

DUNA HOUSE GROUP

2023.Q2 Quarterly report

31 August 2023



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EXECUTIVE SUMMARY- 2023 SECOND QUARTER

Quarterly results

- Duna House Group (the "Group") had revenue of HUF 7.2 billion and EBITDA of HUF 1.0 billion in the second quarter of 2023. The Group's EBITDA improved by 19% compared to the first quarter of the year, within which adjusted core EBITDA more than doubled to HUF 802 million in one quarter, confirming the turnaround indicated by the volume data.
- The Group's core lending and real estate business reached the trough of the downturn in Q1 2023 caused by surging inflation and interest rate environment, when it achieved adjusted core EBITDA of HUF 351 million compared to HUF 1.2 billion in Q2 and Q4 2022. The second quarter of 2023 was all about turnaround, with adjusted core EBITDA jumping to HUF 802 million (+228% q/q) on the back of volume growth.
- Italy generated EBITDA of HUF 540 million, Hungarian operations generated EBITDA of HUF 407 million, while in Poland the Group generated EBITDA of HUF 51 million after three quarters of losses. Management sees a gradual improvement in trends in recent months following the turnaround in the Hungarian and Polish markets ([see page 15 for market specifics](#)).
- In addition to the core business, the pace of Forest Hill transfers has slowed down since March 2023, in line with management's expectations. While a large number of simultaneous handovers of its debt-financed apartments generated EBITDA of HUF 480 million in Q1 2023, the project generated revenue of HUF 434 million and EBITDA of HUF 110 million in Q2 2023. By the end of the quarter, a total of 75% of the apartments had been handed over. The apartments handed over in 2023 have generated a total of HUF 560 million cash flow for the Group and at current sales prices the Group expects a further HUF 4.0 billion net cash flow from the project after 30 June 2023. Sales of the remaining apartments are expected to be slower than previously in the current market environment.
- The Group continues to sell its investment property portfolio, with cash flows of HUF 322 million from the sale of four properties during the half year.
- *The Company has made changes to the accounting treatment of the Italian Hgroup regarding year 2022, details of which are described on [page 12](#).*

Guidance 2023

- Developments in the first two quarters of 2023 are consistent with the assumptions used for the 2023 management forecast. Due to the trend reversal, management expects the second half of the year to exceed the first half in terms of key financial indicators and therefore confirms its forecast for 2023.

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

| Consolidated income statement (data in mHUF, except earnings per share) | 2023 Q2 (not audited) | 2022 Q2 (not audited) | Variance | | 2023 Q1-Q2 | | 2022 Q1-Q2 | | Variance | |
|--|-----------------------------|-----------------------------|---------------|-------------|------------------|------------------|-----------------|-------------|----------|--|
| | | | mHUF | % | (not audited) | (not audited) | mHUF | % | | |
| Net sales revenue | 7 174,9 | 9 079,0 | -1 904,1 | -21% | 16 566,5 | 12 940,9 | +3 625,6 | +28% | | |
| Other operating income | 86,3 | 220,8 | -134,5 | -61% | 120,7 | 264,1 | -143,3 | -54% | | |
| Variation in self-manufactured stock | 247,7 | 125,0 | +122,7 | +98% | 2 832,3 | 192,0 | +2 640,2 | +1 375% | | |
| Consumables and raw materials | 29,4 | 53,2 | -23,9 | -45% | 67,1 | 120,6 | -53,5 | -44% | | |
| Cost of goods and services sold | 302,7 | 556,9 | -254,2 | -46% | 795,9 | 1 111,8 | -316,0 | -28% | | |
| Contracted services | 5 044,6 | 6 270,0 | -1 225,4 | -20% | 9 833,9 | 8 606,4 | +1 227,5 | +14% | | |
| Personnel costs | 528,7 | 615,3 | -86,7 | -14% | 1 107,1 | 858,7 | +248,4 | +29% | | |
| Other operating charges | 118,7 | 306,3 | -187,7 | -61% | 229,5 | 377,4 | -147,9 | -39% | | |
| EBITDA | 989,7 | 1 373,2 | -383,5 | -28% | 1 821,4 | 1 938,0 | -116,5 | -6% | | |
| Depreciation and amortization | 191,6 | 256,0 | -64,4 | -25% | 368,8 | 313,6 | +55,3 | +18% | | |
| Depreciation of right-of-use assets | 121,6 | 67,5 | +54,1 | +80% | 191,9 | 93,0 | +99,0 | +106% | | |
| Operating income (EBIT) | 676,5 | 1 049,7 | -373,2 | -36% | 1 260,7 | 1 531,4 | -270,7 | -18% | | |
| Financial income | 618,0 | 198,7 | +419,3 | +211% | 1 190,8 | 249,7 | +941,2 | +377% | | |
| Financial charges | 245,4 | 142,3 | +103,1 | +72% | 538,6 | 270,1 | +268,5 | +99% | | |
| Share of the results of jointly controlled undertakings | 0,4 | 57,8 | -57,4 | -99% | 3,2 | 212,7 | -209,5 | -98% | | |
| Profit before tax from continuing operations | 1 049,4 | 1 164,0 | -114,5 | -10% | 1 916,1 | 1 723,7 | +192,4 | +11% | | |
| Income tax expense | 195,7 | 258,1 | -62,4 | -24% | 342,7 | 305,3 | +37,3 | +12% | | |
| Profit after tax from continuing operations | 853,7 | 905,9 | -52,2 | -6% | 1 573,4 | 1 418,4 | +155,1 | +11% | | |
| Profit or loss after tax from a discontinued operations | -15,1 | 0,0 | -15,1 | | -35,4 | 0,0 | -35,4 | | | |
| Profit after tax | 838,6 | 905,9 | -67,3 | -7% | 1 538,0 | 1 418,4 | +119,6 | +8% | | |
| Other comprehensive income | -174,7 | 462,0 | -636,7 | -138% | -673,8 | 450,3 | -1 124,1 | -250% | | |
| Total comprehensive income | 663,9 | 1 367,9 | -704,0 | -51% | 864,2 | 1 868,7 | -1 004,5 | -54% | | |
| attributable to | | | | | | | | | | |
| Shareholders of the Company | 660,3 | 1 254,5 | -594,2 | -47% | 872,2 | 1 757,5 | -885,3 | -50% | | |
| Non-controlling interest | 3,6 | 113,4 | -109,7 | -97% | -8,0 | 111,2 | -119,2 | -107% | | |
| Earnings per share (basic and diluted) | 23,6 | 22,0 | +1,6 | +7% | 43,4 | 36,4 | +7,0 | +19% | | |

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 12](#).
- Group revenue for the quarter was HUF 7.1 billion (-21% y/y), EBITDA closed at HUF 990 million (-28% y/y), up HUF 150 million compared to the previous quarter. Changes in EBITDA were influenced by unique factors, which are presented on [page 8, Clean core result](#).
- The variation in self-manufactured stock is due to the cost of the final settlement of the occupied flats of the 100% owned Forest Hill development project. During the quarter, handover of the Forest Hill development flats continued to be slower than expected, with the Group recognising revenue of HUF 440 million against an inventory value of HUF 250 million.
- 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.
- During the period, the EUR/HUF exchange rate moved from 380.99 to 371.13, resulting in the Group recording a net foreign exchange gain of HUF 42 million on foreign currency items (Q2 2022 foreign exchange gain of HUF 62 million), of which a net foreign exchange gain of HUF 65 million was realized on the Hgroup deferred purchase price liability. In addition, Hgroup realised a gain of HUF 194 million on the reduction of the Hgroup earnout liability payable regarding FY2022 and interest income of HUF 337 million in the quarter. Financial expenses included quarterly interest on the Duna House NKP Bond 2030/I and 2032/I bonds totalling HUF 110 million.
- The profit after tax for the second quarter of 2023 amounted to nearly HUF 840 million, exceeding the first quarter result by HUF 140 million. Clean core profit after tax amounted to HUF 569 million, exceeding the first quarter of the year by HUF 193 million. The reconciliation of the [Clean core results can be found on page 8](#).
- The other comprehensive income line shows the exchange rate changes on goodwill and equity of foreign subsidiaries recorded in HUF.
- Earnings per share are calculated by deducting from profit after tax the profit attributable to non-controlling interests.

CONSOLIDATED BALANCE SHEET

| Consolidated balance sheet data in mHUF | 30 June 2023 (not audited) | 31 December 2022 (audited) | Variance | |
|---|-------------------------------|-------------------------------|-----------------|-------------|
| | | | mHUF | % |
| Intangibles and Goodwill | 11 340,0 | 12 328,9 | -989,0 | -8% |
| Investment property | 0,0 | 982,5 | -982,5 | -100% |
| Property, plant | 1 638,9 | 1 787,1 | -148,2 | -8% |
| Right-of-use asset | 1 737,9 | 1 540,9 | +197,0 | +13% |
| Other | 1 132,3 | 1 309,3 | -177,0 | -14% |
| Non-current assets | 15 849,0 | 17 948,7 | -2 099,6 | -12% |
| Inventories | 2 927,6 | 6 059,1 | -3 131,4 | -52% |
| Trade receivables | 2 740,6 | 3 229,8 | -489,2 | -15% |
| Restricted cash | 0,5 | 92,6 | -92,1 | -99% |
| Cash and cash equivalents | 7 217,7 | 10 646,4 | -3 428,7 | -32% |
| Accruals | 1 147,0 | 911,2 | +235,8 | +26% |
| Assets held for sale | 1 116,6 | 402,4 | +714,1 | +177% |
| Other | 2 313,5 | 1 882,6 | +431,0 | +23% |
| Current assets | 17 463,5 | 23 223,9 | -5 760,4 | -25% |
| Total assets | 33 312,6 | 41 172,6 | -7 860,1 | -19% |
| Share capital | 3 063,1 | 5 250,9 | -2 187,9 | -42% |
| Borrowings | 14 091,5 | 14 463,9 | -372,4 | -3% |
| Other non-current liabilities | 9 968,0 | 12 373,0 | -2 404,9 | -19% |
| Non-current liabilities | 24 059,5 | 26 836,8 | -2 777,3 | -10% |
| Borrowings | 468,4 | 357,0 | +111,3 | +31% |
| Trade payables | 2 709,1 | 3 106,9 | -397,8 | -13% |
| Deferrals | 682,9 | 731,8 | -48,9 | -7% |
| Other liabilities | 2 329,7 | 4 889,2 | -2 559,5 | -52% |
| Current liabilities | 6 190,0 | 9 084,9 | -2 894,9 | -32% |
| Total equity and liabilities | 33 312,6 | 41 172,6 | -7 860,1 | -19% |

Comments

- Of the intangible assets and goodwill, HUF 9.1 billion was the value of intangible assets and goodwill identified in the Hgroup acquisition.
- The Group continued the sale of its real estate portfolio, selling a total of 4 properties during the half-year for HUF 322 million and reclassifying all its investment properties as "Assets held for sale".
- The Group's inventory has decreased by HUF 3.1 billion since the end of the previous year due to the continued delivery of the Forest Hill apartments.
- The Group's cash position decreased by HUF 3.4 billion due to the dividend payment.
- The consolidated equity of the Group amounted to HUF 3.1 billion on 30 June 2023 after dividend payment of HUF 3.7 billion.
- Total debt liabilities amounted to HUF 14.6 billion at the end of the quarter, of which HUF 12.9 billion is the interest-bearing value of liabilities from bonds and HUF 1.5 billion is the value of Hgroup's bank loans in Italy. The Group's net external debt stood at HUF 7.4 3 billion at 30 June 2023, 2.5 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 2.6 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.

REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

| in million HUF | Hungary | | Poland | | Czech Republic | | Italy | | Duna House Group | |
|--------------------------|---------|---------|---------|---------|----------------|---------|---------|---------|------------------|---------|
| | 2023 Q2 | 2022 Q2 | 2023 Q2 | 2022 Q2 | 2023 Q2 | 2022 Q2 | 2023 Q2 | 2022 Q2 | 2023 Q2 | 2022 Q2 |
| Net sales revenue | 1 292,1 | 1 717,1 | 1 509,9 | 2 092,4 | 31,4 | 86,9 | 4 341,5 | 5 182,6 | 7 174,9 | 9 079,0 |
| EBITDA | 406,8 | 531,8 | 50,8 | 29,0 | -8,4 | -1,8 | 540,4 | 814,2 | 989,7 | 1 373,2 |
| Operating income | 309,0 | 459,0 | 10,0 | 13,5 | -13,7 | -1,8 | 371,3 | 579,1 | 676,5 | 1 049,7 |
| Profit after tax | 637,0 | 474,2 | -20,0 | 10,6 | -12,6 | -2,0 | 234,1 | 423,1 | 838,6 | 905,9 |

| in million HUF | Hungary | | Poland | | Czech Republic | | Italy | | Duna House Group | |
|--------------------------|----------|----------|----------|----------|----------------|----------|----------|----------|------------------|----------|
| | 2023Q1-2 | 2022Q1-2 | 2023Q1-2 | 2022Q1-2 | 2023Q1-2 | 2022Q1-2 | 2023Q1-2 | 2022Q1-2 | 2023Q1-2 | 2022Q1-2 |
| Net sales revenue | 5 450,5 | 3 372,3 | 2 572,4 | 4 202,8 | 91,7 | 183,2 | 8 451,9 | 5 182,6 | 16 566,5 | 12 940,9 |
| EBITDA | 1 025,0 | 974,2 | -35,0 | 149,8 | -10,9 | -0,2 | 842,3 | 814,2 | 1 821,4 | 1 938,0 |
| Operating income | 869,2 | 838,3 | -89,2 | 114,2 | -16,3 | -0,2 | 497,0 | 579,1 | 1 260,7 | 1 531,4 |
| Profit after tax | 1 384,2 | 915,2 | -117,1 | 82,8 | -12,7 | -2,8 | 283,6 | 423,1 | 1 538,0 | 1 418,4 |

- With the acquisition in Italy, the Group has repositioned itself on international markets. The Italian Hgroup accounted for 60 % of the Group's revenue and 55 % of EBITDA in the second 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 12](#).*
- In Hungary, the Forest Hill project handovers cause significant fluctuations in the consolidated accounts. The real estate development activity generated total revenues of HUF 440 million and quarterly EBITDA of HUF 110 million in Q2 2023, resulting in Hungarian core EBITDA of HUF 297 million. For comparison, in Q1 2023, the EBITDA related to the Hungarian core activity amounted to HUF 136 million (+218% q/q).
- The Group's Polish subsidiaries' sales jumped 50% compared to the first quarter, and EBITDA turned positive. Borrowing rules were eased in early 2023, leading to a noticeable recovery in the depressed credit market. (see [page 15](#) for market specifics).
- The Czech subsidiaries closed the quarter with 64%% decrease in net sales revenue and EBITDA of -13 million.

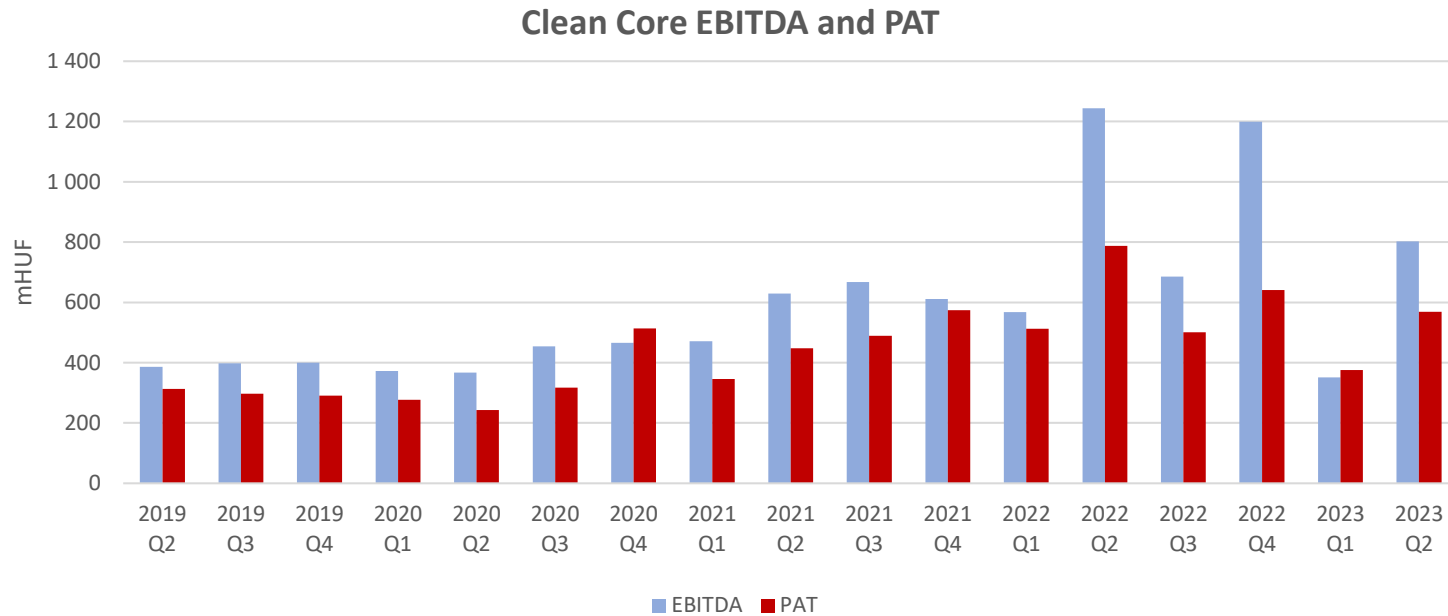
CLEAN CORE RESULT

| data in million of HUF | 2023Q2 | 2022Q2 | Variance % | 2023 Q1-Q2 | 2022 Q1-Q2 | Variance % |
|--|--------------|----------------|-------------|----------------|----------------|--------------|
| EBITDA | 989,7 | 1 373,2 | -28% | 1 821,4 | 1 938,0 | -6% |
| (-) MyCity EBITDA | 110,5 | 85,6 | +29% | 591,1 | 170,7 | +246% |
| Core EBITDA | 879,2 | 1 287,6 | -32% | 1 230,4 | 1 767,3 | -30% |
| (-) Costs related to before acquisition date | 0,0 | -8,1 | -100% | 0,0 | -8,1 | -100% |
| (-) Result of portfolio appraisal | 76,9 | 28,5 | +170% | 76,9 | 38,5 | +100% |
| (-) Audit cost related to past quarters | 0,0 | 23,0 | -100% | 0,0 | 46,0 | -100% |
| (-) Acquisition costs | 0,0 | 0,0 | +0% | 0,0 | -98,0 | -100% |
| Total core adjustments | -76,9 | -43,4 | +77% | -76,9 | 21,6 | -456% |
| Cleaned core EBITDA | 802,3 | 1 244,2 | -36% | 1 153,5 | 1 788,9 | -36% |

| data in million of HUF | 2023Q2 | 2022Q2 | Variance % | 2023 Q1-Q2 | 2022 Q1-Q2 | Variance % |
|--|---------------|--------------|--------------|----------------|----------------|--------------|
| Profit after tax | 838,6 | 905,9 | -7% | 1 538,0 | 1 418,4 | +8% |
| (-) Profit after tax for MyCity | 81,7 | 11,0 | +642% | 452,5 | 61,4 | +637% |
| Core PAT | 756,9 | 736,6 | +3% | 1 085,5 | 1 198,7 | -9% |
| (-) Costs related to before acquisition date | 0,0 | -8,1 | -100% | 0,0 | -8,1 | -100% |
| (-) Result of portfolio appraisal | 76,9 | 28,5 | +170% | 76,9 | 38,5 | +100% |
| (-) Result of foreign currency exchange | 41,5 | 62,2 | -33% | 69,2 | 70,7 | -2% |
| (-) Result on Hgroup minority buyout | 0,0 | 0,0 | +0% | 82,7 | 0,0 | |
| (-) Hgroup EarnOut liability revaluation | 194,3 | 0,0 | +0% | 194,3 | 0,0 | |
| (-) Amortization of Hgroup intangibles | -106,2 | -162,1 | -34% | -212,4 | -162,1 | +31% |
| (-) Audit cost related to past quarters | 0,0 | 23,0 | -100% | 0,0 | 46,0 | -100% |
| (-) Acquisition costs | 0,0 | 0,0 | +0% | 0,0 | -98,0 | -100% |
| Total core adjustments | -206,5 | 56,4 | -466% | -210,7 | 113,0 | -287% |
| Tax effect of adjustments (9%) | 18,6 | -5,1 | -466% | 19,0 | -10,2 | -287% |
| Cleaned core PAT | 569,0 | 787,9 | -28% | 893,8 | 1 301,5 | -31% |

- 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 2023, the Group made the following one-off adjustments:
 - A profit of HUF 77 million on the sale of investment and own-use properties,
 - HUF 42 million foreign exchange gain on revaluation of foreign currency and foreign currency denominated receivables and payables,
 - a gain of HUF 194 million on the decrease in the amount of earnout liabilities related to the Hgroup acquisition,
 - HUF 106 million of amortisation of intangible assets (brand name, value of banking and agency contracts) recognised in the balance sheet in connection with the Hgroup acquisition. The maintenance of these assets does not involve any expenditure for the Group.
- The Group's **cleaned core EBITDA amounted to HUF 802 million** in Q2 2023 (-35% y/y), which is HUF 450 million higher than in Q1 2023.
- Duna House Group's **clean core after-tax result amounted to HUF 569 million** (-28% yoy), exceeding the previous quarter by HUF 193 million.

EVOLUTION OF CLEAN CORE RESULTS



- Duna House Group's clean core EBITDA and profit after tax both bounced back from the lows of the first quarter of 2023.
- The Group's growth trajectory since its IPO has been halted by the downturn in the Polish and Hungarian markets in the second half of 2022, however the negative market trends appear to be reversing in both markets since the previous quarter.
- *Note: The Company has made changes to the accounting treatment of the Italian Hgroup regarding year 2022, details of which are described on [page 12](#).*

MANAGEMENT GUIDANCE 2023 – TECHNICAL MODIFICATION

| Management forecast published on 28.02.2023 | | | | | Adjusted Clean core profit after tax | | |
|---|--------------------|--------------|------------------------------|--------------|--------------------------------------|--|--------------|
| | EBITDA range, HUFm | | Profit after tax range, HUFm | | Technical correction | Adjusted Clean core profit after tax range, HUFm | |
| Italy | 2 020 | 2 469 | 775 | 1 049 | + 643 | 1 418 | 1 692 |
| Hungary | 829 | 1 013 | 934 | 1 120 | | 934 | 1 120 |
| Poland | -105 | -70 | -112 | -75 | | -112 | -75 |
| Czech Republic | -30 | -10 | -35 | -12 | | -35 | -12 |
| Clean core Total | 2 714 | 3 402 | 1 562 | 2 082 | + 643 | 2 205 | 2 725 |

| | Free cash flow |
|-------------------------------------|----------------------------------|
| MyCity developments, Hungary | HUF 4.5 billion during 2023-2024 |

The clean core profit after tax forecast for 2023, published by management on 28 February 2023, included a planned item that management considers to be adjusted for the assessment of the Group's core business results: the amortisation in the amount of HUF 643 million of intangible assets included in the balance sheet in connection with the Hgroup acquisition (brand name, value of banking and agency contracts). The maintenance of these intangible assets does not entail any expense for the Group and management believes that a clearer picture of the Group's profit after tax from its core business will be obtained if this item is adjusted.

In order to make the adjusted core profit after tax forecast comparable with the actual figures, the Group's management has decided to make a technical adjustment to the forecast and the adjusted adjusted core profit after tax forecast is shown in the attached table.

The EBITDA forecast is not affected by the change.

CONSOLIDATED CASH FLOW STATEMENT

| Consolidated cash flow statement Data in mHUF | 1-6. 2023 (not audited) | 1-6. 2022 (not audited) | | 1-6. 2023 (not audited) | 1-6. 2022 (not audited) |
|--|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Cash flow from operating activity | | | Cash flow from investing activity | | |
| Profit before tax from continuing operations | 1 573,4 | 1 418,4 | Proceeds from sale of property, plant and equipment | 322,0 | 290,4 |
| Profit/(loss) before tax from discontinued operations | (35,4) | 0,0 | Purchase of property, plant and equipment | (4,9) | (7,5) |
| Profit before tax | 1 538,0 | 1 418,4 | Purchase of investment properties | 0,0 | 0,0 |
| Adjustments to reconcile profit before tax to net cash flows: | | | Purchase of financial instruments | 0,5 | (6,8) |
| Depreciation and impairment of property, plant and equipment and right-of-use assets | 348,5 | 406,6 | Proceeds from sale of financial instruments | 0,0 | 0,0 |
| Amortisation and impairment of intangible assets and impairment of goodwill | 212,3 | 106,2 | Dividends from associates and joint ventures | 183,0 | 194,5 |
| Share-based payment expense | 0,1 | 3,3 | Development expenditures | (59,8) | (65,3) |
| Net foreign exchange differences | (482,3) | (207,1) | Acquisition of a subsidiary, net of cash acquired | 0,0 | (2 816,4) |
| Gain on disposal of property, plant and equipment | (76,9) | (38,5) | Net cash flow from investing activity | 440,8 | (2 411,1) |
| Fair value adjustment of a contingent consideration | (277,0) | 0,0 | Cash flow from financing activity | | |
| Finance income | (913,8) | (249,7) | Proceeds from exercise of share options | 259,4 | 155,6 |
| Finance costs | 538,6 | 270,1 | Purchase of own shares | (29,5) | (57,3) |
| Share of profit of an associate and a joint venture | (3,2) | (212,7) | Acquisition of non-controlling interests | (1 011,1) | 0,0 |
| Movements in provisions, pensions and government grants | (42,4) | (10,2) | Payment of principal portion of lease liabilities | (220,6) | (103,1) |
| | | | Proceeds from borrowings | 0,0 | 5 914,0 |
| | | | Repayment of borrowings | (210,5) | (868,0) |
| | | | Dividends paid to equity holders of the parent | (3 745,6) | (1 134,3) |
| Changes of working capital | | | Net cash flow from financing activity | (4 957,8) | 3 906,9 |
| Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash | 24,8 | (4 504,0) | | | |
| Decrease in inventories and right of return assets | 3 131,4 | 118,2 | Net change of cash and cash equivalents | (3 503,2) | 1 287,9 |
| Increase in trade and other payables, contract liabilities and refund liabilities | (2 989,4) | 2 572,2 | Cash and cash equivalents at start of period | 10 646,4 | 5 226,5 |
| Interest received | 671,5 | 128,0 | Currency exchange differences on cash and cash equivalents | 74,4 | 176,2 |
| Interest paid | (388,3) | (23,2) | Cash and cash equivalents at end of period | 7 217,7 | 6 690,7 |
| Income tax paid | (278,0) | 14,7 | | | |
| Net cash flow from operating activity | 1 013,9 | (207,9) | | | |

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 Company also adjusted the amount of intangible assets identified in connection with the Hgroup acquisition and their quarterly amortization.
- 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 Q2 2022 report of the Company and the restated income statement for Q1-2 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 H1 22H1 report | 2022 H1 23H1 report |
|--|------------------------|------------------------|
| Net sales revenue | 9 236,6 | 5 182,6 |
| Other operating income | 46,3 | 21,5 |
| Consumables used | 9,1 | 4,3 |
| Services purchased | 7 499,3 | 4 061,8 |
| Personnel expenses | 545,4 | 266,5 |
| Other operating expenses | 89,4 | 57,2 |
| EBITDA | 1 139,8 | 814,2 |
| Depreciation and amortization | 53,6 | 190,8 |
| Depreciation of right-of-use assets | 86,4 | 44,3 |
| Operating income (EBIT) | 999,8 | 579,1 |
| Finance income | 0,0 | 0,0 |
| Finance costs | 50,3 | 25,1 |
| Share of the profits of a joint venture | 0,0 | 133,2 |
| Profit before tax | 949,5 | 687,2 |
| Income tax expense | 224,8 | 140,4 |
| Profit after tax | 724,7 | 546,8 |
| Currency translation difference | 162,4 | -17,5 |
| Other comprehensive income | 162,4 | -17,5 |
| Total comprehensive income | 887,1 | 529,3 |
| <i>attributable to</i> | | |
| Shareholders of the Company | 621,0 | 410,5 |
| Non-controlling interest | 266,1 | 118,8 |

DUNA HOUSE GROUP

Segment report



SEGMENT LEVEL RESULTS

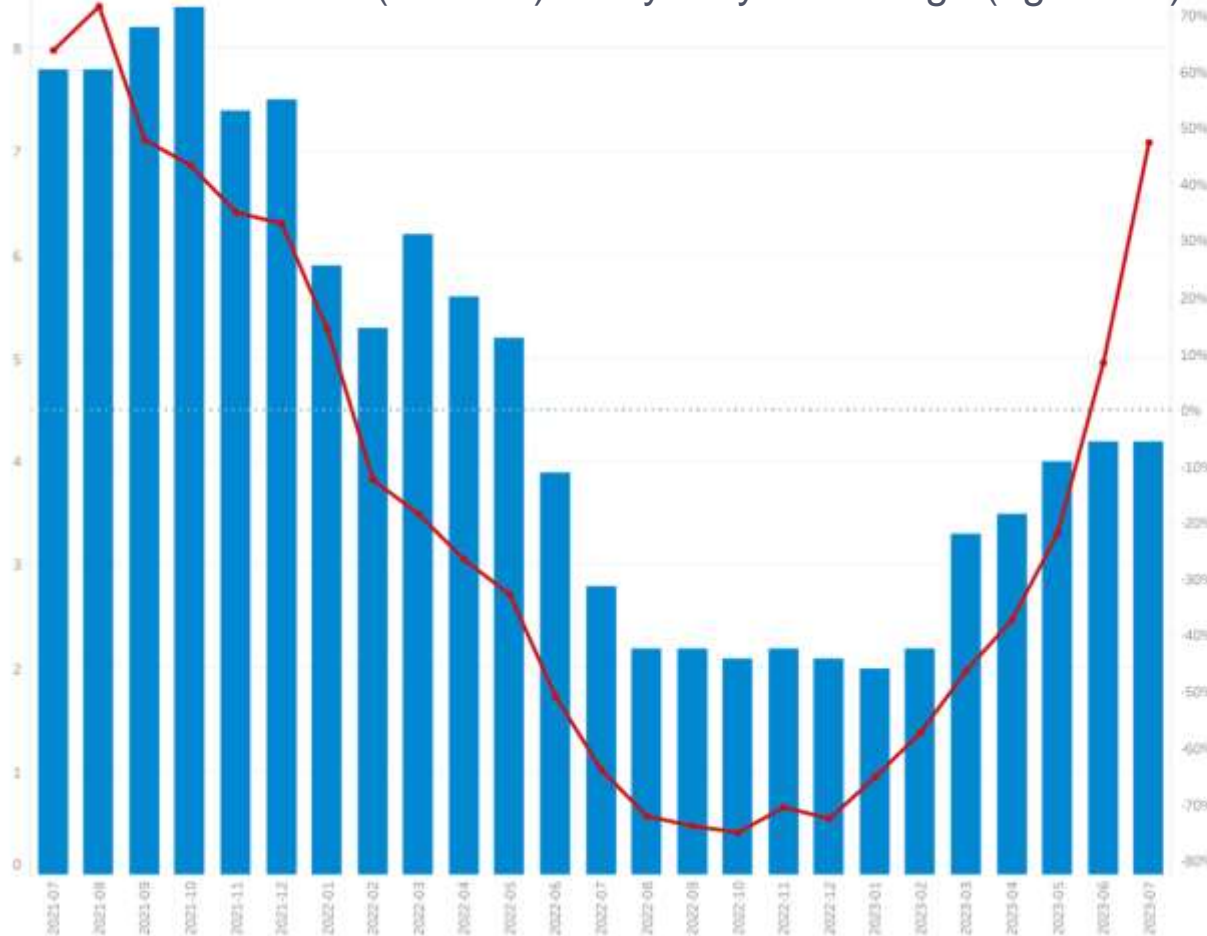
| CONSOLIDATED | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|--------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2* | | (%) |
| Financial segment | 5 804,2 | 7 440,5 | -1 636,3 | -22% | 10 905,3 | 9 735,5 | +1 169,9 | +12% |
| Real estate franchise segment | 576,7 | 713,8 | -137,2 | -19% | 1 161,0 | 1 278,2 | -117,1 | -9% |
| Own office segment | 351,4 | 432,5 | -81,0 | -19% | 683,2 | 947,1 | -263,9 | -28% |
| Complementary segment | 102,0 | 107,8 | -5,9 | -5% | 178,8 | 203,4 | -24,6 | -12% |
| Investment segment | 459,8 | 480,9 | -21,1 | -4% | 3 849,7 | 970,2 | +2 879,5 | +297% |
| Other segment | -119,2 | -96,5 | -22,7 | +24% | -211,6 | -193,5 | -18,1 | +9% |
| Total net revenue | 7 174,9 | 9 079,0 | -1 904,1 | -21% | 16 566,5 | 12 940,9 | +3 625,6 | +28% |
| Financial segment | 711,2 | 1 103,0 | -391,8 | -36% | 1 069,5 | 1 341,6 | -272,1 | -20% |
| Real estate franchise segment | 46,6 | 110,8 | -64,2 | -58% | 66,7 | 321,8 | -255,1 | -79% |
| Own office segment | 18,4 | 29,7 | -11,3 | -38% | -6,2 | 114,9 | -121,2 | -105% |
| Complementary segment | 25,0 | 4,7 | +20,3 | +432% | 28,2 | 29,0 | -0,8 | -3% |
| Investment segment | 200,0 | 124,8 | +75,1 | +60% | 706,6 | 239,2 | +467,5 | +195% |
| Other segment | -11,5 | 0,1 | -11,6 | -11560% | -43,4 | -108,5 | +65,2 | -60% |
| Total EBITDA | 989,7 | 1 373,2 | -383,5 | -28% | 1 821,4 | 1 938,0 | -116,5 | -6% |
| <i>Financial segment</i> | <i>12%</i> | <i>15%</i> | <i>-3%p</i> | | <i>10%</i> | <i>14%</i> | <i>-4%p</i> | |
| <i>Real estate franchise segment</i> | <i>8%</i> | <i>16%</i> | <i>-7%p</i> | | <i>6%</i> | <i>25%</i> | <i>-19%p</i> | |
| <i>Own office segment</i> | <i>5%</i> | <i>7%</i> | <i>-2%p</i> | | <i>-1%</i> | <i>12%</i> | <i>-13%p</i> | |
| <i>Complementary segment</i> | <i>24%</i> | <i>4%</i> | <i>+20%p</i> | | <i>16%</i> | <i>14%</i> | <i>+2%p</i> | |
| <i>Investment segment</i> | <i>43%</i> | <i>26%</i> | <i>+18%p</i> | | <i>18%</i> | <i>25%</i> | <i>-6%p</i> | |
| <i>Other segment</i> | <i>10%</i> | <i>0%</i> | <i>+10%p</i> | | <i>20%</i> | <i>56%</i> | <i>-36%p</i> | |
| Total EBITDA margin | 14% | 15% | -1%p | | 11% | 15% | -4%p | |

* Includes financial figures and volumes of Italian subsidiaries from 1 April 2022 onwards

- The Group's revenue decreased by 21% and EBITDA by 28% in Q2 2023 on a year-on-year basis.
- Financial intermediation revenue grew by HUF 700 million quarter-on-quarter, correcting back to HUF 5.8 billion, with EBITDA nearly doubling from the low point of Q1 2023.
- The Group's real estate franchise segment revenue stagnated with improving EBITDA compared to Q1 2023.
- Revenue in the Own Office Operations segment increased by 6% compared to the previous quarter and EBITDA turned positive.
- In the real estate investment segment, sales of the Forest Hill project continued at a slower pace than in previous quarters, while sales of investment properties continued.
- *Changes in EBITDA were influenced by unique factors, which are presented on page 8 in the description of Clean core results.*

MARKET UPDATE

Monthly evolution of home loan disbursement, Poland
PLNbn (left axis) and year/year change (right axis)



Source: BIK, <https://media.bik.pl/analizy-rynkowe>

Market update

- Long-term loans are popular in the Italian credit market and as lending rates rise, the overall Italian mortgage market declined by 22.7% in 2022 as a whole, according to CRIF analysts, with the double-digit decline of 22-24% y/y continuing in the first half 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 payment-to-income (PTI) rules and the disappearing creditworthiness of the population as a result. The Polish regulator (KNF) has eased PTI rules for fixed-rate loans, which increases the amount of credit that can be borrowed by an average of 20%. The impact of the change has seen mortgage disbursements double for the months of May-July 2023 from levels seen between October 2022 - February 2023. In addition, the Polish government plans to introduce interest subsidised loans for young first-time home buyers later this year, which could provide a further boost to the property and credit markets.
- In Hungary, new home loan disbursements decreased by 29% in Q3 2022, 54% in Q4 2022 and 65% in Q1 and Q2 2023 on a year-on-year basis. The 20-year BIRS peaked in October 2022 at close to 11% and is currently in the range of 6.5-7.5%. With inflation slowing, a gradual reduction in lending rates and an increase in lending is expected over 2023-2024.

SEGMENT LEVEL RESULTS

| FINANCIAL SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|--------------------------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2* | | (%) |
| Net sales revenue | 5 804,2 | 7 440,5 | -1 636,3 | -22% | 10 905,3 | 9 735,5 | +1 169,9 | +12% |
| Direct expenses | 4 120,9 | 5 245,9 | -1 125,0 | -21% | 7 815,6 | 7 064,7 | +750,8 | +11% |
| Gross profit | 1 683,3 | 2 194,6 | -511,3 | -23% | 3 089,8 | 2 670,7 | +419,0 | +16% |
| Indirect expenses | 972,1 | 1 091,6 | -119,5 | -11% | 2 020,3 | 1 329,2 | +691,1 | +52% |
| EBITDA | 711,2 | 1 103,0 | -391,8 | -36% | 1 069,5 | 1 341,6 | -272,1 | -20% |
| <i>Gross profit margin (%)</i> | <i>29%</i> | <i>29%</i> | <i>-0%</i> | | <i>28%</i> | <i>27%</i> | <i>+1%</i> | |
| <i>EBITDA margin (%)</i> | <i>12%</i> | <i>15%</i> | <i>-3%</i> | | <i>10%</i> | <i>14%</i> | <i>-4%</i> | |
| Loan volume (bn HUF) | 165,6 | 243,8 | -78,3 | -32% | 310,3 | 346,5 | -36,2 | -10% |
| Hungary | 16,6 | 26,1 | -9,5 | -36% | 28,1 | 47,9 | -19,8 | -41% |
| Poland | 50,0 | 80,3 | -30,3 | -38% | 85,3 | 161,3 | -75,9 | -47% |
| Italy | 98,9 | 137,4 | -38,4 | -28% | 196,9 | 137,4 | +59,5 | +43% |

* Includes financial figures and volumes of Italian subsidiaries from 1 April 2022 onwards

- The financial product intermediation segment was shaped by the acquisition of HGroup in Italy and the specific credit market trends in each country. The segment achieved a revenue level of HUF 5.8 billion (-22% yoy) and EBITDA of HUF 711 million (-36% yoy), a significant improvement compared to Q1 2023.
- In Italy, loan volumes amounted to EUR 265 million (HUF 98.9 billion), down 28% in HUF and 26% in EUR compared to Q2 2022.
- In Poland, after a lending turnaround in Q1, Group intermediated loan volumes in Q2 amounted to PLN 608.3 million (HUF 50.0 billion, -38% y/y in PLN terms), with a quarter-on-quarter increase of 42% in PLN terms. The turnaround was helped by the easing of payment-to-income conditions for fixed-rate loans by the regulator, and the launch on 1 July of the First Home programme for first-time home buyers under 45 years of age, which should provide a further boost.
- In Hungary, quarter-on-quarter loan volumes intermediated by the Group amounted to HUF 16.6 billion, up 45% quarter-on-quarter, reflecting the market turnaround.

SEGMENT LEVEL RESULTS

| REAL ESTATE FRANCHISE SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|-------------------------------------|----------------|----------------|---------------|-------------|----------------|----------------|-----------------|-------------|
| (data in mHUF) | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2** | | (%) |
| Net sales revenue | 576,7 | 713,8 | -137,2 | -19% | 1 161,0 | 1 278,2 | -117,1 | -9% |
| Direct expenses | 157,9 | 203,7 | -45,9 | -23% | 312,1 | 240,7 | +71,4 | +30% |
| Gross profit | 418,8 | 510,1 | -91,3 | -18% | 848,9 | 1 037,5 | -188,6 | -18% |
| Indirect expenses | 372,2 | 399,3 | -27,1 | -7% | 782,2 | 715,7 | +66,6 | +9% |
| EBITDA | 46,6 | 110,8 | -64,2 | -58% | 66,7 | 321,8 | -255,1 | -79% |
| Gross profit margin (%) | 73% | 71% | +1%p | | 73% | 81% | -8%p | |
| EBITDA margin (%) | 8% | 16% | -7%p | | 6% | 25% | -19%p | |
| Network commission revenues* | 3 179,0 | 4 068,1 | -889,1 | -22% | 5 854,4 | 8 143,6 | -2 289,2 | -28% |
| Hungary | 2 074,5 | 2 893,2 | -818,8 | -28% | 3 833,8 | 6 008,0 | -2 174,2 | -36% |
| Poland | 946,6 | 914,4 | +32,2 | +4% | 1 701,9 | 1 786,3 | -84,4 | -5% |
| Czech Republic | 28,8 | 87,3 | -58,5 | -67% | 87,1 | 176,1 | -89,0 | -51% |
| Italy | 129,2 | 173,1 | -43,9 | -25% | 231,6 | 173,1 | +58,4 | +34% |
| Network office numbers (pcs) | 289 | 294 | -5 | -2% | 289 | 294 | -5 | -2% |
| Hungary | 151 | 164 | -13 | -8% | 151 | 164 | -13 | -8% |
| Poland | 99 | 104 | -5 | -5% | 99 | 104 | -5 | -5% |
| Czech Republic | 1 | 1 | 0 | +0% | 1 | 1 | 0 | +0% |
| Italy | 38 | 25 | 13 | +52% | 38 | 25 | 13 | +52% |

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

** Includes financial figures and volumes of Italian subsidiaries from 1 April 2022 onwards

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 doubled to HUF 47 million quarter/quarter (-58% year/year).
- In Hungary, the Group achieved an 18% volume growth on a quarter/quarter basis. EBITDA of the Hungarian franchise operation amounted to HUF 113 million. The dynamics of the second half of the year will be largely determined by the phasing out of the CSOK family support programme at the end of the year and the as yet unannounced details of the schemes to be applied for in 2024.
- Poland has seen a rapid rebound, with commission volumes of HUF 947 million, the third strongest quarter in its history (+4% y/y and +25% q/q). EBITDA of the Polish business amounted to HUF -15 million in the quarter, due to an impairment of HUF 19 million on trade receivables.
- In Italy, the Realizza network generated commission income of HUF 129 million (-25% y/y) and due to its small size is currently operating at a loss at EBITDA level. Management will focus on expanding the size of the network over the next 2 years, improving profitability is secondary for the time being.
- The office count has been reduced to 289 units. 7 offices were closed in Poland and 5 in Hungary during the quarter. The closures affected underperforming offices.

SEGMENT LEVEL RESULTS

| OWN OFFICE SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|-------------------------------------|--------------|--------------|-----------------|-----------------|--------------|----------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2 | | (%) |
| Net sales revenue | 351,4 | 432,5 | -81,0 | -19% | 683,2 | 947,1 | -263,9 | -28% |
| Direct expenses | 213,4 | 253,1 | -39,7 | -16% | 415,3 | 539,4 | -124,1 | -23% |
| Gross profit | 138,0 | 179,4 | -41,3 | -23% | 267,9 | 407,7 | -139,8 | -34% |
| Indirect expenses | 119,6 | 149,7 | -30,0 | -20% | 274,1 | 292,8 | -18,7 | -6% |
| EBITDA | 18,4 | 29,7 | -11,3 | -38% | -6,2 | 114,9 | -121,2 | -105% |
| <i>Gross profit margin (%)</i> | <i>39%</i> | <i>41%</i> | <i>-2%</i> | | <i>39%</i> | <i>43%</i> | <i>-4%</i> | |
| <i>EBITDA margin (%)</i> | <i>5%</i> | <i>7%</i> | <i>-2%</i> | | <i>-1%</i> | <i>12%</i> | <i>-13%</i> | |
| Networ commission revenues* | 379,1 | 556,4 | -177,4 | -32% | 756,1 | 1 186,3 | -430,2 | -36% |
| Hungary | 171,4 | 297,6 | -126,2 | -42% | 337,4 | 633,8 | -296,4 | -47% |
| Poland | 178,8 | 171,5 | +7,4 | +4% | 331,8 | 376,4 | -44,6 | -12% |
| Czech Republic | 28,8 | 87,3 | -58,5 | -67% | 86,8 | 176,1 | -89,3 | -51% |
| Network office numbers (pcs) | 22 | 24 | -2 | -8% | 22 | 24 | -2 | -8% |
| Hungary | 13 | 15 | -2 | -13% | 13 | 15 | -2 | -13% |
| Poland | 8 | 8 | 0 | +0% | 8 | 8 | 0 | +0% |
| Czech Republic | 1 | 1 | 0 | +0% | 1 | 1 | 0 | +0% |

*the total revenue generated by the Duna House Group after all real estate transactions brokered by its own offices

- In the second quarter of 2023, the own office segment achieved a gross margin of HUF 138 million (-23% y/y) with a total network commission income of HUF 379 million (-32% y/y).
- Quarterly commission income in Hungary decreased by 42% yoy, but increased by 3% compared to Q1 2023. The dynamics of the second half of the year will be largely determined by the phasing out of the CSOK family support scheme at the end of the year and the as yet unannounced details of the schemes to be applied for in 2024.
- Quarterly commission income from Polish proprietary agencies increased by 4% y/y, while on a quarterly/quarterly basis the growth rate was 17%.
- Czech own agency quarterly commission income fell by 67% year-on-year and 51% on a quarter-on-quarter basis. Due to its relatively small size, the performance of the Czech own agency can fluctuate widely between quarters.
- The number of offices decreased by two Hungarian and one Polish office during the quarter.

SEGMENT LEVEL RESULTS

| COMPLEMENTARY SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|--------------------------------|--------------|--------------|-----------------|-----------------|--------------|--------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2 | | (%) |
| Net sales revenue | 102,0 | 107,8 | -5,9 | -5% | 178,8 | 203,4 | -24,6 | -12% |
| Direct expenses | 32,0 | 25,5 | +6,5 | +26% | 54,1 | 43,7 | +10,4 | +24% |
| Gross profit | 69,9 | 82,3 | -12,4 | -15% | 124,7 | 159,7 | -35,0 | -22% |
| Indirect expenses | 45,0 | 77,6 | -32,6 | -42% | 96,5 | 130,7 | -34,2 | -26% |
| EBITDA | 25,0 | 4,7 | +20,3 | +432% | 28,2 | 29,0 | -0,8 | -3% |
| <i>Gross profit margin (%)</i> | <i>69%</i> | <i>76%</i> | <i>-8%</i> | | <i>70%</i> | <i>79%</i> | <i>-9%</i> | |
| <i>EBITDA margin (%)</i> | <i>24%</i> | <i>4%</i> | <i>+20%</i> | | <i>16%</i> | <i>14%</i> | <i>+2%</i> | |

- The revenues of the related services segment grew by 32% quarter-on-quarter to HUF 102 million, while EBITDA increased by HUF 22 million compared to the first quarter.
- Impact Fund Management Zrt, which the Company plans to sell, has been classified by management as an asset held for sale and is no longer part of the segment as of Q4 2022.
- Segment EBITDA as a percentage of sales improved to 24%.

SEGMENT LEVEL RESULTS

| INVESTMENT SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|--|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2 | | (%) |
| Net sales revenue | 459,8 | 480,9 | -21,1 | -4% | 3 849,7 | 970,2 | +2 879,5 | +297% |
| Direct expenses | 401,5 | -124,6 | +526,1 | -422% | 3 227,2 | 416,1 | +2 811,1 | +676% |
| Gross profit | 58,3 | 605,5 | -547,2 | -90% | 622,5 | 554,0 | +68,4 | +12% |
| Indirect expenses* | -141,7 | 480,7 | -622,3 | -129% | -84,2 | 314,9 | -399,0 | -127% |
| EBITDA | 200,0 | 124,8 | +75,1 | +60% | 706,6 | 239,2 | +467,5 | +195% |
| <i>Gross profit margin (%)</i> | <i>13%</i> | <i>126%</i> | <i>-113%</i> | | <i>16%</i> | <i>57%</i> | <i>-41%</i> | |
| <i>EBITDA margin (%)</i> | <i>43%</i> | <i>26%</i> | <i>+18%</i> | | <i>18%</i> | <i>25%</i> | <i>-6%</i> | |
| Carrying amount of properties | 1 509,3 | 3 250,0 | -1 740,7 | -54% | 1 509,3 | 3 250,0 | -1 740,7 | -54% |
| Carrying amount of investment purpose properties | 0,0 | 1 597,6 | -1 597,6 | -100% | 0,0 | 1 597,6 | -1 597,6 | -100% |
| Carrying amount of operational properties | 1 509,3 | 1 652,4 | -143,1 | -9% | 1 509,3 | 1 652,4 | -143,1 | -9% |
| Number of properties (pcs) ** | 5 | 17 | -12 | -71% | 5 | 17 | -12 | -71% |
| Number of investment purpose properties | 0 | 12 | -12 | -100% | 0 | 12 | -12 | -100% |
| Number of operational properties | 5 | 5 | +0 | +0% | 5 | 5 | +0 | +0% |

*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 200 million in the quarter, of which HUF 110 million profit is related to the MyCity real estate development activity. The Group's real estate portfolio generated an EBITDA of HUF 90 million.
- Within the MyCity projects, the handover of apartments at the Forest Hill residential development continued at a slower pace during the quarter, from which the Group generated total revenue of HUF 434 million.
- The Group continued the disposal of its property portfolio, selling a total of 2 properties during the quarter (4 properties in total during the half year) and reclassifying all of its investment properties as "Assets held for sale".
- The figures in the table do not include the results of the MyCity Residence project (Hunor utca, 3rd district of Budapest), 50% owned by the Group, which is recognised through capital consolidation.

FOREST HILL RESIDENTIAL PARK



Forest Hill – UNDER HANDOVER – Key data

| | Total | Realized by 30 June 2023 | Expected after 30 June 2023 |
|--------------------------------------|------------|---|---|
| Number of units (pcs) | 154 | 118 sold (77%) 115 handed over (75%) | 36 to sell (23%) 39 to hand over (25%) |
| Expected consolidated revenue | HUF 12.0bn | HUF 7.9 bn | HUF 4.1 bn |
| Net cash flow form handovers | HUF 6.4bn | HUF 2.4 bn | HUF 4.0 bn |

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

- 57 apartments, 4 605 sqm sellable area,
- The Group is contemplating the potential sale of the plot.

SEGMENT LEVEL RESULTS

| OTHER- AND CONSOLIDATION SEGMENT | 2023 | 2022 | Variance | Variance | 2023 | 2022 | Variance | Variance |
|---|---------------|--------------|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| <i>(data in mHUF)</i> | Q2 | Q2 | | (%) | Q1-Q2 | Q1-Q2 | | (%) |
| Net sales revenue | -119,2 | -96,5 | -22,7 | +24% | -211,6 | -193,5 | -18,1 | +9% |
| Direct expenses | -61,5 | -58,4 | -3,1 | +5% | -113,1 | -117,2 | +4,0 | -3% |
| Gross profit | -57,7 | -38,1 | -19,6 | +51% | -98,5 | -76,3 | -22,2 | +29% |
| Indirect expenses | -46,1 | -38,2 | -7,9 | +21% | -55,2 | 32,2 | -87,4 | -271% |
| EBITDA | -11,5 | 0,1 | -11,6 | -11560% | -43,4 | -108,5 | +65,2 | -60% |
| <i>Gross profit margin (%)</i> | <i>48%</i> | <i>39%</i> | <i>+9%</i> | | <i>47%</i> | <i>39%</i> | <i>+7%</i> | |
| <i>EBITDA margin (%)</i> | <i>10%</i> | <i>0%</i> | <i>+10%</i> | | <i>20%</i> | <i>56%</i> | <i>-36%</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 | | | 392,0 | 2 710,8 | 3 102,8 | 239,5 | 3 342,4 |
| Purchase of treasury shares | | | | | -127,5 | | -127,5 |
| Acquisition | | 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 | | | | -3 836,9 | -3 836,9 | | -3 836,9 |
| Total comprehensive income | | | -653,3 | 1 525,5 | 872,2 | 66,5 | 938,8 |
| Purchase of treasury shares | | | | | 232,8 | | 232,8 |
| Acquisition | | 618,3 | | -125,2 | 493,1 | | 493,1 |
| Employee Share-based payment provision | | -15,7 | | | -15,7 | | -15,7 |
| 30 June 2023 | 172,0 | 2 166,7 | -148,8 | 769,1 | 2 821,0 | 242,1 | 3 063,1 |

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 2023Q2 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 2024.

Budapest, 31 August 2023.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President