

DUNA HOUSE GROUP

2020. Q1 Quarterly report

May 28, 2020



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EXECUTIVE SUMMARY 2020. FIRST QUARTER

Quarterly results

- In Q1 2020, Duna House Group (the “Group”) continued its expansion with another acquisition and organic growth. The net sales revenue of the Group increased by 34% and approached HUF 2.5 billion. The Group was able to achieve outstanding growth despite the strong effects of the COVID-19 pandemic that appeared from mid-March.
- While the Hungarian real estate market continued its weak performance that started in 2019, the steadily developing Polish activity was the primary engine of the Group’s growth. The Polish operation performed beyond expectations and 59% of the consolidated net revenue was generated in Poland in the quarter.
- In Hungary, the real estate market has been gradually weakening since mid-2019. In Q1 2020, the commission volumes generated by the Group's real estate networks decreased by 15% compared to Q1 2019. In Poland, commission volumes increased by 36% YoY.
- In loan intermediation, the Group reached new records in both markets with disbursed loan volume of HUF 20.7 billion (+ 65% YoY) in Hungary and HUF 48.8 billion (+ 93% YoY) in Poland, including the impact of the acquisition of Alex T. Great in January 2020.
- The construction of MyCity Residence real estate project, which is 50% owned by the Group, was completed by the end of April 2020. The handover of the apartments can start in Q2 2020. 81% of the apartments have already been pre-sold.
- The cleaned core EBIT amounted to HUF 313 million (+42% YoY). The consolidated EBIT of the Group reached HUF 306 million (+ 26% YoY) while consolidated PAT reached HUF 265 million (+ 60% YoY).

COVID-19

- In view of the COVID-19 pandemic and the resulting uncertain economic environment, the Group has withdrawn its forecast for the 2020 business year.
- The management expects that Q2 2020 will be hit hardest by the pandemic. The number of real estate transactions fell by almost 70% in the first half of April, but a correction has already begun in the second half of the month. There is no decline in loan intermediation yet. The management is optimistic that the economic crisis will strengthen the role of intermediaries in both the real estate and the loan markets, thereby strengthening the demand for the Group's services in Hungary and in the region.
- Despite the virus, construction is in good progress in both MyCity development projects. Both ongoing projects are going to be handed over in 2020.

DUNA HOUSE GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in mHUF, except earnings per share)	2020 Q1 (not audited)	2019 Q1 (not audited)	Variance	
			mHUF	%
Net sales revenue	2,459.2	1,831.6	+627.6	+34%
Other operating income	13.7	26.4	-12.7	-48%
Change in stocks of finished products and work in progress	-308.7	-158.7	-150.0	+95%
Consumables used	53.7	16.4	+37.3	+227%
Cost of goods and services sold	499.5	236.3	+263.2	+111%
Services purchased	1,579.6	1,218.3	+361.2	+30%
Personnel expenses	223.3	218.4	+4.9	+2%
Other operating expenses	59.7	30.4	+29.3	+96%
EBITDA	365.9	296.8	+69.1	+23%
Depreciation and amortization	26.6	22.8	+3.7	+16%
Depreciation of right-of-use assets	32.9	30.8	+2.0	+7%
Operating income (EBIT)	306.4	243.1	+63.3	+26%
Finance income	51.1	-2.1	+53.2	-2,551%
Finance costs	30.4	31.9	-1.6	-5%
Share of the losses of a joint venture	-12.9	-8.9	-4.0	+45%
Profit before tax	314.3	200.2	+114.1	+57%
Income tax expense	49.3	34.2	+15.2	+44%
Profit after tax	265.0	166.1	+98.9	+60%
Currency translation difference	5.4	27.4	-22.0	-80%
Other comprehensive income	5.4	27.4	-22.0	-80%
Total comprehensive income	270.4	193.5	+76.9	+40%
attributable to				
Shareholders of the Company	276.7	197.9	+78.8	+40%
Non-controlling interest	-6.4	-4.4	-2.0	+44%
Earnings per share (basic and diluted)	73	48	+25.1	+52%

Comments

- The Group's consolidated net sales revenues reached HUF 2.5 billion in Q1 2020. The Group thus achieved the second largest quarterly revenue in its history at a time when development project companies had no significant revenue.
- Change in stocks of finished products and in progress represents the net difference between activated construction service costs related to MyCity development projects and the book value of units sold and handed over. There was no handover during the quarter, so the total amount covers capitalized costs.
- Cost of goods and services sold has doubled in Q1 2020.
- The growth of purchased services increased in Q1 2020 due to ongoing developments and expanding financial intermediation activities.
- 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.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.
- In Q1 2020, the Group's PAT increased by 60% to HUF 265.0 million.

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in mHUF	2020. March 31. (not audited)	2019. December 31. (audited)	Variance	
			mHUF	%
Goodwill	1,678.6	1,360.0	+318.6	+23%
Investment property	1,753.0	1,836.0	-83.0	-5%
Property, plant	443.5	450.1	-6.6	-1%
Other	985.8	1,007.7	-21.9	-2%
Non-current assets	4,860.9	4,653.8	+207.1	+4%
Inventories	5,813.9	5,508.4	+305.5	+6%
Trade receivables	912.5	849.3	+63.2	+7%
Cash and cash equivalents	1,350.9	1,627.7	-276.8	-17%
Restricted cash	897.9	897.9	+0.0	+0%
Accruals / Deferrals	543.3	478.6	+64.7	+14%
Other	772.6	789.5	-16.9	-2%
Current assets	10,291.2	10,151.4	+139.8	+1%
Total assets	15,152.0	14,805.2	+346.9	+2%
Share capital	5,776.7	5,548.0	+228.7	+4%
Borrowings	6,118.5	6,049.3	+69.2	+1%
Other non-current liabilities	326.7	344.6	-17.9	-5%
Non-current liabilities	6,445.2	6,393.9	+51.3	+1%
Borrowings	326.3	331.5	-5.2	-2%
Trade payables	908.4	789.9	+118.5	+15%
Accruals / Deferrals	364.0	385.3	+0.0	+0%
Other liabilities	1,331.4	1,356.6	+0.0	+0%
Current liabilities	2,930.1	2,863.2	+66.9	+2%
Total equity and liabilities	15,152.0	14,805.2	+346.9	+2%

Comments

- The value of goodwill recorded in the Group's books increased due to the January 2020 acquisition of Alex T. Great.
- The investment related portfolio is valued on June 30 and December 31 of each year. An apartment was sold during the quarter.
- The value of inventories increased by an additional HUF 305.5 million in Q1 2020, in line with the capitalized construction costs of ongoing developments.
- Cash and cash equivalents of the Group amounted to HUF 1,350.9 million and HUF 897.9 million of restricted cash as of 31 March 2020, which serves as collateral for residential real estate development project loans, corporate loan bank deposits, and share capital required for fund management activities.
- The consolidated equity of the Group amounted HUF 5.8 billion at the end of Q1 2020. At the end of Q1 the Company held 46,481 pieces of own shares for the purpose of employee share program.
- Loans increased to HUF 6.4 billion, out of which HUF 4.2 billion non-recourse loans related to development projects.

CLEAN CORE RESULT

data in million of HUF	2020 Q1	2019 Q1	Variance %
EBIT	306.4	243.1	+26%
(-) EBIT of MyCity	6.7	23.2	-71%
Core EBIT	299.7	219.9	+36%
(-) Acquisition and restructuring costs	-13.6	0.0	+0%
Total core adjustments	13.6	0.0	+0%
Clean core EBIT	313.3	219.9	+42%

- 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 Q1 2020, the Group made the following adjustments:
 - Acquisition costs: Consulting and other transaction costs related to the Group's acquisitions totaled HUF 13.6 million in Q1 2020.
- The Group’s clean core EBIT increased by 42% in Q1 2020 and totaled HUF 313.3 million.

REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRY

in million HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2020Q1	2019Q1	2020Q1	2019Q1	2020Q1	2019Q1	2020Q1	2019Q1
Net sales revenue	942.6	980.2	1,441.1	789.0	75.6	62.4	2,459.2	1,831.6
EBITDA	311.6	332.8	53.5	-36.4	0.8	0.4	365.9	296.8
Operating income	273.4	298.5	32.3	-55.8	0.8	0.4	306.4	243.1
Profit after tax	243.3	224.0	21.8	-51.9	-0.1	-6.0	265.0	166.1

- The Hungarian activities reached operating income of HUF 273.4 million out of which HUF 266.6 million related to the core activities. In comparison, the Hungarian core operating income was HUF 275.3 in Q1 2019 (-3.2% YoY).
- In Poland, following the acquisitions of Gold Finance in November 2018 and then Alex T. Great in January 2020, both revenues and loan intermediation volumes increased extremely, which was also supported by significant organic growth. During the quarter, 59% of the Group's consolidated revenues was generated in Poland. Operating profit and PAT continued to improve during the quarter. Compared to Q1 2019, the Polish operating income of Q1 2020 was negatively affected by an individual item of HUF 13.6 million, which is presented on page 7. The cost of the marketing campaign scheduled for the beginning of the year amounted to another HUF 34 million.
- The Czech subsidiaries closed the quarter at break-even point with growing revenue.

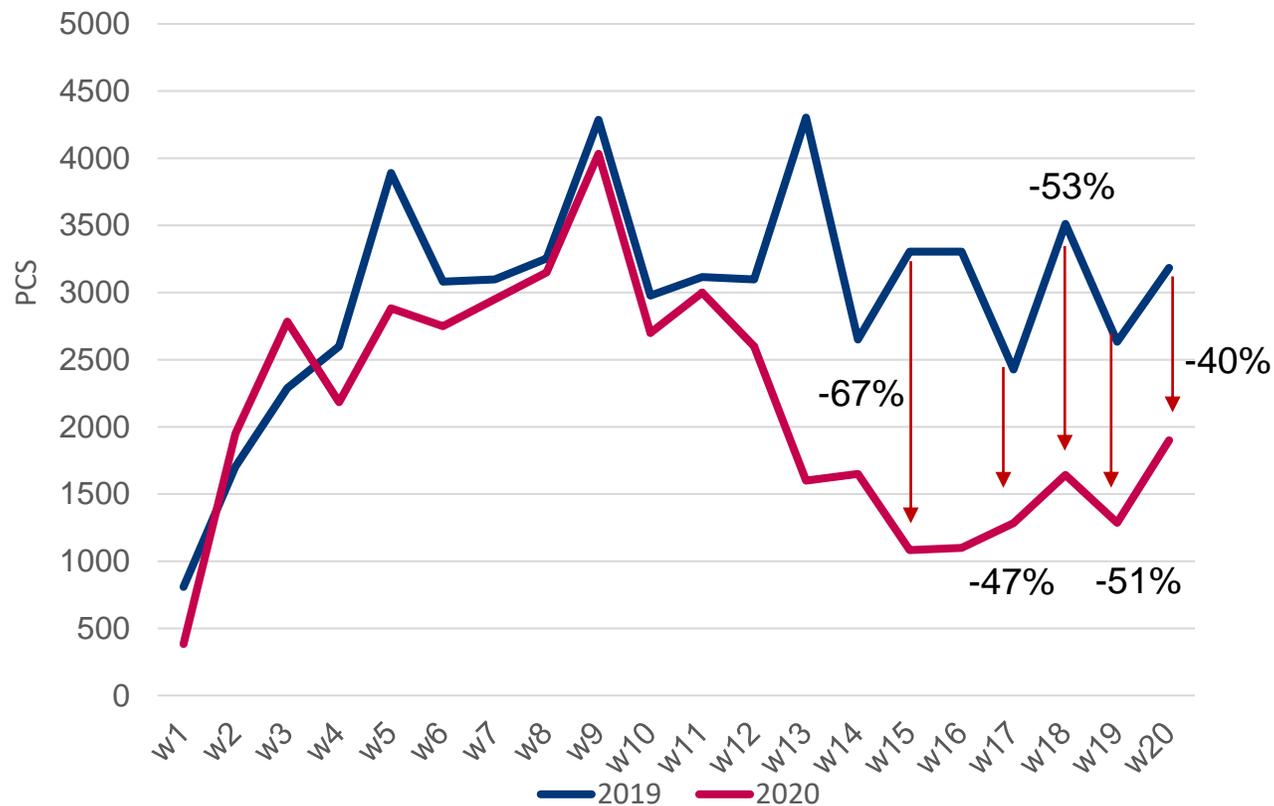
CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	1-3. 2020 (not audited)	1-3. 2019 (not audited)
Data in mHUF		
Cash flows from operating activities		
Profit after tax	265.0	166.1
Adjustments:		
Received / paid interests	-20.8	-2.1
Depreciation	59.4	22.8
Deferred tax expense	-16.5	-9.9
Fair value adjustments of investment properties	0.0	0.0
Share program	3.7	13.6
Badwill	0.0	0.0
Share of profit of a joint venture	12.9	8.9
The result of unrealized exchange differences	-32.4	0.0
Asset held for sale	0.0	0.0
Gross CF	271.3	199.4
Movements of working capital		
Increase in inventories	-305.5	-148.5
Increase in trade- and other receivables	-46.3	-213.2
Decrease of other assets	-64.7	-77.2
Increase of trade payables	147.2	-272.9
Increase of other short term liabilities	-12.5	205.7
Increase in accruals	-21.3	-32.0
Net cash generated by operating activities	-31.8	-338.7

Consolidated cash flow statement	1-3. 2020 (not audited)	1-3. 2019 (not audited)
Cash flows from investing activities		
Payments for property, plant and equipment	-26.1	3.9
Proceeds from the sale of properties	83.0	0.0
Assets held for sale and directly (...)	0.0	0.0
Acquisition of subsidiaries	-339.8	0.0
Net cash used in investing activities	-282.9	3.9
Cash flows from financing activities		
Proceeds from borrowings	64.0	558.7
Treasury share transactions	-4.1	-37.0
Changes in right-of-use asset and leasing obligations	-19.2	0.0
Dividends paid	-23.5	-11.9
Securities sold	0.0	0.0
Received / paid interests	20.8	2.1
Net cash generated from financing activities	37.9	511.8
Net increase in cash and cash equivalents	-276.8	177.0
Cash and cash equivalents at the beginning of the year	1,627.7	756.9
Cash and cash equivalents at the end of the year	1,350.9	933.9

COVID-19

Duna House national transaction number estimate, Hungary (2019 vs. 2020)



Summary

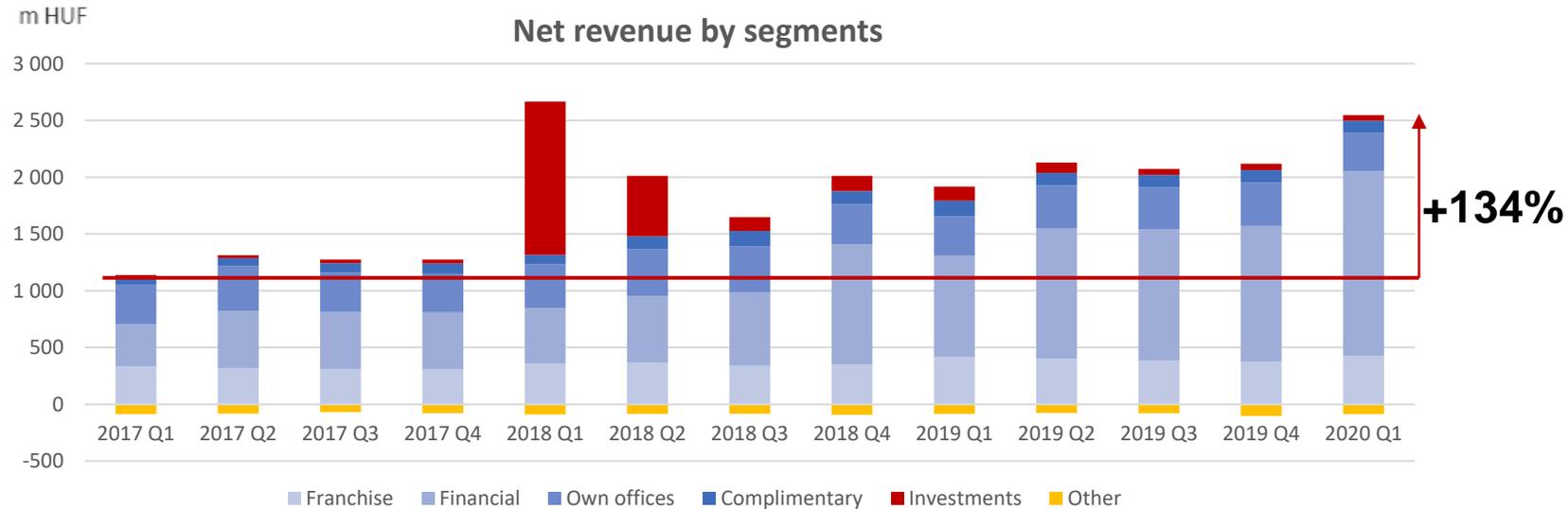
- On April 2, 2020, in the highly uncertain environment of the COVID-19 pandemic, the Group withdrew its profit forecast for the 2020 business year.
- At the time of present report, the management does not possess the required information to make a new forecast with the level of reliability expected from it.
- In early March 2020, the Group took the necessary actions to continue its brokerage business under curfew, to keep its network and central team together, and to provide liquidity during these difficult months. With these actions, the Group has prepared for even a protracted crisis.
- According to the estimates of the Group's analysis department, transaction numbers in Hungary reached their low-point in the first half of April 2020 (w15-16) with a YoY decline of almost 70%. The correction has already started in the second half of the month, which will accelerate further with the easing of the curfew in middle of May.
- There are several scenarios for the economic crisis caused by the pandemic. Management is optimistic that a sustained downturn could potentially lead to a strengthening of the Group's role as an intermediary in both real estate and loan markets, thereby strengthening the demand for the Group's services in Hungary and in the region.

DUNA HOUSE GROUP

Segment riport

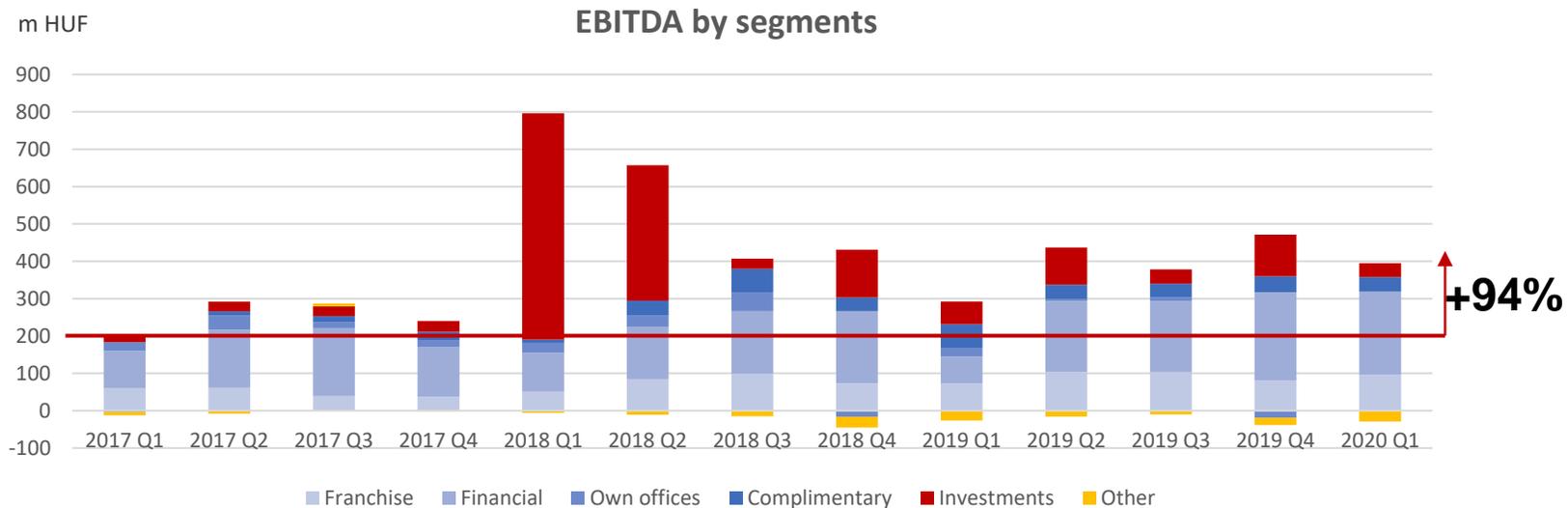


SEGMENT LEVEL RESULTS



- Since its listing in November 2016, the Duna House Group has increased its quarterly sales to 2.3x and nearly doubled its EBITDA.

- 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 30%.



- 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. The Group plans to complete two more projects this year (see page 19. for more information).

SEGMENT LEVEL RESULTS

CONSOLIDATED	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Real estate franchise segment	426.0	417.6	+8.4	+2%	426.0	417.6	+8.4	+2%
Own office segment	334.9	346.3	-11.4	-3%	334.9	346.3	-11.4	-3%
Financial segment	1,627.6	890.0	+737.5	+83%	1,627.6	890.0	+737.5	+83%
Complementary segment	108.6	139.0	-30.3	-22%	108.6	139.0	-30.3	-22%
Investment segment	49.6	123.8	-74.2	-60%	49.6	123.8	-74.2	-60%
Other segment	-87.4	-85.0	-2.3	+3%	-87.4	-85.0	-2.3	+3%
Total net revenue	2,459.2	1,831.6	+627.6	+34%	2,459.2	1,831.6	+627.6	+34%
Real estate franchise segment	95.9	85.5	+10.4	+12%	95.9	85.5	+10.4	+12%
Own office segment	0.7	34.7	-34.1	-98%	0.7	34.7	-34.1	-98%
Financial segment	222.1	71.7	+150.4	+210%	222.1	71.7	+150.4	+210%
Complementary segment	38.8	66.9	-28.0	-42%	38.8	66.9	-28.0	-42%
Investment segment	37.5	61.2	-23.6	-39%	37.5	61.2	-23.6	-39%
Other segment	-29.1	-23.2	-5.9	+25%	-29.1	-23.2	-5.9	+25%
Total EBITDA	365.9	296.8	+69.1	+23%	365.9	296.8	+69.1	+23%
<i>Real estate franchise segment</i>	23%	20%	+2%p		23%	20%	+2%p	
<i>Own office segment</i>	0%	10%	-10%p		0%	10%	-10%p	
<i>Financial segment</i>	14%	8%	+6%p		14%	8%	+6%p	
<i>Complementary segment</i>	36%	48%	-12%p		36%	48%	-12%p	
<i>Investment segment</i>	76%	49%	+26%p		76%	49%	+26%p	
<i>Other segment</i>	33%	27%	+6%p		33%	27%	+6%p	
Total EBITDA margin	15%	16%	-1%p		15%	16%	-1%p	

- The Group's revenue increased by 34% and EBITDA by 23% year-on-year in the first quarter of 2020.
- In January 2020, the Group acquired Alex T. Great, one of Poland's leading loan intermediary businesses. The acquisition significantly increased the consolidated results of the financial intermediation segment and the Group, and as a result of the successful integration of the acquisitions, the segment's EBITDA margin jumped to 14%.
- During the quarter, the Group's Polish operation and Hungarian loan intermediation segment have continued their strong organic growth, closing an outstanding quarter with record volumes (+ 65% loan volume year-on-year).
- The decrease in revenue and EBITDA of the own office segment and complementary services segment can be attributed to the decline in the transaction activity of the Hungarian real estate market since Q2 2019.

SEGMENT LEVEL RESULTS

REAL ESTATE FRANCHISE SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	426.0	417.6	+8.4	+2%	426.0	417.6	+8.4	+2%
Direct expenses	33.1	30.5	+2.6	+9%	33.1	30.5	+2.6	+9%
Gross profit	392.9	387.1	+5.8	+1%	392.9	387.1	+5.8	+1%
Indirect expenses	297.0	301.6	-4.6	-2%	297.0	301.6	-4.6	-2%
EBITDA	95.9	85.5	+10.4	+12%	95.9	85.5	+10.4	+12%
<i>Gross profit margin (%)</i>	<i>92%</i>	<i>93%</i>	<i>-0%p</i>		<i>92%</i>	<i>93%</i>	<i>-0%p</i>	
<i>EBITDA margin (%)</i>	<i>23%</i>	<i>20%</i>	<i>+2%p</i>		<i>23%</i>	<i>20%</i>	<i>+2%p</i>	
Network commission revenues*	2,484.1	2,669.0	-185.0	-7%	2,484.1	2,669.0	-185.0	-7%
Hungary	1,887.5	2,223.4	-335.9	-15%	1,887.5	2,223.4	-335.9	-15%
Poland	509.3	375.0	+134.3	+36%	509.3	375.0	+134.3	+36%
Czech Republic	87.2	70.6	+16.6	+24%	87.2	70.6	+16.6	+24%
Network office numbers (pcs)	243.0	246.0	-3.0	-1%	243.0	246.0	-3.0	-1%
Hungary	159	170	-11	-6%	159	170	-11	-6%
Poland	81	72	9	+13%	81	72	9	+13%
Czech Republic	3	4	-1	-25%	3	4	-1	-25%

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

- Revenue of the franchise segment grew by 2% compared to Q1 2019, which can be considered positive due to the drastic impact of COVID-19 from mid-March.
- The increase was attributable to the network in Poland, which was able to increase its network commission income by 36%.
- In Hungary, the quarter closed with a total commission of HUF 1.9 billion (-15.0%). The number of offices in Hungary decreased in Q1 2020 due to the merger of the Smart Real Estate network into the Duna House brand and their rationalization.
- The decrease in indirect costs is attributable to the rationalizations between the Hungarian networks.
- Overall, the EBITDA of the franchise segment reached HUF 95.9 million in Q1 2020, which represents a 12.0% improvement compared to Q1 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>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	334.9	346.3	-11.4	-3%	334.9	346.3	-11.4	-3%
Direct expenses	200.3	192.8	+7.4	+4%	200.3	192.8	+7.4	+4%
Gross profit	134.6	153.4	-18.8	-12%	134.6	153.4	-18.8	-12%
Indirect expenses	134.0	118.7	+15.3	+13%	134.0	118.7	+15.3	+13%
EBITDA	0.7	34.7	-34.1	-98%	0.7	34.7	-34.1	-98%
<i>Gross profit margin (%)</i>	<i>40%</i>	<i>44%</i>	<i>-4%</i>		<i>40%</i>	<i>44%</i>	<i>-4%</i>	
<i>EBITDA margin (%)</i>	<i>0%</i>	<i>10%</i>	<i>-10%</i>		<i>0%</i>	<i>10%</i>	<i>-10%</i>	
Networ commission revenues*	357.1	407.2	-50.1	-12%	357.1	407.2	-50.1	-12%
Hungary	146.6	238.1	-91.6	-38%	146.6	238.1	-91.6	-38%
Poland	137.8	112.9	24.9	+22%	137.8	112.9	24.9	+22%
Czech Republic	72.7	56.2	16.5	+29%	72.7	56.2	16.5	+29%
Network office numbers (pcs)	23	29	-6	-21%	23	29	-6	-21%
Hungary	13	18	-5	-28%	13	18	-5	-28%
Poland	9	10	-1	-10%	9	10	-1	-10%
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 334.9 million (-3% YoY) and gross profit of HUF 134.6 million (-12% YoY) in Q1 2020.
- In proportion to the change in gross profit, commission revenues decreased by 12%, as well.
- In Hungary, commission revenues decreased by 38% year-on-year due to the downturn in the Budapest real estate market. As a result of the merger between the Duna House and Smart Ingatlan brands, the number of self-operated offices decreased by 2 more offices during the quarter, by a total of 5 in one year.
- The commission revenues of the Polish own offices increased by 22% within a year.
- Commission revenues of the Czech own office increased by 29% YoY. Due to its relatively small size, the performance of the Czech own office can fluctuate sharply between quarters.

SEGMENT LEVEL RESULTS

<i>FINANCIAL SEGMENT</i>	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	1,627.6	890.0	+737.5	+83%	1,627.6	890.0	+737.5	+83%
Direct expenses	1,244.8	662.0	+582.8	+88%	1,244.8	662.0	+582.8	+88%
Gross profit	382.8	228.0	+154.8	+68%	382.8	228.0	+154.8	+68%
Indirect expenses	160.7	156.3	+4.4	+3%	160.7	156.3	+4.4	+3%
EBITDA	222.1	71.7	+150.4	+210%	222.1	71.7	+150.4	+210%
<i>Gross profit margin (%)</i>	24%	26%	-2%		24%	26%	-2%	
<i>EBITDA margin (%)</i>	14%	8%	+6%		14%	8%	+6%	
Loan volume (bn HUF)	69.5	37.9	+31.7	+84%	69.5	37.9	+31.7	+84%
Hungary	20.7	12.5	+8.1	+65%	20.7	12.5	+8.1	+65%
Poland	48.8	25.3	+23.5	+93%	48.8	25.3	+23.5	+93%

- The revenues of the financial intermediation segment exceeded HUF 1.6 billion in Q1 (+83% YoY).
- The volume of brokered loans jumped to a record level and reached HUF 69.5 billion (+84% YoY). The expansion was driven by outstanding Hungarian (+65%) and Polish (+93%) growth, which is the result of significant organic growth beyond the January acquisition of Alex T. Great of Poland.
- Overall, the segment's gross profit increased to HUF 382.8 million (+68% YoY), while indirect costs stagnated due to the successful integration of acquisitions, so EBITDA reached HUF 222.1 million (+210% YoY).

SEGMENT LEVEL RESULTS

COMPLEMENTARY SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	108.6	139.0	-30.3	-22%	108.6	139.0	-30.3	-22%
Direct expenses	27.1	28.7	-1.6	-6%	27.1	28.7	-1.6	-6%
Gross profit	81.5	110.2	-28.7	-26%	81.5	110.2	-28.7	-26%
Indirect expenses	42.7	43.4	-0.7	-2%	42.7	43.4	-0.7	-2%
EBITDA	38.8	66.9	-28.0	-42%	38.8	66.9	-28.0	-42%
<i>Gross profit margin (%)</i>	75%	79%	-4%		75%	79%	-4%	
<i>EBITDA margin (%)</i>	36%	48%	-12%		36%	48%	-12%	
Housing found NAV	4,559.9	4,253.7	+306.2	+7%	4,559.9	4,253.7	+306.2	+7%

- The complementary services segment's revenue reached HUF 108.6 million in Q1 2020. This represents a decrease of 22% compared to Q1 2019. The decrease was primarily due to lower fund management success fees and lower transaction revenues in the property management business.
- The average net asset value of Duna House Real Estate Fund amounted to HUF 4.6 billion in Q1 2020 (+ 7% YoY).
- Overall, the segment has reached EBITDA of HUF 38.8 million at 36% margin in Q1 2020.

SEGMENT LEVEL RESULTS

INVESTMENT SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	49.6	123.8	-74.2	-60%	49.6	123.8	-74.2	-60%
Direct expenses	11.3	49.1	-37.8	-77%	11.3	49.1	-37.8	-77%
Gross profit	38.3	74.7	-36.4	-49%	38.3	74.7	-36.4	-49%
Indirect expenses	0.8	13.6	-12.8	-94%	0.8	13.6	-12.8	-94%
EBITDA	37.5	61.2	-23.6	-39%	37.5	61.2	-23.6	-39%
<i>Gross profit margin (%)</i>	<i>77%</i>	<i>60%</i>	<i>+17%</i>		<i>77%</i>	<i>60%</i>	<i>+17%</i>	
<i>EBITDA margin (%)</i>	<i>76%</i>	<i>49%</i>	<i>+26%</i>		<i>76%</i>	<i>49%</i>	<i>+26%</i>	
Carrying amount of properties	2,076.0	1,848.5	+227.5	+12%	2,076.0	1,848.5	+227.5	+12%
Carrying amount of investment purpose properties	1,753.0	1,471.1	+281.9	+19%	1,753.0	1,471.1	+281.9	+19%
Carrying amount of operational properties	323.0	377.4	-54.4	-14%	323.0	377.4	-54.4	-14%
Number of properties (pcs) **	16	16	+0	+0%	16	16	+0	+0%
Number of investment purpose properties	13	12	+1	+8%	13	12	+1	+8%
Number of operational properties	3	4	-1	-25%	3	4	-1	-25%

- Property investment segment generated EBITDA of HUF 37.5 million in Q1 2020.
- In Q1 2020, one investment purpose property was sold for HUF 83 million. The sale had no effect on the result, the apartment was included in the books on 31 December 2019 at the then known sale price.
- Investment purpose properties are valued at market value. The market valuation is performed every six months, next time on June 30, 2020.
- Due to delays in the construction of the Forest Hill residential park, we terminated the contract with the general contractor on January 6, 2020. The construction activities have been carried out by the Group itself since then. Construction is continuing at an accelerated pace, with the handover of the apartments scheduled to begin in September 2020.

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

**Before April 1, 2017, the result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement. MyCity group was fully acquired at the end of March 2017.

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	3,345
Sellable area (m2)	11,837	4,605	6,882	23,324
Number of Apartements (pcs.)	154	57	103	314
Average Apartements size (m2)	76.9	80.7	68.8	74.9
Actual status of Projects	<ul style="list-style-type: none"> • Sale of the project is as per plan, 71% of the apartments have been sold. • The handovers can start in September 2020. 	<ul style="list-style-type: none"> • On September 6, 2018, the project obtained a valid building permit, so according to the current legislation the completed apartments will be available for sale with 5% VAT. • Contractor's tendering is in progress. 	<ul style="list-style-type: none"> • 81% of the apartments have been sold. • Construction finished at the end of April 2020. • The technical handover of the flats has begun. • Application for usage permit in under progress. 	
				

SEGMENT LEVEL RESULTS

OTHER- AND CONSOLIDATION SEGMENT	2020	2019	Variance	Variance	2020	2019	Variance	Variance
<i>(data in mHUF)</i>	Q1	Q1		(%)	Q1	Q1		(%)
Net sales revenue	-87.4	-85.0	-2.3	+3%	-87.4	-85.0	-2.3	+3%
Direct expenses	-10.9	1.2	-12.1	-1,001%	-10.9	1.2	-12.1	-1,001%
Gross profit	-76.5	-86.2	+9.8	-11%	-76.5	-86.2	+9.8	-11%
Indirect expenses	-47.3	-63.0	+15.7	-25%	-47.3	-63.0	+15.7	-25%
EBITDA	-29.1	-23.2	-5.9	+25%	-29.1	-23.2	-5.9	+25%
<i>Gross profit margin (%)</i>	<i>88%</i>	<i>101%</i>	<i>-14%</i>		<i>88%</i>	<i>101%</i>	<i>-14%</i>	
<i>EBITDA margin (%)</i>	<i>33%</i>	<i>27%</i>	<i>+6%</i>		<i>33%</i>	<i>27%</i>	<i>+6%</i>	

- Under the Other and consolidation segment we present the Company's supporting holding activity and the result of consolidation amendments.
- The Q1 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
31 December 2017	172.0	1,490.5	27.5	2,862.6	4,552.7	-48.6	4,504.1
Dividend paid				-653.0	-653.0		-653.0
Total comprehensive income			7.8	1,707.5	1,715.3	-7.4	1,707.8
Purchase of treasury shares					-117.0		-117.0
Employee Share-based payment		2.7			2.7		2.7
31 December 2018	172.0	1,493.3	35.3	3,917.1	5,500.7	-56.0	5,444.6
Dividend paid							
Total comprehensive income			-3.8	166.3	162.4	0.0	162.4
Purchase of treasury shares					-37.0		-37.0
Employee Share-based payment provision		13.6			13.6		13.6
31 March 2019	172.0	1,506.8	31.5	4,083.4	5,639.6	-56.0	5,583.6
Dividend paid				-945.1	-945.1		-945.1
Total comprehensive income			18.3	338.3	356.6	-1.0	355.6
Purchase of treasury shares					-14.7		-14.7
Employee Share-based payment provision		-13.4			-13.4		-13.4
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

Annex 1.

Time-series report of the different operational segments for the previous four 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 2020Q1 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, 28 May 2020.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President