

DUNA HOUSE GROUP

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Management Guidance 2023

28 February 2023



MANAGEMENT GUIDANCE FOR 2023

	EBITDA range, HUFm		Profit after tax range, HUFm	
Italy	2 020	2 469	775	1 049
Hungary	829	1 013	934	1 120
Poland	-105	-70	-112	-75
Czech Republic	-30	-10	-35	-12
Clean core Total	2 714	3 402	1 562	2 082
Clean core 2022	3 537		2 290	

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

The Group's core activity closed a record year in 2022 thanks to the acquisition of Italian Hgroup. Although the Hgroup Group was consolidated only as of 1 April 2022 (*see page 12 of the Q4 2022 report*), Duna House Group was still able to meet its EBITDA and Net Profit targets for 2022.

In 2022, the Forest Hill real estate development project generated HUF 3.3 billion in revenue, HUF 1.0 billion in EBITDA, HUF 617 million in after-tax profit and HUF 1.7 billion in cash flow for the Group. The remaining total cash flow is HUF 4.7 billion, of which the Group expects to generate HUF 4.5 billion in 2023-2024.

The Group will continue to sell its investment property portfolio in order to streamline its profile. The market value of this portfolio was HUF 1.2 billion at 31 December 2022 (including assets held for sale).

The total cash flow of HUF 5.9 billion expected from the Forest Hill project and from the sale of the entire investment property portfolio is intended by the Board of Directors to be used for dividend payments or acquisitions in the future.

Comments

This management forecast is prepared in a highly uncertain macroeconomic environment. The Russian-Ukrainian war and the energy and inflation crisis unfolding in 2022 have had a very negative impact on the Group's markets, and this year's management forecast is therefore in a wider range.

The biggest challenge facing the Group's markets is the impact of interest rate hikes on lending and, by extension, property purchases. The Group's geographic presence has diversified significantly in recent years and sensitivity to these effects may vary from country to country, with the combined effect being reduced:

- Italy: lending has fallen by 20-25% in one year and is set to fall by a further 23% in the first months of 2023. The Group's market opportunities compared to the overall market will be enhanced by the increase in broker shares and the Group's leading position, allowing profitability to be maintained,
- Hungary: the residential mortgage market fell significantly in H2 2022, down 54% y/y in Q4. The 20-year BIRS peaked in October 2022, with inflation slowing down, the Group expects lending rates to gradually moderate during 2023,
- Poland: credit markets contracted by 70-80% in the last months of 2022, but favourable changes in fixed rate loans could put credit and real estate markets back on a growth path from Q2 2023.

2020-2024 BUSINESS PLAN FULFILMENT

HUFm		2020	2021	2022	2023	2024	by 2024 from M&A	2024 with M&A
5-year business plan	Clean core EBITDA	1,271	1,857	2,382	2,800	3,193	1,000	4,193
	Clean core Net profit	857	1,107	1,572	1,883	2,195	850	3,045
	Development and property appraisal Net profit	993	870	68	72	75		75
	Total Net profit	1,850	1,977	1,640	1,954	2,270		3,120
Actuals and 2023 guidance	Clean core EBITDA	1,659	2,378	3,537	2,714 – 3,402			
	Clean core Net profit	1,166	1,751	2,290	1,562 – 2,082			
	Development and property appraisal Net profit	137	-270	668				
	Other items	43	105	41				
	Total Net profit	1,346	1,586	2,999				

Note: The 2023 guidance above includes 100% of the results of the Italian subsidiaries in accordance with the international accounting standards.