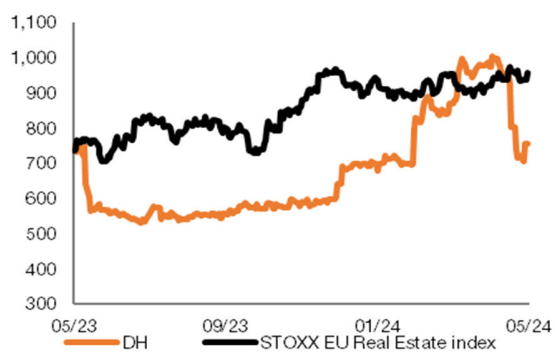


Duna House

Recommendation: Under Revision

Target price (12M): Under Revision

HUF mn	2024 Q1	2023 Q1	Ch (%)
Revenues	8,990	9,426	-5%
EBITDA	992	832	19%
Cleaned Core EBITDA	966	351	175%
EBIT	677	584	16%
Net profit	442	720	-39%
Cleaned Core Net Profit	528	308	71%
EPS (after minorities)	12	20	-38%
Loan volume [HUF bn]	256	142	80%



Share price as of 31/05/2024	HUF 768	Bloomberg	DUNAHOUS HB
Number of shares [million]	34.4	Reuters	DUNA.BU
Market capitalization [HUF mn/EUR mn]	26,410 / 67.7	Free float	22.3%
Daily turnover 12M [EUR th]	51	52-week range	HUF 532-1,005

Promising start for the year

Duna House posted a promising result for 2024 when it reported Q1/24 earnings on 31 May. Cleaned core EBITDA was up by 175% YoY and Cleaned core net profit came 71% higher YoY mainly supported by the strong growth in loan intermediation in both the Hungarian and Polish markets.

Key positives of the Q1 report:

- New loan originations are picking up and driving better results in the loan intermediation segment.
- More efficient operation in the own office and franchise segment, increased commission per franchise/own office ratio.
- Revenue decline in Italian operation has stopped.

Key negatives of the Q1 report:

- Sales of the Forest Hill apartments slowed.
- EBITDA margin of loan intermediation is still below its historic average.

Revenues decreased by 5% YoY and 3% QoQ mainly driven by the Hungarian operation (-65% YoY), however the Polish segment counterbalanced it with 200% YoY increase in revenues thanks to the ease in borrowing rules. The decline in

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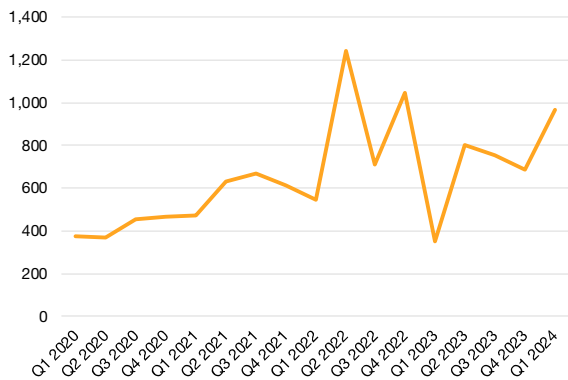
revenues in the Italian segment also stopped and showed a moderate 2% increase YoY.

Revenues from the loan intermediation were up by 49% YoY and 1% QoQ driven by the increased loan origination both in Poland and Hungary. In Hungary, DH intermediated HUF 25.3bn worth of loans out of the HUF 265bn new housing loans, while in Poland intermediated loan volume arrived at HUF 127.3bn (+289% YoY) out of the HUF 2,486bn that was originated in Q1 2024. This shows a 121% and 289% increase in the intermediated loan volumes in Hungary and Poland, respectively. Italian intermediation started to increase YoY and it is up by 6% in Q1 2024. The increased intermediation also contributed to a 128% increase in EBITDA YoY, which lifted the EBITDA margin by 4%pt for this segment.

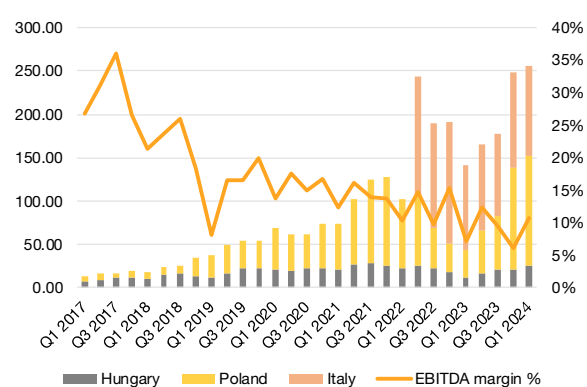
Franchise and Own offices segments also contributed to the EBITDA growth. While DH closed 7 own offices since Q1 2023 (6 in HU and 1 in PL), the total commissions increased by 32% YoY to HUF 498mn, mainly driven by the Hungarian offices which generated 63% higher commissions YoY. Similar trend can be seen in the franchise segment, however both markets could increase the total commissions here, driving it up by 54% YoY to HUF 3,965mn. Own offices EBITDA increased by HUF 52mn, resulting in 7% EBITDA margin (vs. -7% in Q123), while the franchise segment's EBITDA came in HUF 66mn higher YoY with a margin of 14% (vs. 3% in Q123).

Real estate investment segment revenues amounted to HUF 290mn due to the continued Forest Hill sales. This is 91% lower YoY, however this is due to the spike in handover volumes one year earlier.

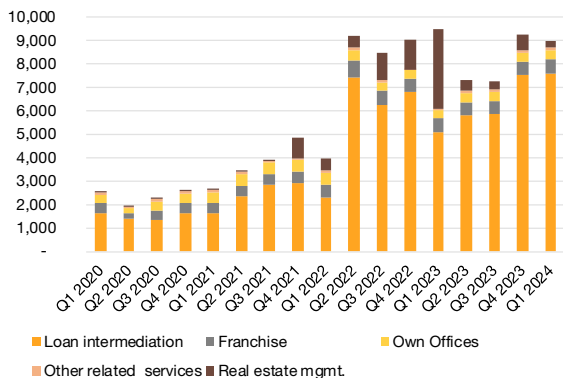
Cleaned core EBITDA dynamics



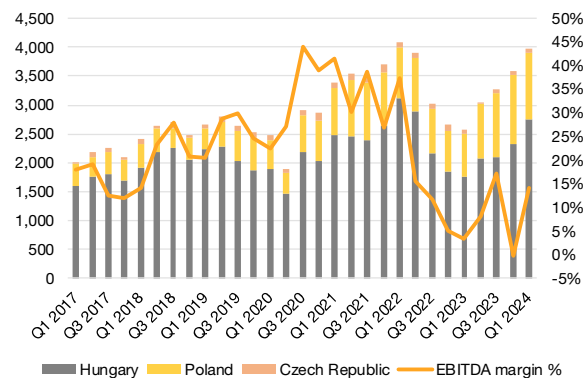
Quarterly Intermediated loan volume (HUF bn)



Quarterly breakdown of revenues (HUF mn)



Quarterly Total Commissions (HUF mn)



Source: DH, Concorde Research

Operating expenses came in 6% lower YoY. DH generated financial income of HUF 163mn (-72% YoY) of which HUF 120mn was interest income. Financial expenses arrived at 24% lower YoY to HUF 223mn which included a HUF 110mn quarterly interest payment on its outstanding bonds and HUF 13mn net foreign exchange loss. Net financial results were HUF -58mn in Q1, income taxes increased by 20% YoY to HUF 176mn, resulting in a reported net profit of HUF 442mn. While reported net profit decreased by 39% YoY, cleaned core net profit showed 71% increase YoY and came in at HUF 528mn thanks to the non-recurring and non-cash adjustments.

First quarter results positively surprised the management, although new loan origination in Poland is expected to decrease due to the ran out of First Home programme at the end of 2023 and further grants are only expected in the second half of the year, therefore revenues from Polish loan intermediation are likely to decrease. Hungarian loan origination still gains momentum thanks to lower inflation levels and decreased lending rates. Management expects this trend to further continue in 2024, however possible increase in inflation level can pose some deceleration.

Due to the transfer of coverage, we will soon update our earnings forecasts and TP, while leaving DH Under Revision.

[HUF mn]	2023				2024	Change (%)	
	Q1	Q2	Q3	Q4	Q1	Y-o-Y	Q-o-Q
Revenue	9,426	7,261	7,261	9,280	8,990	-5%	-3%
Operating revenue	9,392	7,175	7,138	9,133	8,889	-5%	-3%
Other income	34	86	123	147	101	193%	-31%
OPEX	8,842	6,585	6,848	8,975	8,314	-6%	-7%
Cost of materials	38	29	34	38	30	-21%	-21%
Cost of sold goods and services	493	303	313	348	56	-89%	-84%
Used services	4,789	5,045	5,286	6,813	6,927	45%	2%
Personnel expenses	578	529	484	569	672	16%	18%
Depreciation and amortization	248	313	297	321	315	27%	-2%
Other operating expenses	2,695	366	435	887	313	-88%	-65%
EBITDA	832	990	710	626	992	19%	58%
<i>Loan intermediation</i>	358	711	550	467	815	128%	75%
<i>Franchise</i>	20	47	96	0	86	328%	-
<i>Own Offices</i>	-25	18	42	34	27	-211%	-19%
<i>Other related services</i>	3	25	21	-21	-1	-138%	-94%
<i>Real estate mgmt.</i>	507	200	22	229	54	-89%	-77%
<i>Elimination</i>	-32	-12	-22	-82	11	-134%	-113%
Cleaned Core EBITDA	351	802	755	686	966	175%	41%
EBIT	584	676	413	305	677	16%	122%
Financial income	573	618	223	1,089	163	-72%	-85%
Financial expense	-293	-245	-303	-260	-223	-24%	-14%
Revaluation	3	0	-2	-8	1	-61%	-114%
EBT	867	1,049	331	1,126	618	-29%	-45%
Income tax expense	-147	-196	-68	-246	-176	20%	-28%
Net income	720	854	264	880	442	-39%	-50%
Cleaned Core Net income	308	569	561	346	528	71%	52%
Total Transaction Number in HU	27,448	29,419	31,886	34,549	35,682	30%	3%
Intermediated loans [HUF mn]	142,080	165,555	176,846	248,400	256,000	80%	3%
<i>EPS [after split]</i>	20	24	7	26	12	-38%	-53%
EBIT margin	6%	9%	6%	3%	8%	21%	129%
EBITDA margin	9%	14%	10%	7%	11%	25%	64%

Source: DH, Concorde Research

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Buy	Total return is expected to exceed 20% in the next 12 months
Accumulate	Total return is expected to be in the range of 10-20%
Neutral	Total return is expected to be in the range of 10%-(-10%)
Reduce	Total return is expected to be in the range of -10-(-20%)
Sell	Total return is expected to be lower than -20%
Under Revision	The stock is put Under Revision if covering analyst considers new information may change the valuation materially and if this may take more time.
Coverage in transition	Coverage in transition rating is assigned to a stock if there is a change in analyst.

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Valuations and risks:

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