

DUNA HOUSE GROUP

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Management Guidance 2024

28 February 2024



MANAGEMENT GUIDANCE FOR 2024

	EBITDA range, HUFm		Profit after tax range, HUFm	
Italy	2 520	2 730	1 340	1 490
Hungary	970	1 240	340	580
Poland	390	560	130	270
Czech Republic	-	15	20	-
Clean core Total	3 865	4 550	1 770	2 340
Clean core 2022	2 683		1 960	

	Free cash flow
MyCity developments, Hungary	HUF 3.0 billion during 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 530 million as at 31 December 2023 (including assets held for sale). The Group also plans to sell its currently own-used central office building during 2023, which has a carrying value of HUF 220 million. Management has decided to move the head office team to a rented office building. The market value of the property is estimated at HUF 1.0 billion, so the Group expects an additional HUF 780 million non-core profit from the sale. **The Group expects a cash flow of HUF 1.5 billion from the sale of the entire property portfolio.**

In 2023, the Forest Hill property development project generated sales of HUF 4.7 billion, EBITDA of HUF 810 million, profit after tax of HUF 584 million and cash flow of HUF 1.3 billion for the Group. The remaining total cash flow is HUF 3.0 billion, of which HUF 1.5 billion of ongoing transactions have been taken into account by the Group's Board of Directors in the proposed dividend for 2023. **The Group expects to receive the remaining HUF 1.5 billion during 2024.**

The Board of Directors intends to use the additional total cash flow of HUF 3.0 billion expected from the Forest Hill project and the sale of the entire investment property portfolio for dividend payments or acquisitions in the future.

Comments

This management forecast has been prepared in a very different market environment from country to country.

The main challenges facing the Group's markets are the speed and extent to which lending rates will fall and the extent to which demand can return to the housing market in the period after high inflation. The Group's geographic presence has diversified significantly in recent years, and sensitivity to these effects may vary from country to country, with a combined effect of reduced impact:

- **Italy:** Lending declined by 23% in 2022 and by a further 24% in 2023, thanks to interest rates still on an upward trajectory during the year. A positive market correction could come from a reduction in interest rates starting in 2024. The Group's market opportunities relative to the market as a whole will be enhanced by an increase in brokerage market shares and will be driven by the cooperation with the Professionecasa real estate network, which has started in 2024. The collaboration marks the start of an exclusive cooperation between the two companies, which allows the Group to cease its currently loss-making real estate brokerage activities, while increasing loan volumes.
- **Hungary:** Housing loan disbursements in Hungary have been on a steadily increasing trend during 2023, following the market trough in February 2023. Mortgage disbursements in December 2023 were 91% higher than in February. With inflation slowing, a gradual reduction in lending rates and an increase in lending is expected to continue throughout 2024, which could provide a boost to the housing market, which started 2024 strongly but is gradually strengthening. The Group expects to grow at core EBITDA levels in 2024, but at the same time expects a significantly lower return on its free cash resources due to declining interest rates.
- **Poland:** Lending in Poland is currently performing at record monthly levels, fueled by government-backed credit facilities in addition to falling interest rates. High loan disbursement numbers are still expected in Q1 thanks to subsidized loans applied for at the end of 2023. The budget for the programme has now been exhausted and the new Polish government plans to launch a new programme, but its timing and substance is uncertain, leaving the Polish real estate and credit markets in a state of high uncertainty.

2020-2024 BUSINESS PLAN FULFILMENT

<i>HUFm</i>		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	2 683			3 865 – 4 550
	Clean core Net profit	1,166	1,751	2,290	1 960			1 770 – 2 340
	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 2024 guidance above includes 100% of the results of the Italian subsidiaries in accordance with the international accounting standards.