

DUNA HOUSE GROUP

2020. Q4 Quarterly report

26 February 2021



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EXECUTIVE SUMMARY 2020 FOURTH QUARTER

Quarterly results

- The Duna House Group (the “Group”) has closed a strong year in 2020 due to the continuous dynamic growth of the Polish operation in the past sixth quarters. The Group net sales revenue increased by 25%, clean core EBITDA increased by 15%, and PAT increased by 10% in Q4 2020 on a year-on-year basis.
- All segments of the Group performed well in Q4 2020: real estate brokerage reached record highs during the third quarter and grew again in the fourth quarter by 13% YoY, while loan intermediation has set a new record with a 35% growth. In 2020, the diversification potential of the Group's business lines has become visible and in the last quarter foreign expansion has become a driving force: all segments of the Polish and Czech operation reached historic volume records during the last quarter.

Annual results

- The Group closed 2020 with a 15% increase in revenue of HUF 9.1 billion, with 14% increase in clean core EBITDA of HUF 1.7 billion, and with 15% growth in clean core PAT which exceeded HUF 1.2 billion.
- The Group completed handing over 77% of the apartments of the 50% owned MyCity Residence project, with a profit of HUF 296 million by the end of the year. Due to COVID-19 and the challenges with the replacement of the previous general contractor, the planned completion of the 100% owned Forest Hill residential park is expected to take place in multiple stages between April and September 2021. Due to higher use of new state subsidies available to buyers from 2021, the final invoicing of the flats may be postponed by a few months, than expected.
- Together with MyCity real estate development activity, the Group grew by 24% and achieved PAT of HUF 1.3 billion in 2020.

Guidance 2020

- In spite of the several waves of COVID-19 hitting 2020, Duna House Group exceeded clean core PAT guidance of HUF 857 million by 44% and cleaned core EBITDA guidance of HUF 1.3 billion by 30% which were set in the 5-year strategic objectives for the whole year of 2020.
- Due to the delay in the construction of the Forest Hill residential park, property development and real estate portfolio value appraisals generated a total profit of HUF 127 million, which is significantly less than the planned profit of HUF 993 million

EXECUTIVE SUMMARY 2020 FOURTH QUARTER

Dividend

- The Board of Directors are committed to its dividend policy, therefore on 14 January 2021, the Board of Directors decided, within the authority of the General Meeting, to **pay interim dividends of HUF 450 million (HUF 13,3/ share)** in view of the outstanding result and to make up for the missing dividend payout for financial year 2019. The payment of the interim dividend has started **on 24 February 2021**.
- In addition to the interim dividend, the Board of Directors plans to propose to the General Meeting to pay out **47% of the clean core PAT and the total HUF 296 million net profit of the successful MyCity Residence project, in total an additional HUF 877 million as dividends to ordinary shares (HUF 25.5 per share, 6.7%)**. The dividend and the interim dividend together are expected to be HUF 38.8 per share, 10.7% of the closing price on 4 January 2021.

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2020 Q4 (not audited)	2019 Q4 (not audited)	Variance		2020 Q1- Q4 (not audited)	2019 Q1- Q4 (not audited)	Variance	
			mHUF	%			mHUF	%
Net sales revenue	2 526.3	2 015.7	+510.6	+25%	9 094.5	7 891.7	+1 202.7	+15%
Other operating income	51.1	97.6	-46.5	-48%	122.3	220.0	-97.7	-44%
Change in stocks of finished products and work in progress	-393.0	-366.1	-26.9	+7%	-1 574.8	-1 631.1	+56.4	-3%
Consumables used	99.8	81.1	+18.7	+23%	324.8	128.6	+196.2	+153%
Cost of goods and services sold	563.0	501.9	+61.1	+12%	2 271.6	1 325.1	+946.6	+71%
Services purchased	1 531.4	1 152.3	+379.0	+33%	5 544.4	5 646.4	-101.9	-2%
Personnel expenses	218.4	209.6	+8.8	+4%	807.2	812.5	-5.3	-1%
Other operating expenses	135.2	68.1	+67.1	+99%	293.2	214.0	+79.2	+37%
EBITDA	422.6	466.4	-43.8	-9%	1 550.2	1 616.3	-66.1	-4%
Depreciation and amortization	25.4	20.9	+4.4	+21%	97.8	90.5	+7.3	+8%
Depreciation of right-of-use assets	31.5	33.3	-1.9	-6%	131.1	127.6	+3.5	+3%
Operating income (EBIT)	365.8	412.2	-46.4	-11%	1 321.3	1 398.2	-76.9	-6%
Finance income	50.9	18.9	+31.9	+169%	153.8	63.5	+90.3	+142%
Finance costs	61.9	44.0	+17.9	+41%	155.7	144.2	+11.5	+8%
Share of the profit of a joint venture	50.5	-10.7	+61.2	-573%	295.5	-51.5	+347.0	-673%
Profit before tax	405.3	376.4	+28.8	+8%	1 614.9	1 266.0	+348.9	+28%
Income tax expense	91.9	60.8	+31.1	+51%	283.2	193.1	+90.1	+47%
Profit after tax	313.3	315.6	-2.3	-1%	1 331.7	1 072.9	+258.8	+24%
Currency translation difference	-40.8	-16.0	-24.8	+155%	2.1	29.0	-27.0	-93%
Other comprehensive income	-40.8	-16.0	-24.8	+155%	2.1	29.0	-27.0	-93%
Total comprehensive income attributable to	272.5	299.6	-27.1	-9%	1 333.7	1 101.9	+231.8	+21%
Shareholders of the Company	275.7	299.1	-23.5	-8%	1 341.3	1 108.7	+232.6	+21%
Non-controlling interest	-3.1	0.5	-3.6	-751%	-7.5	-6.8	-0.7	+11%
Earnings per share (basic and diluted)	8.0	8.9	-0.9	-10%	37.0	29.8	+7.2	+24%

Comments

- Despite the COVID-19 pandemic, the Group's consolidated net sales revenue increased by 25% YoY in Q4 2020 and reached HUF 2.5 billion. The Group's EBITDA reached HUF 423 million in the quarter (-9% YoY). *Changes in EBITDA were influenced by unique factors, which are presented on page 8, [Clean core result](#).*
- Change in stocks of finished products and in progress represents the net difference between activated construction service costs related to Forest Hill development project and the book value of units sold and handed over. There was no handover during the quarter, so the total amount covers capitalized costs.
- As a result of taking over the construction of the Forest Hill residential project, most of the construction costs are recorded as 'cost of goods and services' and 'consumables used' instead of 'services purchased'. At the same time, 'services purchased' are increased due to the accelerated growth in Polish loan intermediation activity.
- The quarterly amount of 'other operating expenses' was increased by HUF 51 million of penalties paid to customers who withdrew from the Forest Hill residential park contract. Based on the current prices, flats which are returned to the market will have a positive impact on the project profitability.
- From 1 January 2019, the Group applies the IFRS 16 standard regarding leased and rented assets. Rental fees are reclassified from services used to depreciation of right-of-use assets and finance costs.
- The handover of the apartments in the MyCity Residence residential park, developed by the Group's 50% owned joint venture, has began during the third quarter, generating a total PAT of HUF 51 million in the fourth quarter and annual 296 million for the Group.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in mHUF	2020. September 30. (not audited)	2019. December 31. (audited)	Variance	
			mHUF	%
Goodwill	1,687.6	1,360.0	+327.6	+24%
Investment property	1,868.7	1,836.0	+32.7	+2%
Property, plant	424.1	450.1	-26.0	-6%
Other	1,158.2	1,007.7	+150.6	+15%
Non-current assets	5,138.6	4,653.8	+484.9	+10%
Inventories	7,118.9	5,508.4	+1,610.5	+29%
Trade receivables	923.3	849.3	+74.0	+9%
Cash and cash equivalents	6,184.1	1,627.7	+4,556.3	+280%
Restricted cash	718.1	897.9	-179.9	-20%
Other	1,334.1	1,268.1	+66.0	+5%
Current assets	16,278.4	10,151.4	+6,127.0	+60%
Total assets	21,417.0	14,805.2	+6,611.8	+45%
Share capital	6,789.7	5,548.0	+1,241.7	+22%
Borrowings	6,944.8	6,049.3	+895.5	+15%
Other non-current liabilities	306.1	344.6	-38.5	-11%
Non-current liabilities	7,251.0	6,393.9	+857.1	+13%
Borrowings	4,729.9	331.5	+4,398.4	+1,327%
Trade payables	858.5	789.9	+68.6	+9%
Other liabilities	1,788.0	1,741.9	+46.1	+3%
Current liabilities	7,376.3	2,863.2	+4,513.1	+158%
Total equity and liabilities	21,417.0	14,805.2	+6,611.8	+45%

Comments

- The value of goodwill recorded in the Group's books increased due to the January 2020 acquisition of Alex T. Great.
- The investment property portfolio increased by HUF 33 million thanks to the the sale of one property, purchase of three properties and the annual portfolio revaluation in the value of HUF 31 million.
- The value of inventories increased by an additional HUF 1,611 million in Q4 2020, in line with the capitalized construction costs of ongoing developments.
- On 2 September 2020, the Group performed a successful bond issue. Within the framework of the Bond Funding for Growth Scheme, it raised a total of HUF 6.9 billion 10-year funds at a fixed interest rate of 2,3%. Due to this the Cash and cash equivalents of the Group amounted to HUF 6,184 million. Restricted cash amounted to HUF 718 million: i) the collateral for the residential real estate development project loan (HUF 623 million) and ii) the share capital collateral required for the fund management activity (HUF 95 million).
- The consolidated equity of the Group amounted HUF 6.8 billion at the end of 2020. On 31 December 2020, the Company held 507,830 pieces of own shares for the purpose of employee share program.
- Loans increased to HUF 11.7 billion, out of which HUF 6.9 billion is liabilities from bonds, HUF 4.7 billion is non-recourse loans related to residential real-estate development projects.

CLEAN CORE RESULT

data in million of HUF	2020 Q4	2019 Q4	Variance %	2020Q1-4	2019 Q1-4	Variance %
EBITDA	422.6	466.4	-9%	1 550.2	1 616.3	-4%
(-) MyCity EBITDA	-57.2	-3.2	+1702%	-104.1	49.7	-310%
Core EBITDA	479.8	469.6	+2%	1 654.3	1 566.6	+6%
(-) Result of portfolio appraisal	20.5	76.8	-73%	30.8	120.6	-74%
(-) Acquisition costs	0.0	-7.7	-100%	-28.4	-7.7	-
Total core adjustments	-20.5	-69.1	-70%	-2.4	-112.9	-98%
Clean core EBITDA	459.3	400.5	+15%	1 652.0	1 453.7	+14%

data in million of HUF	2020 Q4	2019 Q4	Variance %	2020Q1-4	2019 Q1-4	Variance %
Profit after tax	313.3	315.6	-1%	1 331.7	1 072.9	+24%
(-) Profit after tax for MyCity	-25.5	-37.6	-32%	95.7	-104.5	-192%
Core PAT	338.8	353.2	-4%	1 235.9	1 177.4	+5%
(-) Result of portfolio appraisal	20.5	76.8	-73%	30.8	120.8	-75%
(-) Acquisition costs	0.0	-	-100%	-28.4	-7.7	-
Total core adjustments	-20.5	-69.1	-70%	-2.4	-113.1	-98%
Tax effect of adjustments (9%)	1.8	6.2	-70%	0.2	10.2	-98%
Clean core PAT	320.1	290.3	+10%	1 233.8	1 074.5	+15%

- For transparency reasons, from Q2 2019 onwards the Group will publish “clean core” adjusted profit and loss categories. The Group adjusts its results besides the result of MyCity property development activity, with 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 Q4 2020, the Group made the following adjustments:
 - Result of portfolio revaluation: HUF 20.5 m was realized from portfolio appraisal in the Group’s investment portfolio.
- Despite the COVID-19 pandemic, the Group’s clean core EBITDA increased by 15% (YoY) in Q4 2020 and it was 14% higher for the whole 2020, than the year before, reaching clean core EBITDA of HUF 1.7 billion.
- The Group’s cleaned core PAT increased by 15% and totalled HUF 1.2 billion in 2020.

REVENUE, EBITDA, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4
Net sales revenue	985.7	981.1	1 426.7	955.4	113.9	79.2	2 526.3	2 015.7
EBITDA	274.5	379.1	141.0	77.4	7.1	10.0	422.6	466.4
Operating income	239.0	346.4	119.7	55.9	7.1	9.9	365.8	412.2
Profit after tax	223.3	282.4	66.7	26.4	23.3	2.4	313.3	311.2

in million HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2020 Q1-4	2019 Q1-4	2020 Q1-4	2019 Q1-4	2020 Q1-4	2019 Q1-4	2020 Q1-4	2019 Q1-4
Net sales revenue	3 621.1	3 922.1	5 153.3	3 661.4	320.1	308.2	9 094.5	7 891.7
EBITDA	1 162.2	1 438.0	369.2	171.0	18.8	7.2	1 550.2	1 616.3
Operating income	1 015.3	1 302.9	287.2	88.2	18.8	7.1	1 321.3	1 398.2
Profit after tax	1 120.3	1 027.5	181.8	39.8	29.7	1.2	1 331.7	1 068.5

- The Group was able to grow in all of its markets in Q4 and also grow at an annual basis in Poland and the Czech Republic, despite the effects of COVID-19 in the second quarter.
- Activity in Hungary achieved approximately the same result during this quarter compared to the same period last year. The consolidated EBITDA related to the Hungarian core business was weakened by a total of HUF 57.2 million loss in the MyCity activity at the EBITDA level and improved by the revaluation gain of the real estate portfolio of HUF 20.5 million, resulting in an adjusted Hungarian clean core EBITDA of HUF 311.2 million. For comparison, in the fourth quarter of 2019, the adjusted Hungarian clean core EBITDA was HUF 305.5 million (+ 2% YoY).
- The Polish subsidiaries of the Group continued their outstanding performance for the sixth consecutive quarter, their EBITDA more than doubled to HUF 369 million (+ 116% YoY). The loan market, that has weakened significantly as a result of the COVID-19 epidemic, recovered by the fourth quarter of 2020, and the amount of loans intermediated by the Group increased by 61% YoY. The Polish subsidiaries of the Group closed a very strong quarter with a quarterly record EBITDA of HUF 141 million.
- The Czech subsidiaries were also able to grow, closing the quarter and the year with an increase in net sales revenue and a positive net result.

2020 GUIDANCE FULFILMENT

Millió Ft	2020 – 5-year BP	2020 - Actual	Variance %
Clean core revenues	8 988.0	9 094.5	1.2%
Clean core EBITDA	1 271.0	1 652.0	30.0%
Clean core Net profit	857.0	1 233.8	44.0%
Development and property appraisal Net profit	993.0	126.5	-87.3%
Other, non-core items	0.0	-28.6	
Total Net profit	1 850.0	1 331.7	-28.0%

Following the shock waves of COVID-19 in the second quarter, the Group's real estate and loan brokerage had a strong second half-year in 2020. The Polish strong growth trajectory is continued, the core activities significantly outperformed the 5-year strategic objectives for the whole year of 2020.

Property development and property investment were impacted by COVID-19 more than it was anticipated:

- i) This year the Group successfully closed the MyCity Residence project and handed over 77% of its residential units resulting in a net profit of HUF 296 million. Due to the higher profit content of the remaining flats, an additional net profit of HUF 220 million is expected from the project.
- ii) The planned completion of the Forest Hill residential park is postponed to 2021, which will also delay the realization of the expected profits from the project. In the current construction phase, the project generates accounting loss due to the non-capitalizable costs, which was HUF 200 million in 2020. From this loss HUF 77 million is the amount of penalties paid to customers who withdrew from the contract. The Group is convinced that the withdrawal buyers who entered at a lower price level, despite the paid back penalties, will result in higher profits in the future due to the recent significantly higher sales prices.
- iii) The Group's investment property portfolio is increased by only HUF 30 million (1.5%) in 2020 due to the decline in rental demand mostly affecting downtown Budapest.

CONSOLIDATED CASH FLOW STATEMENT

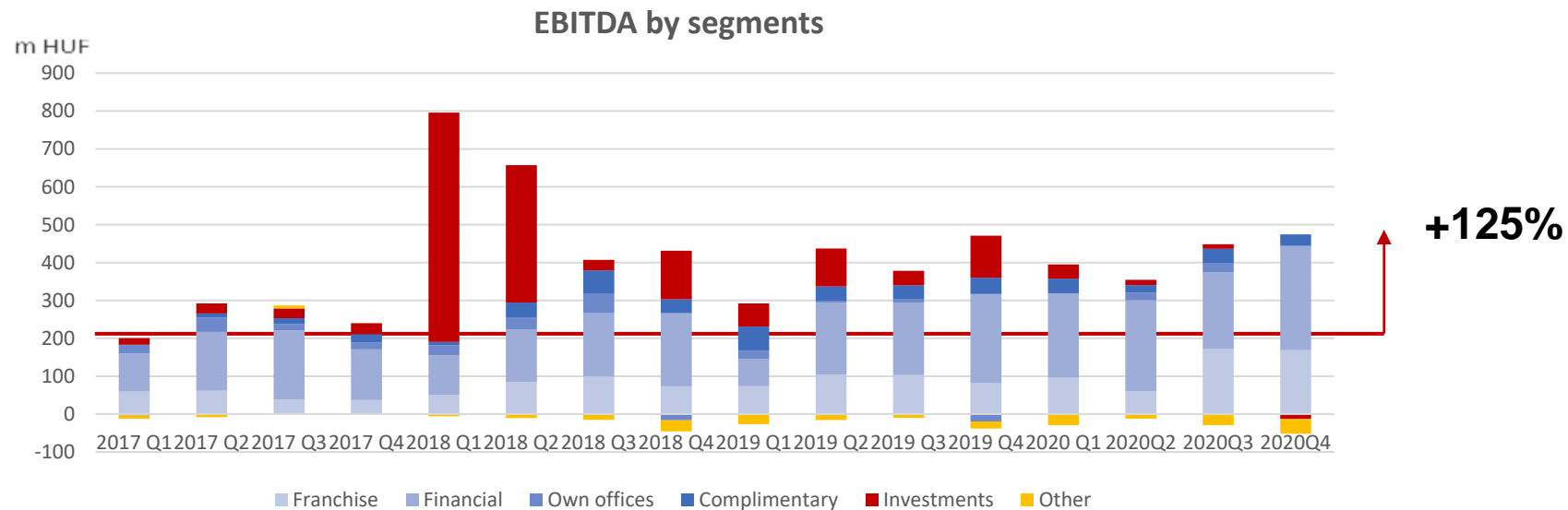
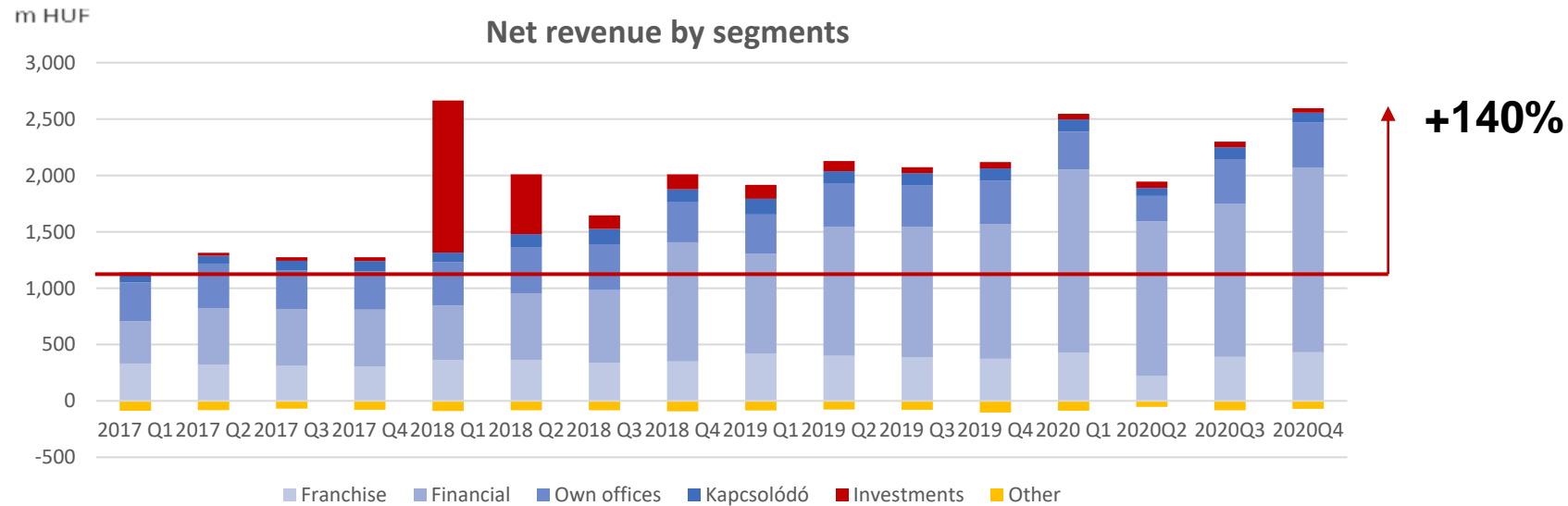
Consolidated cash flow statement	1-12. 2020 (not audited)	1-12. 2019 (not audited)	Consolidated cash flow statement	1-12. 2020 (not audited)	1-12. 2019 (not audited)
Data in mHUF					
Cash flows from operating activities			Cash flows from investing activities		
Profit after tax	1 331.7	1 072.9	Payments for property, plant and equipment	-195.8	-355.1
Adjustments:			Proceeds from the sale of properties	83.0	7.8
Received / paid interests	1.9	63.5	Assets held for sale and directly (...)	0.0	0.0
Depreciation	228.9	218.1	Acquisition of subsidiaries	-339.8	0.0
Deferred tax expense	55.2	-0.3	Net cash used in investing activities	-452.6	-347.3
Fair value adjustments of investment properties	-30.8	-120.8	Cash flows from financing activities		
Share program	26.5	6.4	Proceeds from borrowings	-1 650.3	3 398.6
Badwill	0.0	0.0	Treasury share transactions	-16.7	-59.9
Share of profit of a joint venture	-295.5	51.5	Changes in right-of-use asset and leasing obligations	-82.0	-117.6
The result of unrealized exchange differences	-62.9	0.0	Dividends paid	-68.9	-927.1
Asset held for sale	0.0	0.0	Bond issue	6 944.8	0.0
Income tax expense	257.2	175.8	Securities sold	0.0	0.0
Gross CF	1 512.1	1 467.2	Received / paid interests	-1.9	-63.5
			Net cash generated from financing activities	5 125.1	2 230.5
Movements of working capital			Net increase in cash and cash equivalents	4 555.0	870.8
Increase in inventories	-1 610.5	-1 625.7	Cash and cash equivalents at the beginning of the year	1 627.7	756.9
Increase in trade- and other receivables	133.3	-506.5	Exchange gains/(losses) on cash and cash equivalents	1.3	0.0
Decrease of other assets	-93.5	-53.9			
Increase of trade payables	93.0	-114.2			
Increase of other short term liabilities	43.8	74.6			
Increase in accruals	10.1	-78.0			
Income taxes paid	-205.8	0.0			
Net cash generated by operating activities	-117.4	-836.6	Cash and cash equivalents at the end of the year	6 184.1	1 627.7

DUNA HOUSE GROUP

Segment report



SEGMENT LEVEL RESULTS



- Note: the segment-level income statements do not include the results realized on the MyCity Residence project (HUF 245 million in Q3, HUF 50 million in Q4 2020), as they are presented by the Group under EBITDA under Share of profit from joint venture.

- Since its listing in November 2016, the Duna House Group has increased its quarterly sales by 140% and its EBITDA by 125 %.

- By 2020, the Group's revenue has been transformed: 66% is accounted for the financial intermediation segment, while the real estate franchise and own office segments accounted for 31%.

- The Group's service businesses have grown steadily over the years. The leap in 2018 was caused by the Reviczky Liget residential real estate project implemented and handed over within the investment segment.

SEGMENT LEVEL RESULTS

CONSOLIDATED	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Real estate franchise segment	431.0	374.0	+57.0	+15%	1 466.9	1 577.5	-110.5	-7%
Own office segment	402.7	385.0	+17.7	+5%	1 355.2	1 479.2	-124.0	-8%
Financial segment	1 638.8	1 195.5	+443.3	+37%	6 001.3	4 388.2	+1 613.1	+37%
Complementary segment	85.5	107.9	-22.4	-21%	370.9	467.4	-96.5	-21%
Investment segment	38.3	56.3	-18.0	-32%	194.8	323.9	-129.1	-40%
Other segment	-70.0	-102.8	+32.8	-32%	-294.6	-344.5	+49.8	-14%
Total net revenue	2 526.3	2 015.7	+510.6	+25%	9 094.5	7 891.7	+1 202.7	+15%
Real estate franchise segment	168.7	92.4	+76.2	+83%	495.7	409.1	+86.6	+21%
Own office segment	2.8	-5.1	+8.0	-155%	48.9	71.4	-22.5	-32%
Financial segment	272.9	237.9	+35.0	+15%	938.0	691.6	+246.4	+36%
Complementary segment	30.1	45.4	-15.4	-34%	126.2	191.6	-65.4	-34%
Investment segment	-13.3	111.3	-124.6	-112%	50.4	310.6	-260.1	-84%
Other segment	-38.5	-15.5	-23.0	+149%	-109.1	-57.9	-51.2	+88%
Total EBITDA	422.6	466.4	-43.8	-9%	1 550.2	1 616.3	-66.1	-4%
<i>Real estate franchise segment</i>	39%	25%	+14%p		34%	26%	+8%p	
<i>Own office segment</i>	1%	-1%	+2%p		4%	5%	-1%p	
<i>Financial segment</i>	17%	20%	-3%p		16%	16%	-0%p	
<i>Complementary segment</i>	35%	42%	-7%p		34%	41%	-7%p	
<i>Investment segment</i>	-35%	198%	-233%p		26%	96%	-70%p	
<i>Other segment</i>	55%	15%	+40%p		37%	17%	+20%p	
Total EBITDA margin	17%	23%	-6%p		17%	20%	-3%p	

- The Group's net sales revenue increased by 25%, while its EBITDA decreased by 9% (YoY) in the Q4 2020.
- *Changes in EBITDA were influenced by unique factors, which are presented on page 8, [Clean core result](#).*

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	431.0	374.0	+57.0	+15%	1 466.9	1 577.5	-110.5	-7%
Direct expenses	25.6	29.9	-4.2	-14%	101.3	121.9	-20.6	-17%
Gross profit	405.4	344.1	+61.3	+18%	1 365.6	1 455.6	-90.0	-6%
Indirect expenses	236.7	251.7	-15.0	-6%	869.9	1 046.5	-176.6	-17%
EBITDA	168.7	92.4	+76.2	+83%	495.7	409.1	+86.6	+21%
<i>Gross profit margin (%)</i>	<i>94%</i>	<i>92%</i>	<i>+2%p</i>		<i>93%</i>	<i>92%</i>	<i>+1%p</i>	
<i>EBITDA margin (%)</i>	<i>39%</i>	<i>25%</i>	<i>+14%p</i>		<i>34%</i>	<i>26%</i>	<i>+8%p</i>	
Network commission revenues*	2 871.8	2 534.7	+337.0	+13%	10 165.3	10 655.9	-490.6	-5%
Hungary	2 038.3	1 875.7	+162.6	+9%	7 576.2	8 410.3	-834.1	-10%
Poland	702.9	551.5	+151.4	+27%	2 221.5	1 874.0	+347.5	+19%
Czech Republic	130.6	107.6	+23.0	+21%	367.6	371.6	-4.1	-1%
Network office numbers (pcs)	250.0	254.0	-4.0	-2%	250.0	254.0	-4.0	-2%
Hungary	165	166	-1	-1%	165	166	-1	-1%
Poland	83	84	-1	-1%	83	84	-1	-1%
Czech Republic	2	4	-2	-50%	2	4	-2	-50%

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

- Revenues in the franchise segment increased by 15% compared to the same period last year despite the COVID-19 epidemic.
- Duna House Group's real estate brokerage networks achieved a total commission income of HUF 2.9 billion in the fourth quarter of 2020 (+13% YoY), thus reaching all-time second highest volumes in the middle of the COVID-19 pandemic following the record in Q3 2020. Growth was strongest in Poland, where the Group achieved a historical record of HUF 703 million, expanding by 27%.
- In Hungary, the quarter closed with a total commission of HUF 2.0 billion (+9%). The number of offices in Hungary decreased in Q1-2 2020 due to the merger of the Smart Real Estate network into the Duna House brand and their subsequent rationalization, then increased by 9 offices in two quarters. By the consolidation of the activities the Group was able to lower indirect expenses.
- Overall, the EBITDA of the franchise segment reached HUF 168.7 million in Q4 2020, which represents a stunning 83% improvement compared to Q4 2019.

The housing and loan market data published by Duna House are available at the following link: <https://dh.hu/barometer>

SEGMENT LEVEL RESULTS

OWN OFFICE SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	402.7	385.0	+17.7	+5%	1 355.2	1 479.2	-124.0	-8%
Direct expenses	275.4	233.2	+42.3	+18%	866.4	865.1	+1.4	+0%
Gross profit	127.3	151.8	-24.5	-16%	488.8	614.2	-125.4	-20%
Indirect expenses	124.4	156.9	-32.5	-21%	439.9	542.8	-102.9	-19%
EBITDA	2.8	-5.1	+8.0	-155%	48.9	71.4	-22.5	-32%
<i>Gross profit margin (%)</i>	32%	39%	-8%		36%	42%	-5%	
<i>EBITDA margin (%)</i>	1%	-1%	+2%		4%	5%	-1%	
Networ commission revenues*	414.8	426.0	-11.2	-3%	1 415.0	1 311.3	+103.7	+8%
Hungary	133.7	184.9	-51.2	-28%	556.0	727.8	-171.8	-24%
Poland	168.6	152.5	+16.2	+11%	552.8	382.3	+170.5	+45%
Czech Republic	112.5	88.6	+23.8	+27%	306.2	201.2	+105.0	+52%
Network office numbers (pcs)	22	25	-3	-12%	22	25	-3	-12%
Hungary	13	15	-2	-13%	13	15	-2	-13%
Poland	8	9	-1	-11%	8	9	-1	-11%
Czech Republic	1	1	0	+0%	1	1	0	+0%

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

- Own office segment achieved net sales revenue of HUF 402,7 million (+5% YoY) and gross profit of HUF 127,3 million (-16% YoY) in Q4 2020.
- Commission revenues decreased by 3% mainly due to the weaker performance of the downtown districts of Budapest in Hungary, while the group was able to grow in the Czech Republic and Poland and set new records in commission revenues.
- The segment's EBITDA level increased by HUF 8 million (YoY).

SEGMENT LEVEL RESULTS

<i>FINANCIAL SEGMENT</i>	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	1 638.8	1 195.5	+443.3	+37%	6 001.3	4 388.2	+1 613.1	+37%
Direct expenses	1 195.3	813.9	+381.4	+47%	4 459.4	3 125.5	+1 333.9	+43%
Gross profit	443.6	381.6	+61.9	+16%	1 541.9	1 262.6	+279.2	+22%
Indirect expenses	170.6	143.7	+27.0	+19%	603.9	571.1	+32.8	+6%
EBITDA	272.9	237.9	+35.0	+15%	938.0	691.6	+246.4	+36%
<i>Gross profit margin (%)</i>	<i>27%</i>	<i>32%</i>	<i>-5%</i>		<i>26%</i>	<i>29%</i>	<i>-3%</i>	
<i>EBITDA margin (%)</i>	<i>17%</i>	<i>20%</i>	<i>-3%</i>		<i>16%</i>	<i>16%</i>	<i>-0%</i>	
Loan volume (bn HUF)	73.1	53.9	+19.1	+35%	266.9	195.4	+71.4	+37%
Hungary	22.7	22.7	-0.0	-0%	85.1	74.4	+10.6	+14%
Poland	50.3	31.2	+19.1	+61%	181.8	121.0	+60.8	+50%

- The revenues of the financial intermediation segment exceeded HUF 1,6 billion in Q4 (+37% YoY).
- In Hungary, the group achieved a loan volume of HUF 22.7 billion corresponding to the previous year's Q4 level.
- In Poland, the Group was able to exceed the pre-COVID-19 level of intermediated loans volume and its previous record in Q1 2020 with 61% YoY growth.
- Overall, the segment's gross profit increased to HUF 443.6 million (+16% YoY), while indirect costs increased by 19%, so EBITDA reached HUF 272,9 million (+15% YoY).

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	85.5	107.9	-22.4	-21%	370.9	467.4	-96.5	-21%
Direct expenses	17.1	18.6	-1.5	-8%	90.5	102.0	-11.5	-11%
Gross profit	68.4	89.3	-20.9	-23%	280.4	365.4	-85.0	-23%
Indirect expenses	38.3	43.9	-5.6	-13%	154.2	173.8	-19.7	-11%
EBITDA	30.1	45.4	-15.4	-34%	126.2	191.6	-65.4	-34%
<i>Gross profit margin (%)</i>	80%	83%	-3%		76%	78%	-3%	
<i>EBITDA margin (%)</i>	35%	42%	-7%		34%	41%	-7%	
Housing found NAV	3 769.1	4 901.1	-1 132.0	-23%	4 177.6	4 714.0	-536.4	-11%

- The complementary services segment's revenue reached HUF 85,5 million in Q4 2020. This represents a decrease of 21% compared to Q4 2019. The decrease was primarily due to lower fund management success fees, while revenues from the Group's other activities were stagnating.
- The average net asset value of Duna House Real Estate Fund amounted to HUF 3,8 billion in Q4 2020 (- 23% YoY).
- Overall, the segment has reached EBITDA of HUF 30,1 million at 35% margin in Q4 2020.

SEGMENT LEVEL RESULTS

INVESTMENT SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	38.3	56.3	-18.0	-32%	194.8	323.9	-129.1	-40%
Direct expenses	14.2	11.5	+2.7	+24%	51.4	108.8	-57.4	-53%
Gross profit	24.1	44.8	-20.7	-46%	143.4	215.1	-71.7	-33%
Indirect expenses	37.4	-66.6	+103.9	-156%	93.0	-95.5	+188.4	-197%
EBITDA	-13.3	111.3	-124.6	-112%	50.4	310.6	-260.1	-84%
<i>Gross profit margin (%)</i>	<i>63%</i>	<i>80%</i>	<i>-17%</i>		<i>74%</i>	<i>66%</i>	<i>+7%</i>	
<i>EBITDA margin (%)</i>	<i>-35%</i>	<i>198%</i>	<i>-233%</i>		<i>26%</i>	<i>96%</i>	<i>-70%</i>	
Carrying amount of properties	2 181.7	2 162.5	+19.2	+1%	2 181.7	2 162.5	+19.2	+1%
Carrying amount of investment purpose properties	1 868.7	1 836.0	+32.7	+2%	1 868.7	1 836.0	+32.7	+2%
Carrying amount of operational properties	313.0	326.5	-13.6	-4%	313.0	326.5	-13.6	-4%
Number of properties (pcs) **	19	17	+2	+12%	19	17	+2	+12%
Number of investment purpose properties	16	14	+2	+14%	16	14	+2	+14%
Number of operational properties	3	3	+0	+0%	3	3	+0	+0%




- Property investment segment generated total EBITDA loss of HUF 13,3 million in Q4 2020, of which loss of HUF 57.2 million was related to the MyCity property development project. The Group's real estate portfolio generated 43.9 million in profit.
- Investment purpose properties are valued at market value by an independent appraiser. In the fourth quarter Group realized EBITDA of HUF 20.5 m from portfolio appraisal. During the last quarter the Group sold one property and purchased 3 for investment purposes.
- The table does not include the result of the MyCity Residence project (Hunor utca, District III, Budapest which is 50% owned by the Group as it is recognized through equity consolidation in the Group's financial statements.

*Profit/loss difference related to revaluation of investment purpose properties is indicated among indirect operating costs

PROPERTY DEVELOPMENT ACTIVITY

Duna House Group manages the development of 314 flats in 3 projects under MyCity brand, as follows:



	Forest Hill Budapest III. district	Forest Hill Panorama Budapest III. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	100%	100%	50%	
Landsize (m2)	Total FH and FHP: 29,314		3,345	32,659
Sellable area (m2)	11,837	4,605	6,882	23,324
Number of Apartements (pcs.)	154	57	100+3	314
Average Apartements size (m2)	76.9	80.7	68.8	74.9
Actual status of Projects	<ul style="list-style-type: none"> The project's sold ratio has decreased from 71% to 63% due to customer cancellations. The repurchased flats are expected to be sold by the Group at a surcharge of 10-25% at current sales prices The technical completion of the first row is expected by the end of April 2021. The Group is in negotiations about the involvement of a co-investor with general construction capabilities. 84% of the apartments have been sold. It has an occupancy permit. Handover of the flats has begun. 			
				

SEGMENT LEVEL RESULTS

OTHER- AND CONSOLIDATION SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q4	Q4		(%)	Q1-Q4	Q1-Q4		(%)
Net sales revenue	-70.0	-102.8	+32.8	-32%	-294.6	-344.5	+49.8	-14%
Direct expenses	0.1	-19.3	+19.3	-100%	-22.6	-42.9	+20.4	-47%
Gross profit	-70.1	-83.5	+13.5	-16%	-272.1	-301.5	+29.5	-10%
Indirect expenses	-31.6	-68.1	+36.5	-54%	-162.9	-243.6	+80.7	-33%
EBITDA	-38.5	-15.5	-23.0	+149%	-109.1	-57.9	-51.2	+88%
<i>Gross profit margin (%)</i>	<i>100%</i>	<i>81%</i>	<i>+19%</i>		<i>92%</i>	<i>88%</i>	<i>+5%</i>	
<i>EBITDA margin (%)</i>	<i>55%</i>	<i>15%</i>	<i>+40%</i>		<i>37%</i>	<i>17%</i>	<i>+20%</i>	

- Under the Other and consolidation segment we present the Company's supporting holding activity, income and expenses eliminated during the consolidation of the Group and the result of consolidation amendments.
- The Q4 expenses of the holding 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 OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total equity
30 June 2019	172,0	1.493,4	49,8	3.476,5	5.023,0	-57,0	4.965,9
Dividend paid							
Total comprehensive income			8,4	253,5	261,9	-1,8	260,1
Purchase of treasury shares					-3,7		-3,7
Employee Share-based payment provision		2,8			2,8		2,8
30 September 2019	172,0	1.496,3	58,2	3.730,1	5.284,0	-58,9	5.225,1
Dividend paid							
Total comprehensive income			12,6	315,2	327,8	-3,9	323,9
Purchase of treasury shares					-4,4		-4,4
Employee Share-based payment provision		3,4			3,4		3,4
31 December 2019	172,0	1.499,7	70,8	4.045,3	5.610,8	-62,8	5.548,0
Dividend paid							
Total comprehensive income			-29,5	264,9	235,4	-6,4	229,1
Purchase of treasury shares					-4,1		-4,1
Employee Share-based payment provision		3,7			3,7		3,7
31 March 2020	172,0	1.503,4	41,3	4.310,2	5.845,9	-69,2	5.776,7
Dividend paid							
Total comprehensive income			26,8	204,6	231,4	0,3	231,7
Purchase of treasury shares					-6,8		-6,8
Employee Share-based payment provision		6,0			6,0		6,0
30 June 2020	172,0	1.509,4	68,1	4.454,3	6.016,0	-68,9	5.947,1
Dividend paid							
Total comprehensive income			10,6	546,9	557,5	1,7	559,2
Purchase of treasury shares					-4,7		-4,7
Employee Share-based payment provision		2,7			2,7		2,7
30 September 2020	172,0	1.512,1	78,7	5.001,2	6.571,4	-67,2	6.504,3
Dividend paid							
Total comprehensive income			-36,9	312,6	275,7	-3,1	272,5
Purchase of treasury shares					-1,1		-1,1
Employee Share-based payment provision		14,1			14,1		14,1
31. december 2020	172,0	1 526,2	41,8	5 313,7	6 860,0	-70,3	6 789,7

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 2020Q4 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 2021.

Budapest, 26 February 2021.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President