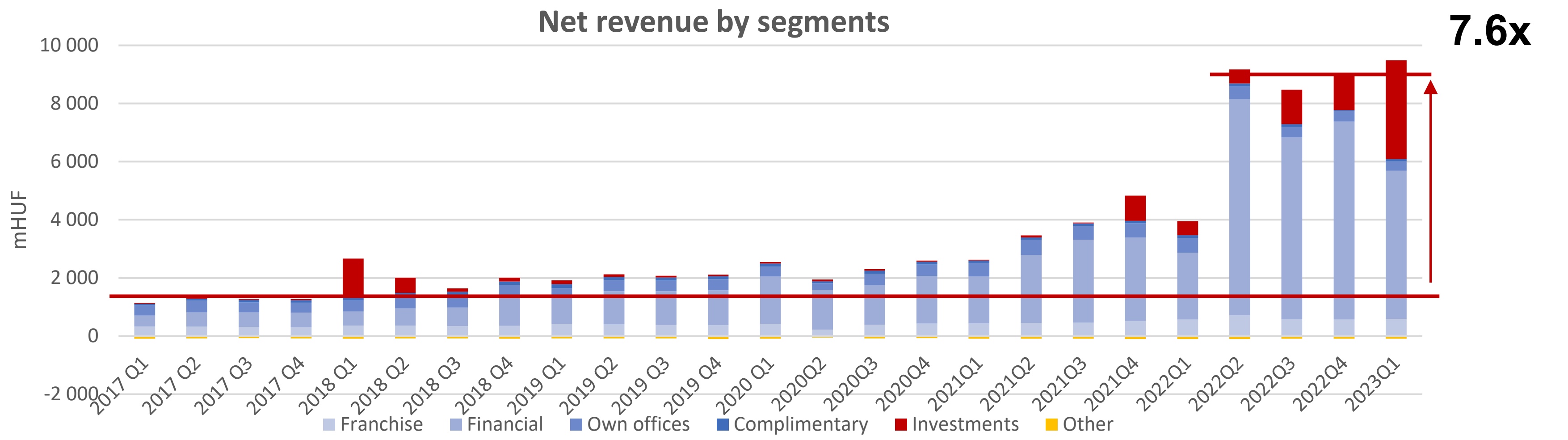
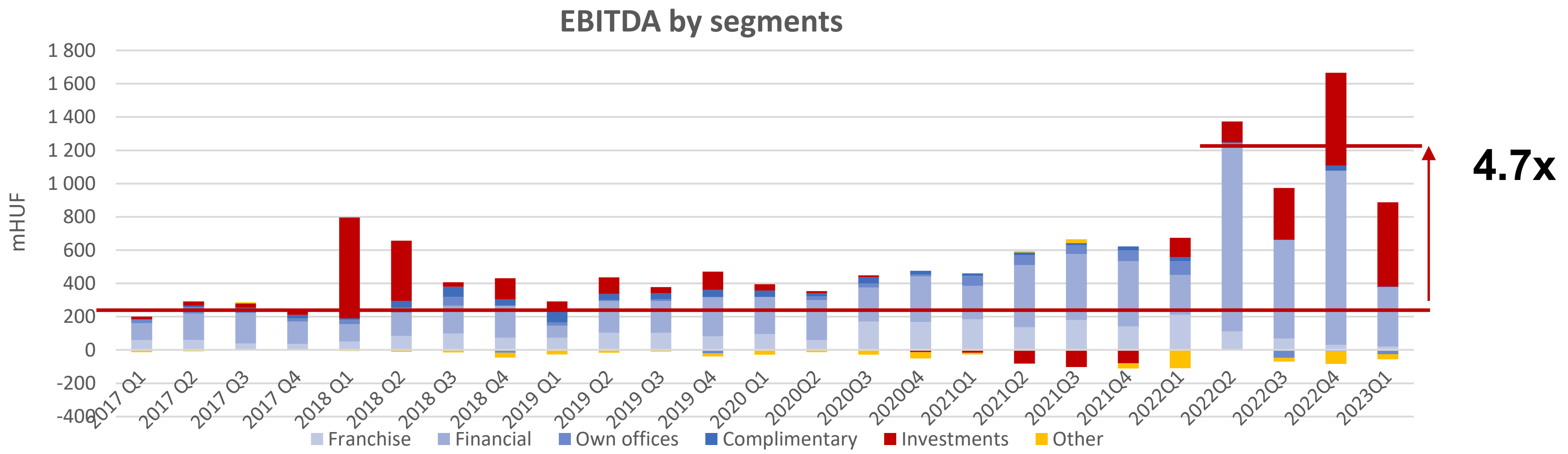
SEGMENT LEVEL RESULTS





- Since its IPO in November 2016, **Duna House Group has increased its average quarterly revenue by 660% and quadrupled its quarterly EBITDA from its services activities.**
- **Its average quarterly revenue increased from HUF 1.2 billion to HUF 8.9 billion, and its average quarterly EBITDA from its service activities increased from HUF 220 million to an average of nearly HUF 1.2 billion.**
- *Note: the segmental income statements exclude the results of the MyCity Residence project and the Italian Hgroup's Q1 2022 results, as they are reported outside EBITDA in the Group's line "Share of results of joint ventures*".

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

CONSOLIDATED (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Financial segment	5 101,1	2 295,0	+2 806,1	+122%
Real estate franchise segment	584,4	564,3	+20,0	+4%
Own office segment	331,8	514,7	-182,9	-36%
Complementary segment	76,8	95,6	-18,7	-20%
Investment segment	3 389,9	489,3	+2 900,6	+593%
Other segment	-92,5	-97,0	+4,6	-5%
Total net revenue	**9 391,6**	**3 861,9**	**+5 529,7**	**+143%**
Financial segment	358,2	238,6	+119,6	+50%
Real estate franchise segment	20,1	211,0	-190,9	-90%
Own office segment	-24,6	85,2	-109,9	-129%
Complementary segment	3,3	24,3	-21,0	-86%
Investment segment	506,6	114,3	+392,3	+343%
Other segment	-31,8	-108,6	+76,8	-71%
Total EBITDA	**831,8**	**564,8**	**+267,0**	**+47%**
Financial segment	*7%*	*10%*	*-3%p*	
Real estate franchise segment	*3%*	*37%*	*-34%p*	
Own office segment	*-7%*	*17%*	*-24%p*	
Complementary segment	*4%*	*25%*	*-21%p*	
Investment segment	*15%*	*23%*	*-8%p*	
Other segment	*34%*	*112%*	*-78%p*	
Total EBITDA margin	***9%***	***15%***	***-6%p***	

- **Group revenue jumped 143% and EBITDA improved by 47% in Q1 2023 on a year-on-year basis.**
- Financial intermediation revenue jumped significantly due to the acquisition in Italy, but its growth rate is below the dynamics of previous quarters due to lower volumes in Poland and Hungary.
- The Group's real estate franchise segment's revenues increased but EBITDA was reduced by the loss-making Italian subsidiaries, which are in an early stage of development. The Polish operation, still slightly loss-making, also worsened the segment's results.
- The own office operations segment kept making losses due to declining volumes and rising operating costs.
- The real estate investment segment's quarterly revenues jumped to HUF 3.4 billion and EBITDA to HUF 507 million due to the ongoing handovers of the Forest Hill project.
- *Changes in EBITDA were influenced by unique factors, which are presented on page 7 in the description of Clean core results*

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

FINANCIAL SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**5 101,1**	**2 295,0**	**+2 806,1**	**+122%**
Direct expenses	3 694,7	1 818,9	+1 875,8	+103%
Gross profit	**1 406,4**	**476,1**	**+930,3**	**+195%**
Indirect expenses	1 048,2	237,6	+810,6	+341%
EBITDA	**358,2**	**238,6**	**+119,6**	**+50%**
Gross profit margin (%)	*28%*	*21%*	*+7%*	
EBITDA margin (%)	*7%*	*10%*	*-3%*	
Loan volume (bn HUF)	**142,1**	**102,7**	**+39,4**	**+38%**
Hungary	11,4	21,7	-10,3	-47%
Poland	32,7	81,0	-48,2	-60%
Italy	97,9	0,0	+97,9	

Market update

- Long-term loans are popular in the Italian credit market, and as lending rates rose, the overall Italian mortgage market fell by 22.7% in 2022 as a whole, according to CRIF analysts, with the double-digit decline of 24-25% y/y continuing in the first four months of 2023. Although the share of intermediaries in the total market has increased significantly from around 10% pre-Covid in recent years, it is still only around 20% and still has room for further growth.
- According to data from the Polish Credit Information Bureau (BIK), the mortgage market contracted by 49.1% in 2022 as a whole. The drastic fall is due to a product structure with a typically short interest period, rising interest rates, strict PTI (payment-to-income) rules and the disappearing creditworthiness of the population as a result. The Polish regulator (KNF) has relaxed the PTI rules for fixed-rate loans, which increases the amount of credit that can be taken out by an average of 20%. As a result of the change, mortgage loan disbursements increased by 50% on a month/month basis in March 2023. In addition, the Polish government plans to introduce interest subsidized loans for young first-time home buyers later this year, which could provide a further boost to the property and credit markets.
- In Hungary, following the first half-year boom in green lending, new housing loan disbursements declined by 29% in Q3 2022, 54% in Q4 2022 and 65-70% in Q1 2023 on an annualized basis. The 20-year BIRS peaked in October 2022, with inflation slowing, lending rates are expected to gradually decline and thus lending to increase during 2023. The re-emergence of home savings products will provide market participants with an additional source of revenue.

- The financial product intermediation segment was shaped by the acquisition of HGroup in Italy and the specific credit market developments in each country. The segment achieved revenues of HUF 5.1 bn (+122% yoy) and EBITDA of HUF 358 mn (+50% yoy), but underperformed the previous quarters.
- In Italy, loan volumes amounted to €252 million ((HUF 97.9 billion), down 8.4% in HUF and 14.1% in EUR compared to Q1 2022. According to analysts at CRIF, the overall Italian mortgage market declined by 25.3% year-on-year in February 2023.
- Poland has seen a lending turnaround. Although the group's intermediated loan volume amounted to PLN 396.5 million in the first quarter of the year (HUF 32.7 billion, -61.4% y/y in PLN terms), volumes rose by 3.3% q/q on a PLN basis and in March were already 42% above the average for the first two months of the year. The Group expects volumes to increase significantly from first quarter levels in the coming quarters.
- In Hungary the Group's quarterly intermediated loan volumes amounted to HUF 11.4 billion, down 47.4% on a year-on-year basis,. Total new loan applications in March were 85% higher than the average for the first two months of the year, so a recovery from first quarter levels is expected in the remaining quarters.

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**584,4**	**564,3**	**+20,0**	**+4%**
Direct expenses	154,2	37,0	+117,3	+317%
Gross profit	**430,2**	**527,4**	**-97,2**	**-18%**
Indirect expenses	410,1	316,4	+93,7	+30%
EBITDA	**20,1**	**211,0**	**-190,9**	**-90%**
Gross profit margin (%)	*74%*	*93%*	*-20%p*	
EBITDA margin (%)	*3%*	*37%*	*-34%p*	
Network commission revenues*	**2 675,4**	**4 075,5**	**-1 400,1**	**-34%**
Hungary	1 759,4	3 114,8	-1 355,4	-44%
Poland	755,3	871,9	-116,6	-13%
Czech Republic	58,3	88,8	-30,5	-34%
Italy	102,4	0,0	+102,4	
Network office numbers (pcs)	**301**	**261**	**40**	**+15%**
Hungary	156	163	-7	-4%
Poland	106	97	9	+9%
Czech Republic	1	1	0	+0%
Italy	38	0	38	

** 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 in the franchise segment decreased by 90% to HUF 20 million due to the currently loss-making Italian operations and the slightly loss-making Polish operations as volumes declined.
- Volumes in Hungary fell by 43.5% year-on-year, mainly due to higher lending rates and a decline in purchasing power, but volumes in March were already 42.0% above the average for the first two months of the year. EBITDA of the Hungarian franchise operation amounted to HUF 78 million.
- Poland also saw a turnaround, with a year-on-year decline of 13.4%, while commission income grew by 5.8% quarter-on-quarter (+11.4% in PLN terms). The Polish franchise closed with an EBITDA loss of HUF 7m, an improvement on Q4.
- In Italy, the acquired Realizza network generated commission income of HUF 102 million. Due to the small size of the business, it is currently operating at a loss at EBITDA level. Management will focus on expanding the network size over the next 2 years with improving profitability secondary for the time being.
- The number of offices has been reduced to 301 units. 3 offices were closed in Italy, 5 in Poland and 6 in Hungary during the quarter.

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

OWN OFFICE SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**331,8**	**514,7**	**-182,9**	**-36%**
Direct expenses	201,9	286,3	-84,4	-29%
Gross profit	**129,9**	**228,3**	**-98,5**	**-43%**
Indirect expenses	154,5	143,1	+11,4	+8%
EBITDA	**-24,6**	**85,2**	**-109,9**	**-129%**
Gross profit margin (%)	*39%*	*44%*	-5%	
EBITDA margin (%)	*-7%*	*17%*	-24%	
Networ commission revenues*	**377,0**	**629,9**	**-252,9**	**-40%**
Hungary	166,0	336,2	-170,2	-51%
Poland	153,0	204,9	-51,9	-25%
Czech Republic	58,0	88,8	-30,8	-35%
Network office numbers (pcs)	**25**	**22**	**3**	**+14%**
Hungary	15	14	1	+7%
Poland	9	7	2	+29%
Czech Republic	1	1	0	+0%

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

- In the first quarter of 2023, the own office segment achieved a gross margin of HUF 130 million (-43% y/y) with a total network commission income of HUF 377 million (-40% y/y).
- In Hungary, quarterly commission income declined by 50.6% y/y and 19.2% compared to Q4 2022, but the turnaround occurred during the quarter and March volumes were 39% above the average for the first two months of the year.
- Quarterly commission income for Polish own office fell by 25.4% y/y, but rose by 17.1% (+23.3% in PLN terms) on a quarter-on-quarter basis, with March volumes 23% above the average for the first two months of the year.
- Czech own office quarterly commission income fell by 34.9% year-on-year, and was also down 42.3% on the fourth quarter. Due to its relatively small size, the performance of the Czech private office can fluctuate widely between quarters.
- The number of offices increased by one Hungarian and one Polish office during the quarter.

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**76,8**	**95,6**	**-18,7**	**-20%**
Direct expenses	22,1	18,2	+3,9	+21%
Gross profit	**54,8**	**77,4**	**-22,6**	**-29%**
Indirect expenses	51,5	53,1	-1,5	-3%
EBITDA	**3,3**	**24,3**	**-21,0**	**-86%**
Gross profit margin (%)	*71%*	*81%*	*-10%*	
EBITDA margin (%)	*4%*	*25%*	*-21%*	

- In the complementary services segment, management has classified Impact Fund Management Ltd, which the Company intends to sell, as an asset held for sale.
- The segment's quarterly revenue amounted to HUF 77 million during the quarter (-20% y/y). The decrease is due to the exclusion of HUF 18 million of Impact`s quarterly revenue, which, except for this, the activity grew.
- Despite the reclassification of the Asset Management, the indirect operating expenses of the segment remained stagnant due to the expansion of the Primse.com proptech activities, resulting in an EBITDA margin of 4% relative to revenue.

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

INVESTMENT SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**3 389,9**	**489,3**	**+2 900,6**	**+593%**
Direct expenses	2 825,8	540,8	+2 285,0	+423%
Gross profit	**564,1**	**-51,5**	**+615,6**	**-1196%**
Indirect expenses	57,5	-165,8	+223,3	-135%
EBITDA	**506,6**	**114,3**	**+392,3**	**+343%**
Gross profit margin (%)	*17%*	*-11%*	*+27%*	
EBITDA margin (%)	*15%*	*23%*	*-8%*	
Carrying amount of properties	**2 583,2**	**2 145,6**	**+437,7**	**+20%**
Carrying amount of investment purpose properties	982,5	1 849,5	-867,0	-47%
Carrying amount of operational properties	1 600,7	296,1	+1 304,7	+441%
Number of properties (pcs) **	**9**	**17**	**-8**	**-47%**
Number of investment purpose properties	4	14	-10	-71%
Number of operational properties	5	3	+2	+67%

*The difference between gains and losses from the revaluation of investment properties is included in the indirect operating expenses.

- The total real estate investment activity generated a total EBITDA of HUF 507 million in the quarter, of which HUF 483 million profit is related to the MyCity real estate development activity. The Group's real estate portfolio generated an EBITDA profit of HUF 24 million.
- Within the MyCity projects, the handover of apartments at the Forest Hill residential development continued during the quarter, with the Group generating total revenues of HUF 3,360 million. A significant part of this revenue, HUF 2 901 million, was recognized against advances and deposits received from customers.
- Investment properties are valued at market value as appraised by an independent valuer at 30 June and 31 December each year. No revaluation was made during the quarter
- The figures in the table exclude the results of the MyCity Residence project (Hunor utca, Budapest III. district), 50% owned by the Group, which is recognized through equity consolidation.

DUNA HOUSE GROUP

FOREST HILL RESIDENTIAL PARK

Forest Hill – UNDER HANDOVER – Key data

	Total	Realized by 31 Dec 2022	Expected after 31 Dec 2022
Number of units (pcs)	154	118 sold (77%) 110 handed over (71%)	36 to sell (23%) 44 to hand over (29%)
Expected consolidated revenue	HUF 12.0bn	HUF 7.5 bn	HUF 4.6 bn
Net cash flow form handovers	HUF 6.4bn	HUF 2.1 bn	HUF 4.2 bn

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 sale of the plot.

DUNA HOUSE GROUP

SEGMENT LEVEL RESULTS

OTHER- AND CONSOLIDATION SEGMENT (data in mHUF)	2023 Q1	2022 Q1	Variance	Variance (%)
Net sales revenue	**-92,5**	**-97,0**	**+4,6**	**-5%**
Direct expenses	-51,6	-58,8	+7,1	-12%
Gross profit	**-40,8**	**-38,2**	**-2,6**	**+7%**
Indirect expenses	-9,0	70,4	-79,4	-113%
EBITDA	**-31,8**	**-108,6**	**+76,8**	**-71%**
Gross profit margin (%)	*44%*	*39%*	*+5%*	
EBITDA margin (%)	*34%*	*112%*	*-78%*	

- 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.

DUNA HOUSE GROUP

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			392,0	2 710,8	3 102,8	239,5	3 342,4
Purchase of treasury shares					-127,5		-127,5
Acqusition		0,0		-3 729,7	-3 729,7		-3 729,7
Employee Share-based payment provision		19,9			19,9		19,9
31 December 2022	**172,0**	**1 564,1**	**504,5**	**3 205,7**	**5 075,4**	**175,5**	**5 250,9**
Dividend paid				0,0	0,0		0,0
Total comprehensive income			-485,2	697,1	211,9	65,6	277,5
Purchase of treasury shares					-29,5		-29,5
Acqusition		633,8		-125,2	508,6		508,6
Employee Share-based payment provision		0,1			0,1		0,1
31 March 2023	**172,0**	**2 197,9**	**19,3**	**3 777,6**	**5 766,5**	**241,1**	**6 007,6**

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 2023Q1 negyedeves ENG_Annex1.xlsx

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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 2024.

Budapest, 31 May 2023.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymschiz, Board of Directors, President