

DUNA HOUSE GROUP

2023.Q3 Quarterly report

30 November 2023



Listed on the Prime Market of
the Budapest Stock Exchange



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EXECUTIVE SUMMARY- 2023 THIRD QUARTER

Quarterly results

- Duna House Group (the "Group") had revenue of HUF 7.1 billion and EBITDA of HUF 710 million in the third quarter of 2023. Following turnaround in Q2, clean core consolidated EBITDA for Q3 stabilized at HUF 755 million, more than double the trough level of the first quarter of 2023.
- Italy generated an EBITDA of HUF 305 million, Hungarian operations generated an EBITDA of HUF 273 million, while in Poland the Group generated an EBITDA of HUF 133 million. Management sees a gradual improvement in trends in recent months following the turnaround in the Hungarian and Polish markets, while Italy was negatively impacted by the ongoing loan market decline and usual summer low-season ([see page 15 for market specifics](#)).
- In addition to the core activity, the Forest Hill handovers have slowed down as expected by management. The project generated revenue of HUF 315 million and gross profit of HUF 44 million in Q3 2023.
- The Group continues to sell its investment property portfolio under profile streamlining, with cash flows of HUF 480 million generated from the sale of two properties during the quarter.

Credit rating

- In November 2023, Scope Ratings conducted its annual review of the Group's bond ratings and confirmed the BB-/Stable rating of the Issuer and the BB- rating of the bonds.

Guidance 2023

- Meeting management's forecast is challenged by the year-on-year slowdown in Italy. Based on its latest forecasts, management expects clean core EBITDA to confidently and clean core profit after tax to expectedly exceed the lower end of guidance threshold.

Outlook in Italy

- Despite the market slowdown since 2022, management sees a positive outlook for Italy in 2024 due to the Professione Casa agreement and ongoing efficiency measures.

PROFESSIONE CASA COOPERATION: A SIGNIFICANT MILESTONE



Details of the deal

Investment

The Group purchased 10% ownership in Professione Casa.

**Loan+insurance
Cooperation**

Credipass and Medioinsurance subsidiaries of the Group are the exclusive loan brokerage and insurance providers to the clients of Professione Casa for 15 years.

**Real Estate
Cooperation**

The Group's whole current Italian real estate activity to be integrated into Professione Casa's network and additional angles of cooperation are being reviewed.

Benefits for Duna House Group

- Strategic cooperation with one of the largest real estate agencies of Italy.
- + EUR 2.0 million annual EBITDA expected from the financial brokerage activity – expected to be reached within 2-3 years.
- Saving EUR 500k annually from 2024 by closing the currently loss-making real estate activity

**EUR 2.5 million
annual EBITDA-potential**

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2023 Q3		2022 Q3		Variance		2023 Q1-Q3		2022 Q1-Q3		Variance	
	(not audited)	(not audited)	mHUF	%	(not audited)	(not audited)	mHUF	%	(not audited)	(not audited)	mHUF	%
Net sales revenue	7,137.7	8,385.0	-1,247.3	-15%	23,704.2	21,325.9	+2,378.3	+11%				
Other operating income	123.3	69.8	+53.4	+76%	244.0	333.9	-89.9	-27%				
Variation in self-manufactured stock	252.9	525.0	-272.1	-52%	3,085.2	717.1	+2,368.1	+330%				
Consumables and raw materials	33.9	57.1	-23.2	-41%	101.0	177.7	-76.7	-43%				
Cost of goods and services sold	313.0	541.6	-228.6	-42%	1,108.9	1,653.4	-544.5	-33%				
Contracted services	5,285.6	5,826.1	-540.5	-9%	15,119.5	14,432.6	+687.0	+5%				
Personnel costs	484.3	440.5	+43.8	+10%	1,591.3	1,299.2	+292.2	+22%				
Other operating charges	181.8	133.9	+47.9	+36%	411.3	511.2	-99.9	-20%				
EBITDA	709.6	930.6	-221.1	-24%	2,531.0	2,868.6	-337.6	-12%				
Depreciation and amortization	194.4	261.2	-66.8	-26%	563.3	574.8	-11.5	-2%				
Depreciation of right-of-use assets	102.1	70.2	+32.0	+46%	294.1	163.2	+130.9	+80%				
Operating income (EBIT)	413.0	599.3	-186.3	-31%	1,673.7	2,130.7	-457.0	-21%				
Financial income	222.9	227.4	-4.5	-2%	1,413.8	477.1	+936.7	+196%				
Financial charges	302.8	191.2	+111.6	+58%	841.4	461.3	+380.1	+82%				
Share of the results of jointly controlled undertakings	-1.6	0.6	-2.1	-376%	1.7	213.3	-211.6	-99%				
Profit before tax from continuing operations	331.6	636.0	-304.4	-48%	2,247.7	2,359.7	-112.0	-5%				
Income tax expense	67.9	73.8	-6.0	-8%	410.5	379.2	+31.4	+8%				
Profit after tax from continuing operations	263.7	562.2	-298.5	-53%	1,837.1	1,980.6	-143.4	-7%				
Profit or loss after tax from a discontinued operations	-8.2	0.0	-8.2		-43.6	0.0	-43.6					
Profit after tax	255.6	562.2	-306.6	-55%	1,793.6	1,980.6	-187.0	-9%				
Other comprehensive income	451.0	1,140.9	-689.9	-60%	-222.8	1,591.2	-1,814.0	-114%				
Total comprehensive income attributable to	706.6	1,703.1	-996.5	-59%	1,570.8	3,571.8	-2,001.0	-56%				
Shareholders of the Company	685.6	1,429.3	-743.7	-52%	1,557.8	3,186.8	-1,629.0	-51%				
Non-controlling interest	21.0	273.8	-252.8	-92%	13.0	385.0	-372.0	-97%				
Earnings per share (diluted)	7.1	15.1	-8.0	-53%	50.5	51.4	-0.9	-2%				

Comments

- The Company has changed the consolidation date of Hgroup S.p.a. in its fourth quarter 2022 report: it will be consolidated in its financial statements by capital consolidation in the first quarter of 2022 and by full consolidation in the second to fourth quarters of 2022. The details of the change are provided on [page 12](#).
- The Group's quarterly revenue amounted to HUF 7.1 billion (-15% y/y), EBITDA closed at HUF 710 million (-24% y/y). Changes in EBITDA were influenced by unique factors, which are presented on [page 8, Clean core result](#).
- The change in self-manufactured stocks is due to the cost of the final settlement of the occupied flats of the 100% owned Forest Hill development project. During the quarter, delivery of the Forest Hill development apartments continued to be slower than expected, with the Group recognising revenue of HUF 315 million and inventory of HUF 266 million.
- Within depreciation and amortisation, the amortisation of intangible assets identified in connection with the acquisition of Hgroup (brand name, value of banking and agency contracts) amounted to HUF 108 million.
- During the quarter, the EUR/HUF exchange rate moved from 371.13 to 391.25, resulting in a net foreign exchange loss of HUF 96 million on foreign exchange items (Q3 2022: HUF 144 million foreign exchange gain), of which HUF 137 million net foreign exchange loss on Hgroup's deferred purchase price liability. In addition, it generated interest income of HUF 140 million in the quarter. Financial expenses included quarterly interest on the Duna House NKP Bond 2030/I and 2032/I bonds totalling HUF 111 million.
- The profit after tax for the third quarter of 2023 amounted to HUF 256 million. **Clean core profit after tax amounted to HUF 561 million, HUF 70 million above than in the same period of 2022.** The reconciliation of the [Clean core results can be found on page 9](#).
- 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 September 2023 (not audited)	31 December 2022 (audited)	Variance	
			mHUF	%
Intangibles and Goodwill	11 752,1	12 328,9	-576,8	-5%
Investment property	0,0	982,5	-982,5	-100%
Property, plant	1 674,0	1 787,1	-113,0	-6%
Right-of-use asset	1 653,3	1 540,9	+112,3	+7%
Other	1 202,9	1 309,3	-106,4	-8%
Non-current assets	16 282,3	17 948,7	-1 666,4	-9%
Inventories	2 662,0	6 059,1	-3 397,1	-56%
Trade receivables	2 604,3	3 229,8	-625,5	-19%
Restricted cash	0,5	92,6	-92,1	-99%
Cash and cash equivalents	7 104,8	10 646,4	-3 541,5	-33%
Accruals	1 151,2	911,2	+240,0	+26%
Assets held for sale	668,3	402,4	+265,9	+66%
Other	2 625,2	1 882,6	+742,6	+39%
Current assets	16 816,4	23 223,9	-6 407,5	-28%
Total assets	33 098,7	41 172,6	-8 073,9	-20%
Share capital	3 770,0	5 250,9	-1 480,9	-28%
Borrowings	14 154,0	14 463,9	-309,8	-2%
Other non-current liabilities	9 390,5	12 373,0	-2 982,5	-24%
Non-current liabilities	23 544,5	26 836,8	-3 292,3	-12%
Borrowings	303,5	357,0	-53,6	-15%
Trade payables	2 588,9	3 106,9	-518,0	-17%
Deferrals	694,4	731,8	-37,4	-5%
Other liabilities	2 197,4	4 889,2	-2 691,8	-55%
Current liabilities	5 784,2	9 084,9	-3 300,7	-36%
Total equity and liabilities	33 098,7	41 172,6	-8 073,9	-20%

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 to sell its real estate portfolio, with a total of 2 properties sold during the quarter for HUF 480 million.
- The Group's inventory has decreased by HUF 3.4 billion since the end of the previous year as a result of the continued delivery of the Forest Hill apartments.
- The Group's cash position decreased by HUF 3.5 billion due to dividend payments.
- The Group's consolidated equity after dividend payments of HUF 3.7 billion stood at HUF 3.8 billion on 30 September 2023.
- Total debt liabilities amounted to HUF 14.5 billion at the end of the quarter, of which HUF 13.1 billion was interest-bearing debt from bonds and HUF 1.3 billion was bank loans of Hgroup in Italy. The Group's net external debt stood at HUF 7.4 billion at 30 September 2023, 2.5 times 12-month adjusted core EBITDA. In November 2023, Scope Ratings completed its annual review of the Group's bond ratings and affirmed the BB-/Stable rating of the Issuer and the BB- rating of the Bonds.
- Under other non-current liabilities, the Group has a lease liability and two deferred liabilities related to the HGroup acquisition: i) an earn-out liability of HUF 2.1 billion related 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.

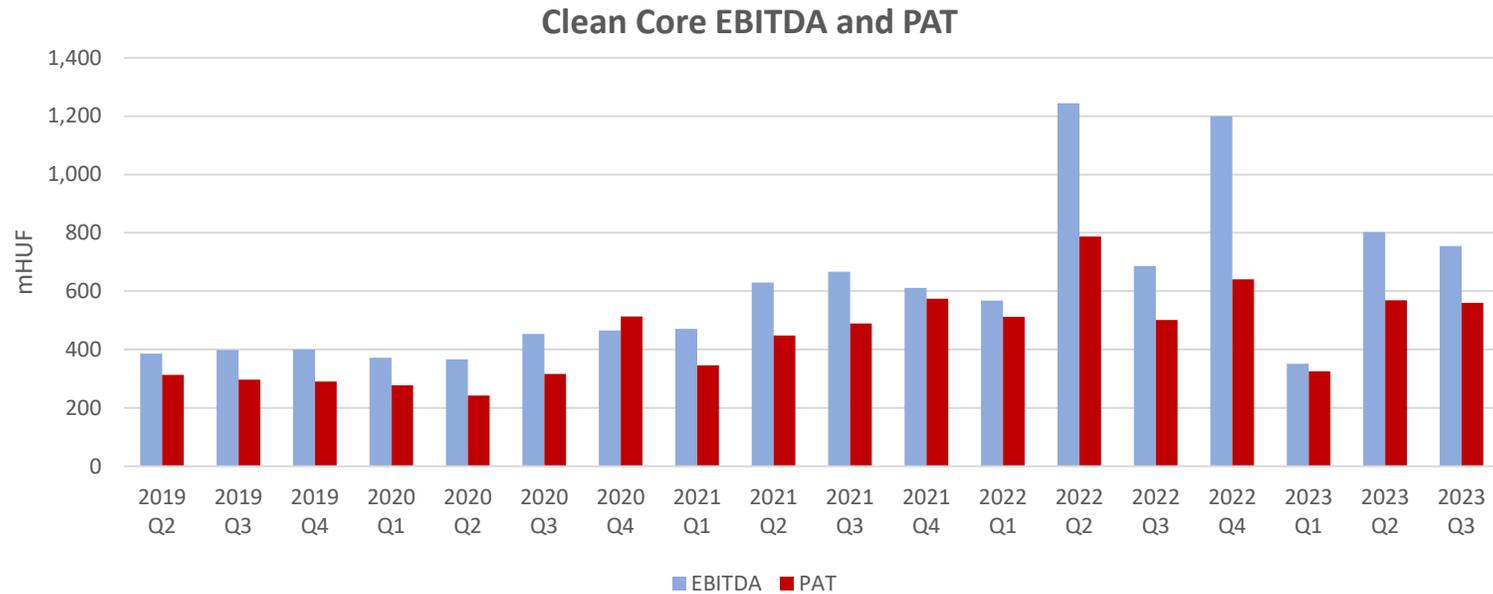
CLEAN CORE RESULT

data in million of HUF	2023Q3	2022Q3	Variance %	2023 Q1-Q3	2022 Q1-Q3	Variance %
EBITDA	709,6	930,6	-24%	2 531,0	2 868,6	-12%
(-) MyCity EBITDA	8,7	266,5	-97%	599,8	437,2	+37%
Core EBITDA	700,9	664,1	+6%	1 931,2	2 431,4	-21%
(-) Costs related to before acquisition date	-	-	-	-	-8,1	-100%
(-) Result of portfolio appraisal	14,3	25,6	-44%	91,2	64,1	+42%
(-) EBITDA of Realizza and Relabora	-46,8	-	-	-135,3	-	-
(-) Audit cost related to past quarters	-	-46,0	-100%	-	-	-
(-) Tax correction of previous years	-21,3	-	-	-21,3	-	-
(-) Acquisition costs	-	-27,9	-100%	-	-125,9	-100%
Total core adjustments	53,8	48,3	+11%	65,4	69,9	-6%
Cleaned core EBITDA	754,6	712,5	+6%	1 996,6	2 501,3	-20%

data in million of HUF	2023Q3	2022Q3	Variance %	2023 Q1-Q3	2022 Q1-Q3	Variance %
Profit after tax	263,7	562,2	-53%	1 837,1	1 980,6	-7%
(-) Profit after tax for MyCity	-48,6	138,5	-135%	403,9	199,9	+102%
Core PAT	312,3	423,7	-26%	1 433,3	1 780,6	-20%
(-) Costs related to before acquisition date	-	-	-	-	-8,1	-100%
(-) Result of portfolio appraisal	14,3	25,6	-44%	91,2	64,1	+42%
(-) Profit before tax of Realizza and Relabora	-48,5	-	-	-148,0	-	-
(-) Result of foreign currency exchange	40,6	144,3	-72%	109,8	215,0	-49%
(-) Result on Hgroup minority buyout	-	-	-	82,7	-	-
(-) Hgroup EarnOut liability revaluation	-136,8	-	-	57,5	-	-
(-) Amortization of Hgroup intangibles	-107,9	-170,5	-37%	-320,3	-332,6	-4%
(-) Tax correction of previous years	-34,6	-	-	-34,6	-	-
(-) Acquisition costs	-	-27,9	-100%	-	-125,9	-100%
Total core adjustments	272,9	74,6	+266%	161,7	187,5	-14%
Tax effect of adjustments	-24,6	-6,7	+266%	-14,6	-16,9	-14%
Cleaned core PAT	560,7	491,5	+14%	1 580,4	1 951,3	-19%

- For transparency purposes, the Group will disclose from the second quarter of 2019 "cleaned core" adjusted results categories, in which, in addition to the results of the MyCity property development business, it will further adjust for items deemed by management to be either unique or material to the Group's ongoing profit generation.
- In Q3 2023, the Group applied the following specific adjustments:
 - A gain of HUF 14 million on the sale of investment and own-use properties,
 - According to the agreement with ProfessioneCasa, the Italian real estate activities (Realizza and Relabora) will be taken over by ProfessioneCasa from January 2024, and the management considers them as discontinued activities (see [Professione Casa cooperation on page 4](#)),
 - At the EBITDA level HUF 21 million HUF, at the after tax level HUF 35 million tax occurred in 2023 related to business year 2022,
 - HUF 41 million exchange gain on revaluation of foreign currency and foreign currency denominated receivables and payables,
 - HUF 137 million exchange loss on revaluation of earnout liabilities related to Hgroup acquisition,
 - Recognised a scheduled depreciation of HUF 108 million on intangible assets (brand name, value of banking and agency contracts) included in the balance sheet related to the Hgroup acquisition. The maintenance of these assets does not involve any expenditure for the Group.
- The Group's **clean core EBITDA amounted to HUF 755 million** in Q3 2023 (+6% y/y).
- Duna House Group's **clean core profit after tax amounted to HUF 561 million** (+14% yoy).

EVOLUTION OF CLEAN CORE RESULTS



- Following the rebound in the second quarter of 2023, Duna House Group's adjusted core EBITDA and profit after tax stabilized in the third quarter.
- The Group's growth trajectory since its IPO was halted by the downturn in the Polish and Hungarian markets in the second half of 2022, but both markets returned to growth in 2023.
- In Italy, on the other hand, the negative impact of interest rate hikes is more persistent and 2023 is marked by a further market decline.

REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2023 Q3	2022 Q3	2023 Q3	2022 Q3	2023 Q3	2022 Q3	2023 Q3	2022 Q3	2023 Q3	2022 Q3
Net sales revenue	1 263,6	2 215,7	1 835,3	1 331,9	70,7	85,0	3 968,2	4 752,4	7 137,7	8 385,0
EBITDA	272,5	533,0	133,1	-52,4	-0,7	-13,0	304,6	463,1	709,6	930,6
Operating income	175,6	467,2	89,8	-70,6	-6,1	-13,0	153,7	215,7	413,0	599,3
Profit after tax	37,5	358,3	111,2	-56,3	-5,8	-13,5	112,7	273,6	255,6	562,2

in million HUF	Hungary		Poland		Czech Republic		Italy		Duna House Group	
	2023Q1-3	2022Q1-3	2023Q1-3	2022Q1-3	2023Q1-3	2022Q1-3	2023Q1-3	2022Q1-3	2023Q1-3	2022Q1-3
Net sales revenue	6 714,1	5 588,0	4 407,7	5 534,7	162,4	268,2	12 420,1	9 935,0	23 704,2	21 325,9
EBITDA	1 297,5	1 507,1	98,2	97,3	-11,6	-13,2	1 147,0	1 277,3	2 531,0	2 868,6
Operating income	1 044,7	1 305,5	0,6	43,6	-22,4	-13,2	650,7	794,8	1 673,7	2 130,7
Profit after tax	1 421,7	1 273,5	-5,9	26,6	-18,5	-16,2	396,3	696,7	1 793,6	1 980,6

- With the acquisition in Italy, the Group has repositioned itself on international markets. The Italian Hgroup accounted for 56% of the Group's revenue and 40% of EBITDA in the third quarter of 2023. Its share is lower compared to the other quarters of the year due to stronger summer seasonality. The Italian operating profit figures were reduced by HUF 156 million in the quarter by the loss of discontinued real estate operations and amortisation of intangible assets (brand name, value of banking and agency contracts) identified in the acquisition according to IFRS 3. *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 transfers cause significant fluctuations in the consolidated accounts. The real estate development activity generated total revenues of HUF 315 million and quarterly EBITDA of HUF 9 million in Q3 2023, resulting in Hungarian core EBITDA of HUF 281 million. For comparison, in Q3 2022, EBITDA related to the Hungarian core activity amounted to HUF 267 million (+5% y/y).
- The Group's Polish subsidiaries' sales grew by 22% compared to the second quarter, while EBITDA jumped by 160%. Borrowing rules eased in early 2023, leading to a noticeable recovery in the depressed loan market. (see [page 15](#) for market specifics).
- The subsidiaries in the Czech Republic closed the quarter with a 17% decline in annual revenue and an EBITDA of HUF -6 million.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement data in mHUF	Q1-Q3 2023 (not audited)	Q1-Q3 2022 (not audited)		Q1-Q3 2023 (not audited)	Q1-Q3 2022 (not audited)
Cash flow from operating activity			Cash flow from investing activity		
Profit before tax from continuing operations	1 793,6	1 980,6	Proceeds from sale of property, plant and equipment	802,9	554,2
Profit/(loss) before tax from discontinued operations	(43,6)	0,0	Purchase of property, plant and equipment	(8,3)	(73,5)
Profit before tax	1 750,0	1 980,6	Purchase of investment properties	0,0	0,0
Adjustments to reconcile profit before tax to net cash flows:			Purchase of financial instruments	4,0	(20,5)
Depreciation and impairment of property, plant and equipment and right-of-use assets	365,4	270,6	Proceeds from sale of financial instruments	0,0	0,0
Amortisation and impairment of intangible assets and impairment of goodwill	491,9	467,3	Dividends from associates and joint ventures	183,0	194,5
Share-based payment expense	13,4	43,9	Development expenditures	(157,8)	(83,9)
Net foreign exchange differences	(593,8)	(139,3)	Acquisition of a subsidiary, net of cash acquired	0,0	(2 816,4)
Gain on disposal of property, plant and equipment	(92,1)	(44,6)	Net cash flow from investing activity	823,7	(2 245,6)
Fair value adjustment of a contingent consideration	(296,6)	0,0	Cash flow from financing activity		
Finance income	(1 117,1)	(477,1)	Proceeds from exercise of share options	259,4	155,6
Finance costs	841,4	461,3	Purchase of own shares	(64,3)	(283,6)
Net loss on derivative instruments at fair value through profit or loss	0,0	0,0	Acquisition of non-controlling interests	(1 012,3)	0,0
Share of profit of an associate and a joint venture	(1,7)	(213,3)	Payment of principal portion of lease liabilities	(359,0)	(170,6)
Movements in provisions, pensions and government grants	(45,6)	122,1	Payment of deferred payments	(241,7)	0,0
Changes of working capital			Proceeds from borrowings	0,0	6 019,4
Decrease/(increase) in trade receivables, contract assets, prepayments and restricted cash	(113,1)	1 442,3	Repayment of borrowings	(424,4)	(4 600,0)
Decrease in inventories and right of return assets	3 397,1	745,4	Dividends paid to equity holders of the parent	(3 782,3)	(1 153,2)
Increase in trade and other payables, contract liabilities and refund liabilities	(3 235,4)	1 038,6	Net cash flow from financing activity	(5 624,4)	(32,3)
Interest received	839,7	101,4	Net change of cash and cash equivalents	(3 516,1)	3 152,5
Interest paid	(456,1)	(157,9)	Cash and cash equivalents at start of period	10 646,4	5 226,5
Income tax paid	(462,7)	(210,9)	Currency exchange differences on cash and cash equivalents	(25,4)	284,2
Net cash flow from operating activity	1 284,6	5 430,5	Cash and cash equivalents at end of period	7 104,8	8 663,3

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 Q3 2022 report of the Company and the restated income statement for Q1-3 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-Q3 period	
	In 2022 Q3 report	In 2023 Q3 report
Net sales revenue	13,989.0	9,935.0
Other operating income	81.9	57.1
Consumables used	14.8	10.0
Services purchased	11,559.3	8,095.3
Personnel expenses	776.8	497.9
Other operating expenses	143.6	111.4
EBITDA	1,576.4	1,277.3
Depreciation and amortization	83.1	392.2
Depreciation of right-of-use assets	132.4	90.4
Operating income (EBIT)	1,360.9	794.8
Finance income	0.0	0.0
Finance costs	74.3	49.1
Share of the profits of a joint venture	0.0	133.2
Profit before tax	1,286.6	878.9
Income tax expense	318.7	182.1
Profit after tax	968.0	696.8
Currency translation difference	296.4	773.2
Other comprehensive income	296.4	773.2
Total comprehensive income	1,264.4	1,470.0
<i>attributable to</i>		
Shareholders of the Company	885.1	1,068.9
Non-controlling interest	379.3	401.0

DUNA HOUSE GROUP

Segment report



SEGMENT LEVEL RESULTS

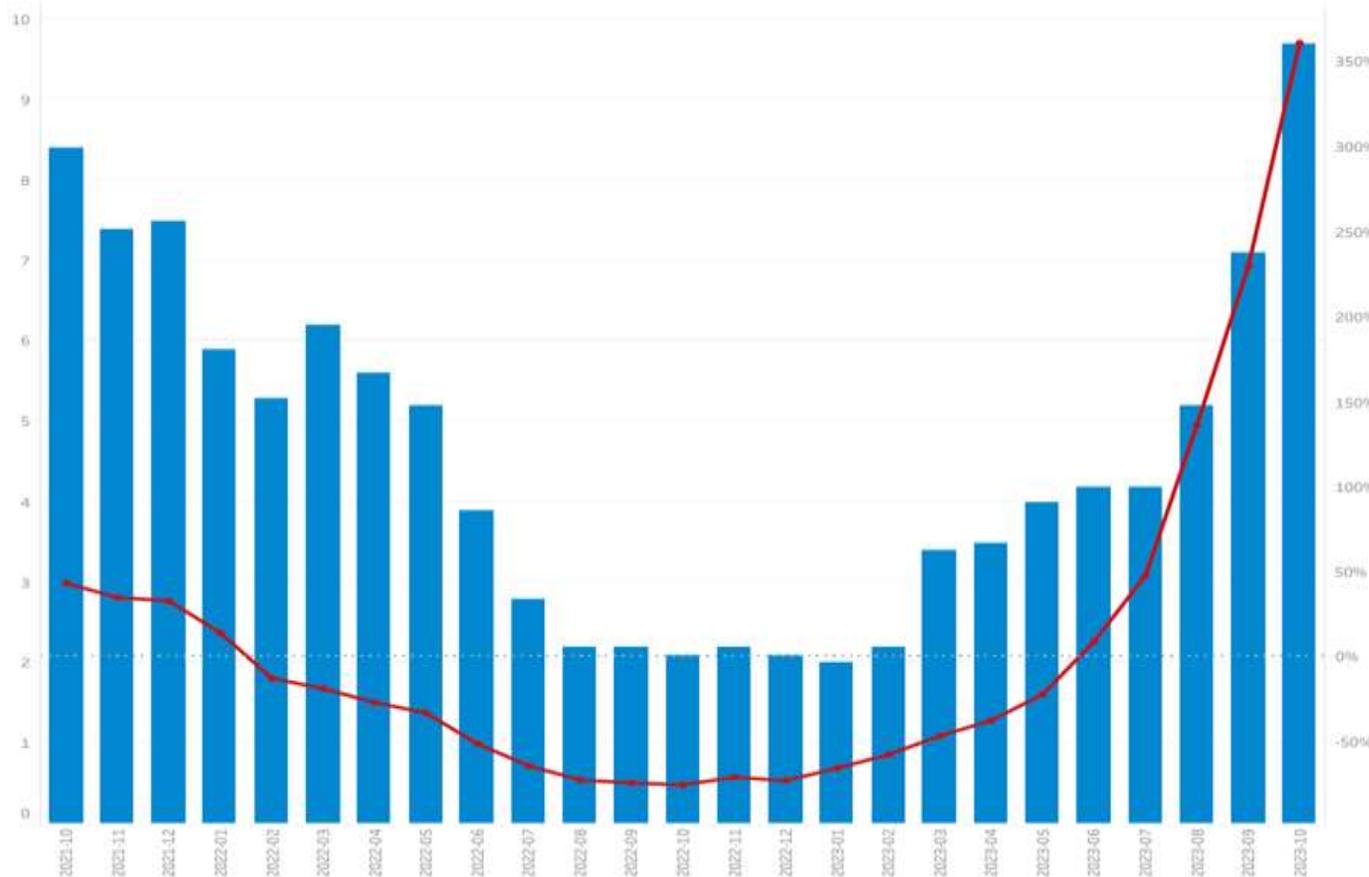
CONSOLIDATED	2023	2022	Variance	Variance	2023	2022	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Financial segment	5 837,9	6 260,8	-422,9	-7%	16 743,2	15 996,3	+746,9	+5%
Real estate franchise segment	558,7	575,5	-16,9	-3%	1 719,7	1 853,7	-134,0	-7%
Own office segment	407,7	355,9	+51,8	+15%	1 091,0	1 303,1	-212,1	-16%
Complementary segment	92,2	100,2	-7,9	-8%	271,0	303,6	-32,5	-11%
Investment segment	337,5	1 182,9	-845,5	-71%	4 187,2	2 153,1	+2 034,1	+94%
Other segment	-96,3	-90,4	-5,9	+6%	-307,9	-283,9	-24,0	+8%
Total net revenue	7 137,7	8 385,0	-1 247,3	-15%	23 704,2	21 325,9	+2 378,3	+11%
Financial segment	550,4	609,0	-58,6	-10%	1 619,8	1 950,6	-330,8	-17%
Real estate franchise segment	95,8	67,9	+27,8	+41%	162,5	389,8	-227,3	-58%
Own office segment	41,9	-48,2	+90,1	-187%	35,7	66,7	-31,0	-47%
Complementary segment	21,0	1,5	+19,5	+1329%	49,2	30,5	+18,7	+61%
Investment segment	22,4	311,9	-289,5	-93%	729,1	551,1	+178,0	+32%
Other segment	-21,9	-11,5	-10,4	+90%	-65,2	-120,1	+54,8	-46%
Total EBITDA	709,6	930,6	-221,1	-24%	2 531,0	2 868,6	-337,6	-12%
<i>Financial segment</i>	9%	10%	-0%p		10%	12%	-3%p	
<i>Real estate franchise segment</i>	17%	12%	+5%p		9%	21%	-12%p	
<i>Own office segment</i>	10%	-14%	+24%p		3%	5%	-2%p	
<i>Complementary segment</i>	23%	1%	+21%p		18%	10%	+8%p	
<i>Investment segment</i>	7%	26%	-20%p		17%	26%	-8%p	
<i>Other segment</i>	23%	13%	+10%p		21%	42%	-21%p	
Total EBITDA margin	10%	11%	-1%p		11%	13%	-3%p	

- The Group's revenue decreased by 15% and EBITDA by 24% in Q3 2023 on a year-on-year basis.
- Financial segment revenues decreased slightly quarter-on-quarter to HUF 5.8 bn (-7% yoy), EBITDA closed at 9%.
- EBITDA of the Group's real estate franchise segment increased to HUF 96 million (+106% q/q and +41% y/y).
- The revenues of the own office segment increased by 15% compared to the previous quarter and its EBITDA amounted to HUF 42 million.
- In the investment segment, sales of the Forest Hill project continued at a slower pace than in previous quarters, while sales of previously investment properties continued.
- Changes in EBITDA were influenced by unique factors, which are presented on page 8 in the description of Clean core results.

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

MARKET UPDATE

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



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

Market update

- In the Italian credit market, loans with a long interest period are popular, with interest rate rises having a slower but longer-term impact. According to CRIF analysts, the Italian mortgage market as a whole has been in steady decline for two years, with a 23% y/y decline in 2022, a 22-24% y/y decline in the first half of 2023 and a 19% y/y decline in the third quarter. Although the share of intermediaries in the overall market has increased significantly from around 10% pre-Covid in recent years, it is still only around 20% and still holds further growth potential for the Group.
- According to data from the Polish Credit Information Bureau (BIK), the mortgage market declined by 49% in 2022 as a whole. The drastic fall was due to a product structure of typically short interest period, rising interest rates, strict PTI (payment-to-income) rules and the disappearing creditworthiness of the population as a result. From this level, the market jumped nearly 250% by September 2023, and October saw the strongest Polish credit market ever, driven by two, partly temporary measures in addition to falling interest rates:
 - The Polish regulator (KNF) relaxed the PTI rules for fixed-rate loans, in turn increasing the amount of credit that can be borrowed by 20% on average,
 - A temporary program called First Home was launched on 1 July 2023 to support borrowers under 45 years of age buying their first home. The program is expected to expire in Q1 2024, therefore monthly loan volumes of 2024 are expected to be lower, than current levels.
- In Hungary, new home loan disbursements decreased by 65% on a year-on-year basis in the first half of 2023, with the third quarter of 2023 down 41% year-on-year. Within the year, the market expanded quarter-by-quarter, with total disbursed housing loans amounting to HUF 156 billion in Q3 2023, up 11% quarter-on-quarter. With inflation slowing, a gradual reduction in lending rates and an increase in lending is expected during 2023-2024.

SEGMENT LEVEL RESULTS

FINANCIAL SEGMENT	2023	2022	Variance	Variance	2023	2022	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	5 837,9	6 260,8	-422,9	-7%	16 743,2	15 996,3	+746,9	+5%
Direct expenses	4 297,1	4 742,8	-445,7	-9%	12 112,7	11 807,5	+305,2	+3%
Gross profit	1 540,8	1 518,0	+22,7	+1%	4 630,5	4 188,8	+441,8	+11%
Indirect expenses	990,4	909,0	+81,4	+9%	3 010,7	2 238,2	+772,5	+35%
EBITDA	550,4	609,0	-58,6	-10%	1 619,8	1 950,6	-330,8	-17%
<i>Gross profit margin (%)</i>	<i>26%</i>	<i>24%</i>	<i>+2%</i>		<i>28%</i>	<i>26%</i>	<i>+1%</i>	
<i>EBITDA margin (%)</i>	<i>9%</i>	<i>10%</i>	<i>-0%</i>		<i>10%</i>	<i>12%</i>	<i>-3%</i>	
Loan volume (bn HUF)	176,8	190,0	-13,1	-7%	487,1	643,4	-156,2	-24%
Hungary	21,5	23,1	-1,6	-7%	49,5	70,9	-21,4	-30%
Poland	61,1	46,0	+15,1	+33%	146,4	207,3	-60,9	-29%
Italy	94,3	120,9	-26,6	-22%	291,2	365,1	-74,0	-20%

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

- The segment significantly caught up with 2022 during the quarter, with revenue only 7% behind Q3 2022 compared to a 22% shortfall in Q2 2023. EBITDA amounted to HUF 550 million (-10% y/y).
- In Italy, loan volumes amounted to €246m (HUF 94.3bn), down 18% in EUR compared to Q3 2022 (HUF: -22%). The q/q decrease is -7% in EUR terms, being milder than the usual seasonality in the country (-16%). Due to the August holidays, the month's volumes are typically only 40-42% of those of the previous months.
- In Poland, after a lending turnaround in the first quarter, the Group's intermediated loan volume in the third quarter of the year amounted to PLN 715.9 million (HUF 61.1 billion, +33% y/y in PLN terms), with quarter-on-quarter growth of 18% in PLN terms. The turnaround was helped by the easing of payment-to-income conditions for fixed-rate loans by the regulator, and further boosted by the launch on 1 July of the First Home programme for first-time home buyers under 45.
- In Hungary, quarterly loan volumes intermediated by the Group amounted to HUF 21.5 billion, down 7% year-on-year but up 29% quarter-on-quarter due to the market turnaround.

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT	2023	2022	Variance	Variance	2023	2022	Variance	Variance
(data in mHUF)	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	558,7	575,5	-16,9	-3%	1 719,7	1 853,7	-134,0	-7%
Direct expenses	119,1	163,5	-44,5	-27%	431,1	404,2	+26,9	+7%
Gross profit	439,6	412,0	+27,6	+7%	1 288,6	1 449,5	-160,9	-11%
Indirect expenses	343,9	344,1	-0,2	-0%	1 126,1	1 059,7	+66,4	+6%
EBITDA	95,8	67,9	+27,8	+41%	162,5	389,8	-227,3	-58%
Gross profit margin (%)	79%	72%	+7%p		75%	78%	-3%p	
EBITDA margin (%)	17%	12%	+5%p		9%	21%	-12%p	
Network commission revenues*	3 344,2	3 151,3	+192,9	+6%	9 198,6	11 399,7	-2 201,1	-19%
Hungary	2 102,0	2 176,7	-74,8	-3%	5 935,8	8 184,8	-2 249,0	-27%
Poland	1 094,1	764,6	+329,6	+43%	2 796,0	2 550,9	+245,1	+10%
Czech Republic	68,0	80,4	-12,4	-15%	155,1	256,5	-101,4	-40%
Italy	80,1	129,5	-49,4	-38%	311,6	407,5	-95,9	-24%
Network office numbers (pcs)	286	308	-22	-7%	286	308	-22	-7%
Hungary	145	165	-20	-12%	145	165	-20	-12%
Poland	103	103	0	+0%	103	103	0	+0%
Czech Republic	1	1	0	+0%	1	1	0	+0%
Italy	37	39	-2	-5%	37	39	-2	-5%

* 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 under a franchise model, but its business model is the most similar. Its revenue is 100% of the network commission, while the commission paid is 90%. The network commission income margin is therefore 10%. Realizza's own office activity (1 office currently) is not reported separately until it reaches a significant size.

- EBITDA in the franchise segment jumped by 106% quarter/quarter to HUF 96 million (+41% year/year).
- In Hungary, Group volumes stagnated on a quarter/quarter basis. EBITDA of the Hungarian franchise operation amounted to HUF 125 million.
- Poland continued to bounce back, with commission volumes of HUF 1 094 million, the strongest quarter in its history (+43% y/y and +16% q/q). EBITDA of the Polish operation amounted to HUF 36 million in the quarter.
- In Italy, the Realizza network generated commission income of HUF 80 million (-38% y/y) and generated EBITDA-loss of HUF 47 million. The segment's direct expenses decreased in line with the drop of Italian volumes. Under the agreement signed with ProfessioneCasa in Italy, the Realizza business will be integrated into the ProfessioneCasa network (see [Professione Casa cooperation on page 4](#)).
- The number of offices has been reduced to 286 units. During the quarter, the number of offices in Poland has increased by 4, while in Hungary and Italy it has decreased by 6 and 1 respectively.

SEGMENT LEVEL RESULTS

OWN OFFICE SEGMENT	2023	2022	Variance	Variance	2023	2022	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	407,7	355,9	+51,8	+15%	1 091,0	1 303,1	-212,1	-16%
Direct expenses	243,8	224,1	+19,7	+9%	659,1	763,6	-104,4	-14%
Gross profit	163,9	131,8	+32,1	+24%	431,8	539,5	-107,7	-20%
Indirect expenses	122,1	180,1	-58,0	-32%	396,2	472,8	-76,7	-16%
EBITDA	41,9	-48,2	+90,1	-187%	35,7	66,7	-31,0	-47%
<i>Gross profit margin (%)</i>	<i>40%</i>	<i>37%</i>	<i>+3%</i>		<i>40%</i>	<i>41%</i>	<i>-2%</i>	
<i>EBITDA margin (%)</i>	<i>10%</i>	<i>-14%</i>	<i>+24%</i>		<i>3%</i>	<i>5%</i>	<i>-2%</i>	
Networ commission revenues*	460,5	420,7	+39,7	+9%	1 216,5	1 607,0	-390,5	-24%
Hungary	185,4	205,8	-20,3	-10%	522,9	839,6	-316,7	-38%
Poland	207,0	134,5	+72,5	+54%	538,9	510,9	+27,9	+5%
Czech Republic	68,0	80,4	-12,4	-15%	154,8	256,5	-101,7	-40%
Network office numbers (pcs)	21	24	-3	-13%	21	24	-3	-13%
Hungary	12	15	-3	-20%	12	15	-3	-20%
Poland	8	8	0	+0%	8	8	0	+0%
Czech Republic	1	1	0	+0%	1	1	0	+0%

- In Q3 2023, the own office segment achieved gross margin of HUF 164 million (+25% y/y) on network commission income of HUF 461 million (+9% y/y).
- In Hungary, quarterly commission income decreased by 10% yoy, but increased by 8% compared to Q2 2023.
- Quarterly commission income from Polish proprietary agencies increased by 54% y/y, while on a quarter/quarter basis the growth rate was 16%.
- Czech own agency quarterly commission income declined 16% year-on-year, but bounced 136% on a quarter/quarter basis from its trough in Q2 2023. Due to its relatively small size, the performance of the Czech private office can fluctuate widely between quarters.
- The number of offices decreased by one Hungarian office during the quarter.

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

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT <i>(data in mHUF)</i>	2023 Q3	2022 Q3	Variance	Variance (%)	2023 Q1-Q3	2022 Q1-Q3	Variance	Variance (%)
Net sales revenue	92,2	100,2	-7,9	-8%	271,0	303,6	-32,5	-11%
Direct expenses	22,3	22,7	-0,4	-2%	76,4	66,4	+10,0	+15%
Gross profit	69,9	77,5	-7,6	-10%	194,6	237,2	-42,5	-18%
Indirect expenses	48,9	76,0	-27,1	-36%	145,4	206,7	-61,3	-30%
EBITDA	21,0	1,5	+19,5	+1329%	49,2	30,5	+18,7	+61%
<i>Gross profit margin (%)</i>	<i>76%</i>	<i>77%</i>	<i>-2%</i>		<i>72%</i>	<i>78%</i>	<i>-6%</i>	
<i>EBITDA margin (%)</i>	<i>23%</i>	<i>1%</i>	<i>+21%</i>		<i>18%</i>	<i>10%</i>	<i>+8%</i>	

- The revenue of the related services segment decreased by 8% year/year to HUF 92 million, while EBITDA closed at HUF 21 million.
- The segment's EBITDA to sales ratio was 23%.

SEGMENT LEVEL RESULTS

INVESTMENT SEGMENT	2023	2022	Variance	Variance	2023	2022	Variance	Variance
<i>(data in mHUF)</i>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	337,5	1 182,9	-845,5	-71%	4 187,2	2 153,1	+2 034,1	+94%
Direct expenses	272,8	1 818,3	-1 545,5	-85%	3 500,0	2 234,5	+1 265,6	+57%
Gross profit	64,7	-635,4	+700,1	-110%	687,1	-81,4	+768,5	-945%
Indirect expenses	42,2	-947,3	+989,6	-104%	-41,9	-632,4	+590,5	-93%
EBITDA	22,4	311,9	-289,5	-93%	729,1	551,1	+178,0	+32%
<i>Gross profit margin (%)</i>	<i>19%</i>	<i>-54%</i>	<i>+73%</i>		<i>16%</i>	<i>-4%</i>	<i>+20%</i>	
<i>EBITDA margin (%)</i>	<i>7%</i>	<i>26%</i>	<i>-20%</i>		<i>17%</i>	<i>26%</i>	<i>-8%</i>	
Carrying amount of properties	1 564,3	3 088,3	-1 524,0	-49%	1 564,3	3 088,3	-1 524,0	-49%
Carrying amount of investment purpose properties	0,0	1 365,5	-1 365,5	-100%	0,0	1 365,5	-1 365,5	-100%
Carrying amount of operational properties	1 564,3	1 722,8	-158,5	-9%	1 564,3	1 722,8	-158,5	-9%
Number of properties (pcs) **	4	13	-9	-69%	4	13	-9	-69%
Number of investment purpose properties	0	8	-8	-100%	0	8	-8	-100%
Number of operational properties	4	5	-1	-20%	4	5	-1	-20%

*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 EBITDA of HUF 22 million in the quarter. The MyCity real estate development activity generated a turnover of HUF 315 million, a margin of HUF 44 million and an EBITDA of HUF 9 million. The Group's real estate portfolio generated an EBITDA profit of HUF 13 million.
- Within the MyCity projects, the delivery of the Forest Hill residential development continued at a slower pace during the quarter, from which the Group generated total revenue of HUF 315 million.
- The Group continued to divest its property portfolio, selling a total of 2 properties during the quarter (6 properties in total during 2023) and reclassifying all of its investment properties to "Assets held for sale".
- The figures in the table do not include the results of the MyCity Residence project (Hunor utca, Budapest III. district), 50% owned by the Group, recognised through capital consolidation.

FOREST HILL RESIDENTIAL PARK



Forest Hill – UNDER HANDOVER – Key data

	Total	Realized by 30 September 2023	Expected after 30 September 2023
Number of units (pcs)	154	119 sold (77%)	35 to sell (23%)
Expected consolidated revenue	HUF 12.0bn	HUF 8.2 bn	HUF 3.8 bn
Net cash flow form handovers	HUF 6.4bn	HUF 2.6 bn	HUF 3.6 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>	Q3	Q3		(%)	Q1-Q3	Q1-Q3		(%)
Net sales revenue	-96,3	-90,4	-5,9	+6%	-307,9	-283,9	-24,0	+8%
Direct expenses	-53,1	-59,1	+6,1	-10%	-166,2	-176,3	+10,1	-6%
Gross profit	-43,2	-31,3	-11,9	+38%	-141,7	-107,6	-34,1	+32%
Indirect expenses	-21,3	-19,8	-1,6	+8%	-76,5	12,4	-88,9	-715%
EBITDA	-21,9	-11,5	-10,4	+90%	-65,2	-120,1	+54,8	-46%
<i>Gross profit margin (%)</i>	<i>45%</i>	<i>35%</i>	<i>+10%</i>		<i>46%</i>	<i>38%</i>	<i>+8%</i>	
<i>EBITDA margin (%)</i>	<i>23%</i>	<i>13%</i>	<i>+10%</i>		<i>21%</i>	<i>42%</i>	<i>-21%</i>	

- In the other and operating segment, the results of the holding activities of Duna House Holding Plc ("Holding") and Hgroup S.p.a. supporting the Group and the results of the Group's consolidation of the income and expenses and consolidation adjustments are presented.
- The Holding's fourth quarter operating expenses not allocated to operating segments consist primarily of the cost of employee share plans, BSE, KELER fees and a proportionate share of audit fees related to the audit of the Holding's annual individual and consolidated financial statements.

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			-218,9	1 776,7	1 557,8	82,0	1 639,8
Purchase of treasury shares					217,5		217,5
Acquisition		632,8		-125,2	507,6		507,6
Employee Share-based payment provision		-9,0			-9,0		-9,0
30 September 2023	172,0	2 187,9	285,6	1 020,3	3 512,4	257,6	3 770,0

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 2023Q3 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, 30 November 2023.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President