

**Appeninn Asset Management Holding Public Limited Company**

**CONSOLIDATED**

**2024 annual report and management report**



# Appeninn Holding

the annual report prepared in accordance with International Financial Reporting Standards (IFRS) and the annual report required by Act C of 2000 on Accounting and the management report prepared in accordance with Annex 1 of PM Decree 24/2008 (VIII.15.), presented in a consolidated format

Budapest, 1 April 2025

**Appeninn Asset Management Holding Public limited company** (1022 Budapest, Bég str. 3-5, cg: 01-10-046538 - hereinafter referred to as Appeninn Plc. or the Company) prepares consolidated financial statements for the year 2024 in accordance with International Financial Reporting Standards (IFRS). Appeninn Plc. prepares and publishes the annual report required by Act C of 2000 on Accounting (hereinafter referred to as the "Act") (Section 95 of the Act) and the management report, which is described and prepared in accordance with the contents indicated in Annex 1 of PM Decree 24/2008 (VIII.15.) (hereinafter referred to as the "PM Decree"), in a consolidated form in this document.

The purpose of the report is to present the Group's assets, liabilities, financial position and profit or loss, and the results of its operations, together with the principal risks and uncertainties associated with its activities, in a manner that gives a true and fair view of the actual position of the Group, based on historical and expected future data (Section 95 (1) of the Act on the Statute of the Hungarian Companies (Sztv.) The annual report shall contain a comprehensive analysis of the development, performance and position of the Group's business, in accordance with the size and complexity of the Group (Section 95 (2) of the Act.

The Group presents below, for convenience, all financial and, where appropriate, all key non-financial performance indicators that are relevant to the business, to the extent necessary to understand the development, performance or position of the Group's activities.

## The development and history of the Group

### 1. Highlights of the Group and 2024

Founded in 2009, Appeninn Plc. is a leading player in the Hungarian real estate market and a real estate investment and asset management company listed in the Premium category of the Budapest Stock Exchange for more than 10 years since 2013.

Its main activities are: sale of own property, property management, property rental and operation of property.

The share capital of Appeninn Plc consists of 4,737,141,900 HUF, each of which is made up of dematerialized ordinary shares with a nominal value of 100,- HUF. Each share carries one voting right. The issued and outstanding Appeninn shares are freely tradable, there are no rights based on the Articles of Association restricting the distribution. The shares belong to a series, the members of the share series being Appeninn ordinary shares with the same rights.

Holder of more than 5% of the Company's shares on 31 December 2024:

- Avellino Zrt.	24,00%
- Sequor Holding Zrt.	23,84%
- OTP Real Estate Investment Fund	5,09%
- Shareholders holding less than 5% of the shares:	47,07%

The real estate portfolio of the Company and its consolidated subsidiaries (hereinafter referred to as the "**Appeninn Group**" or the "**Group**") consists of office buildings, retail and logistics properties in Hungary and an office complex consisting of 4 buildings in Warsaw.

In 2019, the Company issued HUF 20 billion of Growth Bond Programme bonds to refinance its bank loans on more favourable terms, reduce the collateralisation of its real estate assets and expand its real estate portfolio with high quality and higher income generating assets. The maintenance of the bond financing is conditional on the rating of the bond being at least 'B+' by a credit rating agency accepted by the Central Bank.

#### **In February 2022, the Company revised its strategy**

([https://appeninnholding.com/app/uploads/2022/02/20220210\\_Az-Appeninn-Holding-Plc-stratégiája.pdf](https://appeninnholding.com/app/uploads/2022/02/20220210_Az-Appeninn-Holding-Plc-stratégiája.pdf)), setting as its primary objective:

- the sale of tourism project companies and lower yielding portfolio elements,
- acquisition of higher income producing properties in SEE and CEE regions
- ensuring a minimum B+ rating for the Growth Bond Programme bond,
- obtaining regulated real estate investment company registration,
- focus on ESG, energy efficiency and cost-effective operations in longer-term decisions and day-to-day operations.

## Implement the strategy:

### I. Property portfolio

On 30 January 2023, the Group's **exposure to tourism property development ceased** with the sale of Solum-Invest Property Development and Operation Ltd.

In the spring of 2023, the Group **added high-margin retail properties in Hungary and office properties in Poland to its real estate portfolio**, the full-year financial impact of which can be seen in the 2024 accounts, both in terms of consolidated revenues and profitability:

- Through the execution of the share sale and purchase agreements concluded on 28 February 2023, it acquired the exclusive ownership of the shares of Tidaholm Properties Ltd., which owns the Zone Shopping Parks in Székesfehérvár and Zalaegerszeg, and Kantrum Property Ltd., which owns the "Kanizsa Centrum Shopping Centre" in Nagykanizsa.
- On 10 March 2023, the Company entered into a sale and purchase agreement signed on 10 March 2023 for the sale of a block of shares representing 100% of the shares issued by Dounby Sp. Z o.o., the owner of the office buildings "C", "D", "E" and "F" of Wiśniowy Business Park in Warsaw (hereinafter: "WBP"). On the day of signing the sale and purchase agreement, the Company acquired sole ownership of the Dounby shares from the seller Cherry MidCo B.V., a Dutch based company, and thus became the sole shareholder of the target company. At the same time as the sale, it also acquired the 50% stake in Wisniowy Management Sp. Z.o.o., a 50% owner of Dounby Sp. Z.o.o.

On March 4, 2024, the Company **advertised the following properties owned by its subsidiaries for sale and instructed the Company to seek potential buyers:**

- Office premises and associated garage parking spaces located at 24 Felhévizi street, Budapest II. district;
- Farm building and adjacent land plot located at Schweidel József street 3./Attila street 146, Budapest, District IV;
- Office and service building located in Budapest IX. district, Páva street 8./Lilom street 11;
- Business, industrial and commercial building complex located at 20 Bánya street, Budapest X. district;
- Office building located at 19 Frangepán street, Budapest XIII. district;
- Budapest XIV. district, Egyenes street 4. located factory building and related land plot;
- Office, commercial and warehouse buildings located at 12-14 Várna Street, Budapest XIV. district.

## II. Growth Bond Programme Bond and Scope Rating

On April 5, 2023, Scope Ratings published the results of its review of the rating of the Company and its bonds "APPENINN 2029/I" issued under the Central Bank's Growth Bond Programme. In the announcement, Scope Ratings upgraded the Issuer's credit rating from 'B' to 'B+' and its bonds from 'B-' to 'B+'. The upgrades are based on the above acquisitions, which, combined with a conservative financing structure, have significantly improved the Appeninn Group's risk perception. Scope's statement on the rating review is available in English on the Scope Ratings website (<https://www.scooperatings.com/ratings-and-research/rating/EN/173852>),

On April 5, 2024, Scope Ratings **affirmed the Issuer's "B+/Stable" credit rating and the bond's "B+" rating**. The affirmation was based on strong operational performance and the successful integration of property acquisitions in 2023 (<https://scooperatings.com/ratings-and-research/rating/EN/176673>)

## III. Registration as a Regulated Real Estate Investment Company

Following the fulfilment of the conditions set out in the Act, the Company was registered **as a regulated real estate investment pre-company** (hereinafter referred to as "SZIE") by the Commercial Court of the Metropolitan Court of Budapest with effect from 1 January 2024. From that date, the Company shall be entitled to and shall be subject to the rights and obligations set out in the law relating to SZIE. Six months later, with effect from 1 July 2024, the Company was also registered as a regulated real estate investment company.

## IV. ESG, energy and cost efficiency, operational model change

In 2022, **the Group's operating model was transformed**, the Group sold Appeninn Üzemeltető Zrt, which was 100% owned until then, and its operating activities will be outsourced.

In 2023 and 2024, the Company **simplified its organisational structure** in line with the provisions of the Act on the Statute of the Statute, with a focus on transparency and cost efficiency.

- On October 10, 2023, the Board of Directors of the Company decided to merge APPENINN Property Asset Management Zrt. and - a 100% directly owned of APPENINN Property Asset Management Zrt.
  - o APPEN-RETAIL Ltd. and
  - o FELHÉVÍZ-APPEN Ltd. by way of merger,
  
- and on 28 March 2024
  - o the Szent László Square Service House Limited Liability Company
  - o SECTURA Ingatlankezelő Limited Liability Company
  - o Appeninn BLT Limited Liability Company
  - o BERTEX Real Estate Distribution Private Limited Company
  - o Appeninn-Bp1047 Private Limited Company
  - o CURLINGTON Real Estate Development Limited Liability Company

will also be merged into APPENINN Property Private limited company. The mergers have been carried out in accordance with the rules of transformation for the benefit of the beneficiary.

On December 6, 2023, the Board of Directors of the Company decided to increase the capital of Appeninn Project-EGRV Ltd. and to transfer the shares of Dounby Sp. z.o.o. owned by Appeninn Plc. to the Ltd. and to sell the shares of Alagút Investments Ltd. owned by Appeninn E-Office Zrt. to Appeninn Plc., which decisions were implemented in December 2023.

Between 2022 and 2024, **the effective achievement of the Group's cost efficiency targets** is illustrated by the evolution of the amount and level of administrative and personnel costs, especially considering the HUF inflation rate of 35-40% experienced in recent years.

	2024	2023	2022	2021
Turnover (EUR)	23 126 689	19 487 935	8 039 395	8 019 301
Administrative costs (EUR)	479 967	828 466	707 615	1 180 067
Administrative costs /revenue	<b>2,08%</b>	<b>4,25%</b>	<b>8,80%</b>	<b>14,72%</b>
Staff costs (EUR)	287 879	275 326	315 720	583 591
Staff costs/revenue	<b>1,24%</b>	<b>1,41%</b>	<b>3,93%</b>	<b>7,28%</b>

The Group's ESG performance and the steps it has taken to improve energy efficiency are presented in the **ESG report** accompanying the annual report.

## 2. Major events after the reporting date

On 21 January 2025, the Company established a project company under the Act CII of 2011 on Regulated Real Estate Investment Companies, 2011, under the name Appeninn Project-SBV Ltd. and on 12 March 2025, the Company acquired a Polish project company also under the Act. The acquired subsidiary has no real estate assets.

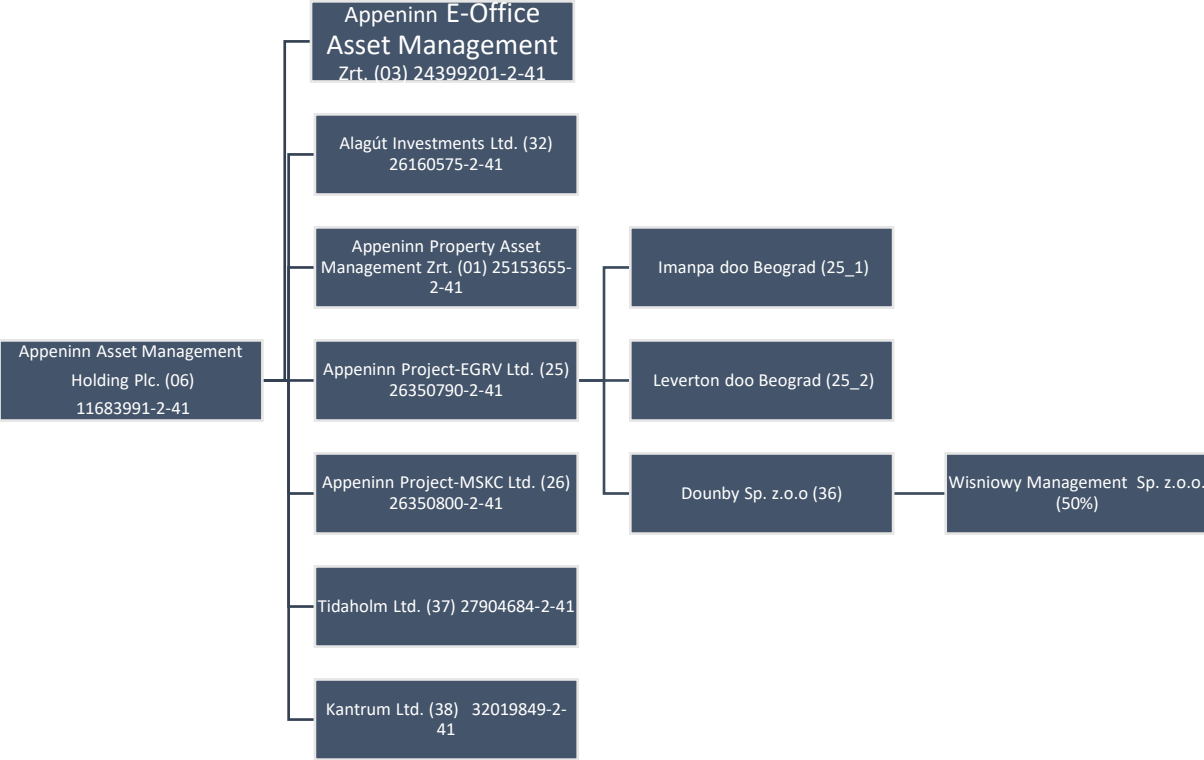
## Future prospects

The expected changes in the economic environment, and depending on internal decisions, the future outlook and plans will continue to be based on the strategy revised in February 2022, in which the target segments for dynamic growth are office buildings and national retail properties in Hungary and the CEE region, which are located in Hungary and offer favourable returns by international standards.

**The main objectives for implementing the strategy in** the coming years are:

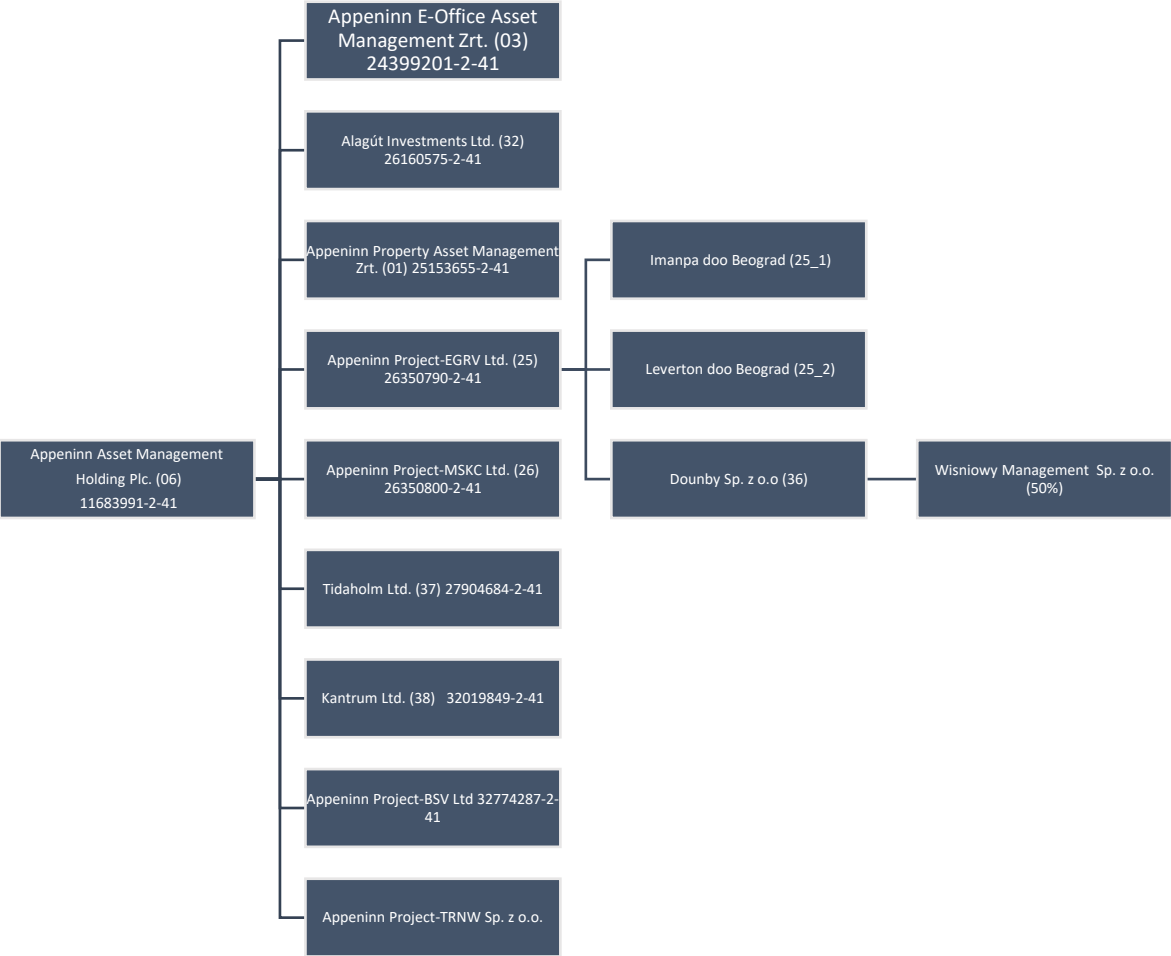
- maintaining a favourable risk rating for the Group and the Growth Bond Programme bond, aligning with the related conditionality and monitoring the level of indicators on an ongoing basis,
- Maintaining REIT status, ensuring continued compliance with the conditions of the law,
- active portfolio management:
  - screening and, where possible, divestment of existing, less profitable portfolio elements,
  - seeking further above-average return acquisition opportunities, mainly in Hungary and Poland.
- increasing occupancy in the office portfolio and maintaining high occupancy rates in the retail portfolio,
- high quality operations, providing a good level of service to our tenants,
- in the case of the property in Poland, continuous monitoring of the operation, increasing occupancy,
- Progressive mainstreaming of ESG and energy and cost efficiency.

**Structure of the Group on 31.12.2024:**





**Group structure at the date of publication of the Annual Report:**



## Assets and profitability situation

The changes in its net worth and profitability are the result of the integration of the transactions carried out during 2023 and the achievement of its strategic objectives, as described in detail above

<b>Consolidated statement of comprehensive income</b>	Notes	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
		EUR	EUR
<b>From continuing activity</b>			
Income from the rental of immovable property	3	23.126.689	19.487.935
Direct costs of letting a property	4	(7.225.507)	(7.486.555)
<b>Gross margin</b>		<b>15.901.182</b>	<b>12.001.380</b>
Administrative costs	5	(479.967)	(828.466)
Expenditure on staff	6	(287.879)	(275.326)
Other income/(expenses)	7	(3.740)	156.468
Gains on sale of investment property	8	-	357.593
Fair value result on Investment property	9	1.882.390	1.973.024
<b>Profit before tax, interest and depreciation</b>		<b>17.011.986</b>	<b>13.384.673</b>
Depreciation and amortisation	10	(9.280)	(6.267)
Other (expense)/income from financial operations	11	1.365.702	1.615.571
Balance of interest income and (expense)	12	(2.444.488)	(227.964)
Lease interest	12	(5.206)	(12.905)
<b>Profit before tax</b>		<b>15.918.714</b>	<b>14.753.108</b>
Income taxes	13	(340.239)	5.182.288
<b>Profit after tax from continuing operations</b>		<b>15.578.475</b>	<b>19.935.396</b>
<b>Profit after tax from discontinued operations</b>	<b>14</b>	<b>-</b>	<b>2.831.389</b>
<b>Total profit after tax</b>		<b>15.578.475</b>	<b>22.766.785</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be recognised in the consolidated income statement in the following period:</i>			
Exchange rate differences arising on currency translation	31	(4.040.085)	1.261.665
Exchange difference on disposal of subsidiary	14	-	169.340
<i>Other comprehensive income not reversed in the consolidated income statement for the following period:</i>			
Exchange rate differences arising on currency translation	31	(4.049.981)	2.277.627
<b>Other comprehensive income for the year, net of tax</b>		<b>(8.090.066)</b>	<b>3.708.632</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7.488.409</b>	<b>26.475.417</b>

In 2024, with the integration of the companies acquired by the Group, rental income increased by 19% and direct coverage by 32%. 96% of the rental income is derived from the Polish office building complex owned by Dounby Sp. Z.o.o., the business centres of Tidaholm and Kantrum Ltd., Appeninn E-Office Zrt. and the 2024 real estate portfolio of Appeninn Plc. and another 2% from the real estate of Appeninn Projekt-MSKC Ltd. and Tunnel Ltd. and the amount of direct margin is also derived from the profitable operations of the above companies.

The profitability of the Company's core business continued to improve, with EBITDA from operations in 2024, excluding the impact of property revaluations, 33% higher than the previous year. Profit after tax is at an outstanding level of EUR 15 578 475, but lower than in the previous year, mainly due to

- the one-off profit improvement of EUR 5.2 million from the elimination of deferred tax liabilities and EUR 2.8 million from the sale of the tourism portfolio no longer had an impact on the result this year,
- deposit interest rates fell in line with the level of the base rate of the central bank and could not be offset by the interest rates payable, given that the majority of the Group's loans are already financed at a fixed rate, which is significantly lower than the market rate, and the lack of scope for a reduction

<b>Consolidated</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
<b>Statement of Financial</b>		
<b>Position</b>		
<b>Assets</b>	<b>EUR</b>	<b>EUR</b>
Investment properties	167.922.000	184.588.000
Fixed assets	24.556	27.411
Participation in an associated company	7.979	7.590
Receivables beyond one year	1.838.384	454.774
<b>Total long term assets</b>	<b>169.792.919</b>	<b>185.077.775</b>
Trade receivables	2.218.174	2.845.019
Other current receivables	1.014.648	969.502
Accruals	1.274.215	1.419.345
Income tax receivables	8.257	16.712
Assets held for sale	10.370.000	-
Cash and cash equivalents	47.004.605	20.362.775
<b>Total current assets</b>	<b>61.889.899</b>	<b>25.613.353</b>
<b>Total assets</b>	<b>231.682.818</b>	<b>210.691.128</b>

<b>Consolidated Statement of Financial Position</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
<b>Equity and Liabilities</b>	<b>EUR</b>	<b>EUR</b>
<b>Capital and resources</b>		
Share capital	15.217.006	15.217.006
Treasury shares repurchased	(1.171)	(1.171)
Capital reserve	25.645.230	25.645.230
Translation reserve	(20.619.479)	(12.529.413)
Retained earnings	98.307.710	82.729.235
<b>Capital per shareholder of the Company</b>	<b>118.549.296</b>	<b>111.060.887</b>
Non-controlling interests	-	-
<b>Total capital and reserves</b>	<b>118.549.296</b>	<b>111.060.887</b>
Long-term bank loans and leasing liabilities	50.966.239	34.263.546
Deferred income	2.864.388	1.777.689
Bond debts	49.048.518	52.563.100
Deposits paid by tenants	1.855.736	2.785.574
<b>Total long-term liabilities</b>	<b>104.734.881</b>	<b>91.389.909</b>
Short-term bank loans and leasing liabilities	3.086.707	2.308.058
Other current liabilities	1.906.078	725.052
Liabilities to suppliers	823.607	1.218.472
Tax and duty obligations	302.347	449.320
Income tax liabilities	178.180	542.399
Passive accruals	2.101.722	2.997.031
<b>Total current liabilities</b>	<b>8.398.641</b>	<b>8.240.332</b>
<b>Total liabilities</b>	<b>113.133.522</b>	<b>99.630.241</b>
<b>Total equity and liabilities</b>	<b>231.682.818</b>	<b>210.691.128</b>

The Group's properties were valued by CBRE Ltd in accordance with the RICS Valuation Standards.

Property values are determined using the Income Based, or Hardcore and Top Slice, method, which is a variation of the income capitalization method: it divides the annual income from a property into two or more groups based on the assumed risks associated with each group. It distinguishes between the part of the income that is sustainable over the long term in line with market rents ('hardcore') and the part above that which is unlikely to be sustainable over the long term ('top slice' or 'froth'). The 'hardcore' part of the income is capitalised at an all-risk-yield, while the parts above this are capitalised at a higher risk yield until the end of their term. Potential increases in rents and inflation

risk are implicitly taken into account by applying the all-risk-yield. The gross capital value is thus the sum of the 'hard-core' and 'top slice' capitalised income. After deduction of transaction costs and any investment costs incurred for the property, the net capital value is calculated, which is also the Market Value of the Property. The Market Value and related key metrics such as Net Initial Yield ("NIY") can be compared to other transactions in the real estate market and thus verified for accuracy.

The valuation has been prepared in accordance with the RICS rules, i.e. the RICS Global Standards and RICS Valuation Standards (the "**Red Book**"), which also incorporate the **International** Valuation Standards ("**IVS**").

The market value of the real estate portfolio is EUR 178 292 000, of which EUR 167 922 000 is presented under non-current assets and EUR 10 370 000 under current assets

The leased, income-generating portfolio

- 60% office buildings (16 units, 86 708 sqm, occupancy rate: 88%)
- 37% of retail properties (20 units, 57 479 sqm, occupancy ~100%),
- and 3% of the other properties (3 units, 13 400 sqm, occupancy rate: 54%)

are made up of

#### **Properties owned by the Appeninn Group**

- 1082 Budapest, Üllői út 48. (office building)
- 6000 Kecskemét, Kiskőrös út 30. (logistics property)
- 1023 Budapest Bélg u. 3-5. (office building)
- 1022 Budapest, Bélg u. 4. (Törökvész u. 30.) (office building)
- 1149 Budapest, Várna u. 12-14. (office building)
- 1047 Budapest, Schweidel street 3. (logistics, warehouse property)
- 1094 Budapest, Páva u. 8. (office building)
- 1015 Budapest, Hattyú street 14. (office building)
- 1118 Budapest, Kelenhegyi út 43. (office and residential building)
- 1133 Budapest, Visegrádi u. 110-112. (office building)
- 1147 Budapest, Egyenes u. 4. (logistics, warehouse property)
- 1105 Budapest, Bánya street 20. (office, warehouse property)
- 1023 Budapest, Felhévizi u. 24. (office)
- 1139 Budapest, Frangepán u. 19. (office building)
- 1013 Budapest, Pauler u. 2. (office)
- 3525 Miskolc, Szűcs Sámuel u. 5. (casino, commercial property)
- 2660 Balassagyarmat Rákóczi fejedelem út 56. (retail property)
- 8630 Balatonboglár Dózsa György street 53-59. (retail property)
- 5600 Békéscsaba Szarvasi út 15-17. (retail property)
- 1043 Budapest, Tél street 26. (retail property)

- 2234 Maglód Jászberényi út. (retail property)
- 7632 Pécs Malomi út 3. (retail property)
- 2310 Szigetszentmiklós Gyártelep (retail property)
- 2800 Tatabánya Szent Borbála út 22. (retail property)
- 8200 Veszprém hrsz. 4278/3. (retail property)
- 2400 Dunaújváros Magyar út 11. (retail property)
- 7000 Sárbogárd Ady Endre street 212. (retail property)
- 4220 Hajdúböszörmény Bánság tér 1/A. (retail property)
- 7300 Komló Berek street 10/A. (retail property)
- 4150 Püspökladány Rákóczi street 5. (retail property)
- 6320 Solt, internal area 2805/9. hrsz. (retail property)
- 5200 Törökszentmiklós Kossuth Lajos street 140. (retail property)
- 6723 Szeged II. district Római körút 21. (retail property)
- 8800 Nagykanizsa Táborhely street 4 8800. (shopping centre)
- 8000 Székesfehérvár, Szent Flórián krt. 13. (retail park)
- 8900 Zalaegerszeg, Balatoni út 5-7. (retail park)
- Ul. Ilzecka 26, Warsaw, Mazowieckie (four-building office complex)

The Group's borrowings that give rise to a long-term repayment obligation at the balance sheet date consist of the Growth Bond Programme bond issued by the Plc, the Appeninn E-Office Zrt. MFB Bank, the loan granted by Kantrum Ltd. K&H Bank, and Appeninn Project-EGRV Ltd. MBH Bank, and from the Euro loan of Tidaholm Ltd. NHP HUF loan from MBH.

### **Financial instruments, risk management**

Appeninn Group seeks to mitigate the financial risks arising in the course of its activities by all available means, coordinates its participation in financial markets in accordance with its long-term business interests, and operates its treasury activities in accordance with conservative risk management principles.

The risk related to bank deposits and financial investments is managed in line with the Appeninn Group's conservative investment policy, and in order to reduce credit risk, financial reserves are held in cash or bank deposits with financial institutions favourably rated by appropriate international credit rating agencies.

For the portfolio elements owned by the Group, most of the leases have a term of several years (the WAULT varies from property to property, ranging from 3 to 4 per portfolio) with tenants that are verified and monitored on the basis of their payment behaviour before the conclusion of the lease, and the Group considers the credit risk to be low. The Group's contractual tenant security and effective management of arrears ensure a low level of overdue receivables and a secure recovery of any tenant debts.

Current rents are in line with the properties' characteristics, location and quality. In setting its operating rates, the Group seeks to cover and be accountable for its relevant costs. Annual indexation is based on the currency in which the rental is denominated.

The Group's long-term liabilities consist of a HUF Growth Bond Programme bond with a fixed interest rate (3.5%) at the balance sheet date, a euro loan from Appeninn E-Office with a favourable fixed interest rate (2.9%) until 2029, a HUF NHP loan from Tidaholm Ltd. with a fixed interest rate (2.5%), a HUF loan from Appeninn Project-EGRV Ltd. a low (3%) interest rate euro loan and Kantrum Ltd.'s 70% IRS-linked floating rate loan linked to 30% EURIBOR, so the risk of interest rate increases is marginal for the Company. A further significant decrease in interest rates would be more of a deposit side exposure for the Company, but through the execution and timing of the purchase transactions included in its strategy, and through optimised operating cash flow, credit and liquidity management for the Group as a whole, the Company seeks to optimise the resulting risk and return at the Group level.

The Group's operations have a high revenue coverage ratio, its revenues cover its operating and financing costs and debt service obligations with significant reserves, and it meets the coverage and debt service ratios required by its loan agreements with significant reserves, thus its liquidity risk is low.

The majority of the Group's revenues and loans are linked to the euro, but a significant part of its operating resources are denominated in forints and zlotys, so the Group is moderately exposed to changes in foreign exchange rates. To mitigate this, the majority of its reserves, and at least the majority of its expenses payable in national currency during the year, are held in euro. The Appeninn Group's objective is to minimise its exposure to financial market risks and therefore the Group does not engage in financial engineering for speculative purposes. The Group monitors other risks on an ongoing basis and manages them through money market operations.

**The head office, branches of the Company preparing the consolidated accounts:**

1022 Budapest Bég str. 3-5. (property owned by Appeninn E-Office Zrt.)

Other real estate owned by the Group includes the sites and branches of all subsidiaries.

**Places of publication**

The Company publishes its disclosures and accounts in the following places:

- <https://appeninnholding.com/>
- <https://kozzetetelek.Central Bank.hu/>
- <https://www.bet.hu/>
- <https://e-beszamolo.im.gov.hu/oldal/kezdolap>

## Employment policy

The Company does not operate an employee share scheme.

Evolution of the number of employees employed by the group

	<b>2024</b>	<b>2023</b>
Average statistical number:	8	8
Closing number:	8	9

Given that the Company employs a significant number of part-time workers, the average number of full-time employees in 2024 is 5.

## Disclaimer

Statements required by Annex 1 of PM Decree 24/2008 (VIII.15.) on the consolidated parent company's 2024 IFRS (International Financial Reporting Standards as published in the Official Journal of the European Union) statements and reports of Appeninn Plc.

The undersigned declares that, to the best of our knowledge, the consolidated financial statements of Appeninn Plc (the Issuer) for the year 2024, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and that the management report for the year 2024 gives a true and fair view of the Group's position, development and performance, together with a description of the principal risks and uncertainties.

## Corporate governance statement

Appeninn Asset Management Holding Public Limited Company (registered office: 1022 Budapest, Bég street 3-5.; company registration number: 01-10-046538; hereinafter referred to as the "Company") hereby reports on its corporate governance practices in the financial year 2024. The Company applies the principles of corporate governance also to its wholly owned subsidiaries.

### 1. A brief description of the functioning of the Board of Directors, the responsibilities and division of tasks between the Board of Directors and the management

#### 1.1. Brief description of the functioning of the Board of Directors

The management body of the Company, instead of the Board of Directors and the Supervisory Board, is the Board of Directors, which implements a unified management system and is composed of at least 5 and no more than 9 natural persons. The members of the Board of Directors shall be elected



or removed from office by the General Meeting for an indefinite term. The Chairman of the Board of Directors shall be elected by the Board of Directors from among its members.

The Board of Directors exercises its powers and duties as a body. The basic rules applicable to the Board of Directors are laid down in the Company's Articles of Association and the rules of procedure adopted by the Board of Directors and the organisational and operational rules which are consistent with them. The rules of procedure of the Board of Directors shall set out in detail the

- (i) the status of its members,
- (ii) tasks falling within the competence of the Board of Directors,
- (iii) the order of business,
- (iv) the rules governing the representation of the Company and the exercise of employer's rights.

The main rules of procedure of the Board of Directors are set out below:

- (i) The Board of Directors meets as often as necessary, but at least every 3 months. The Board of Directors shall meet on the date set at its previous meeting, failing which it shall be convened within 3 months of the date of the previous meeting.
- (ii) The Board of Directors is convened by the President. The Board of Directors may be convened jointly by two members of the Board of Directors in place of the Chairman. The place of the meeting of the Board of Directors shall be indicated in the invitation, which may be a place other than the registered office of the Company.
- (iii) The meeting shall be convened at least 5 days before the beginning of the meeting, with a written invitation to the members of the Board of Directors, indicating the agenda, the place and the time, by post, fax or by fax or e-mail. In case of urgent need, the meeting may be convened within 5 days by fax or e-mail. The agenda shall be accompanied by detailed written submissions and proposals for decisions relating to each item on the agenda, enabling a decision to be taken.
- (iv) Any member of the Board of Directors may request a meeting of the Board of Directors in writing, stating the reason and the purpose. In such a case, the Chairman shall convene a meeting of the Board of Directors within 8 days of the written request. If the Chairman fails to comply with such a request within 5 days of its receipt, the meeting may be convened directly by any member of the Management Board.
- (v) A meeting of the Board of Directors may be held without a duly convened meeting if all members of the Board of Directors are present.
- (vi) The Chairman of the Board of Directors or an invited person proposed by two members of the Board of Directors may attend a meeting of the Board of Directors with the right to be present, provided that the majority of the Board of Directors approves the attendance of the invited person at the beginning of the meeting.

- (vii) All members of the Board of Directors have the right to make proposals on an item on the agenda.
- (viii) Only items on the agenda delivered with the invitation may be discussed at meetings of the Board of Directors, except in the case referred to in (v) above. Items not included in the agenda as circulated shall be discussed by the Board of Directors only if all members are present at the meeting and unanimously so decide. Items scheduled for a Board meeting but not discussed due to lack of quorum or time constraints shall be placed on the agenda for the next meeting, unless they have become irrelevant due to the passage of time.
- (ix) All matters within the competence of the Board of Directors that require a decision may be included as an agenda item for the Board of Directors' meetings. For matters not requiring a decision, written information may be submitted to the Board of Directors on any matter other than those appearing on the agenda, or oral information may be given to the Board of Directors. The Chairman of the Board of Directors shall inform the Board of Directors at its next ordinary meeting of the major events that have taken place since the previous meeting and of the status of implementation of the decisions adopted at the previous meeting of the Board of Directors.
- (x) The quorum for a meeting of the Board of Directors is at least 3 of its members.
- (xi) Decisions of the Board of Directors shall be taken by a simple majority of votes cast, with the Chair having a casting vote in the event of a tie.
- (xii) A member of the Board of Directors may not vote on any matter concerning him or her personally. If any member of the Board of Directors considers himself/herself to be interested in a particular matter, he/she shall declare his/her interest and shall not take part in the discussion or decision prior to its adoption. The declaration shall be recorded separately in the minutes.
- (xiii) Anyone who is not entitled to vote shall be disregarded for the purposes of the quorum.
- (xiv) At meetings of the Board of Directors, decisions are taken by open ballot. On a motion by a majority of the members of the Management Board present at a meeting, the Chairman presiding over the meeting may order a secret ballot on a particular question, which shall be recorded in the minutes.
- (xv) Members of the Board of Directors may attend meetings of the Board of Directors in their absence by using a voice electronic communication service (telephone) or a voice or voice and video data transmission service (video call) instead of attending in person.
- (xvi) The Chairman of the Board of Directors has the possibility to convene a conference meeting. In this case, no Board member shall be required to attend a Board meeting in person, and all Board members shall participate in the Board meeting only by using voice electronic communication services (telephone) or voice or voice and video data transmission services (video call).

- (xvii) The Chairman of the Board of Directors may, if he/she does not consider it necessary to hold a meeting, invite the members to take a decision without holding a meeting by sending the draft decision at the same time (Extra-meeting decision). The Chairman of the Board of Directors may be replaced by two Board members who jointly initiate an Extra-meeting decision. The Chairman of the Board of Directors or, in place of the two (2) members, another person (e.g. an employee of the Company) acting in their name and on their behalf, may send the draft resolution to the members of the Board of Directors.
- (xviii) If not all the votes of the members are received within the time limit laid down in the proposal, the quorum shall be established in accordance with the general rules for determining the validity of the vote.
- (xix) If the proposed decision or, in the case of a proposed decision containing alternatives, none of the alternatives obtains the required number of votes in favour, the matter shall be placed on the agenda of the next following meeting of the body, unless there is no need to adjudicate.
- (xx) The Chairman of the Board of Directors or any other person acting on his/her behalf shall notify the members of the Board of Directors of the result of the decision taken outside the Meeting within 3 working days of the expiry of the voting period.

## **1.2. Description of the responsibilities and division of tasks between the Board of Directors and management**

1.2.1. Based on the Articles of Association and the Rules of Procedure of the Board of Directors and other internal regulations of the Company, the Board of Directors is responsible for the following tasks:

- (i) the definition of the Company's business policy principles;
- (ii) the convening of a general meeting, except in the cases provided for in the Civil Code;
- (iii) preparing the Company's accounts under the Accounting Act and the proposal for the distribution of profits and submitting them to the General Meeting;
- (iv) approving the Company's organisational and operational rules and regulations;
- (v) to establish the rules of its operation and adopt its rules of procedure;
- (vi) to report at least once a year to the General Meeting of Shareholders and every 3 (three) months to the Audit Committee on the Company's management, assets and business policy, on the Company's management, equity and business policy;
- (vii) ensuring the proper maintenance of the Company's business records;
- (viii) keeping a share register;

- (ix) ensuring the filing of the minutes or extracts of the general meeting with the Companies Registry, together with a certified copy of the relevant attendance sheet, any amendments to the Articles of Association, the rights, facts and particulars contained in the company documents and any changes thereto;
- (x) monitoring the Company's operations and business management, deciding on the Company's business and development concepts and strategic plan, and deciding on the adoption of the annual business plan and, as part of this, the approval of the annual credit line;
- (xi) arranging for the publication and filing of the Company's balance sheet in accordance with the rules on disclosure;
- (xii) the appointment of the CEO; the exercise of employer's rights over the CEO and senior employees of the Company;
- (xiii) changes to the Company's name, registered office, premises, branches and activities other than its principal activity, and amendments to the Articles of Association in connection therewith (in all other cases, amendments to the Articles of Association are the responsibility of the General Meeting);
- (xiv) with the companies in which the Company participates, the exercise of all the functions provided for by law, including the decision on the authorisations to hold meetings of the general body of the said companies, except for decisions relating to the registered office, the place of business, the branch and the scope of activities of the said companies, which are the responsibility of the Chief Executive Officer;
- (xv) approval of the interim balance sheet on which the payment of the interim dividend is based;
- (xvi) in the case of authorisation by the General Meeting, a decision to dispose of the Company's own shares acquired in any form or by any means, or to acquire own shares;
- (xvii) deciding, unless otherwise provided for in the Civil Code, on the increase of the share capital within the limits of the authorisation of the Articles of Association and the General Meeting;
- (xviii) approving contracts and commitments which do not fall within the powers of the CEO;
- (xix) to decide on all matters which do not fall within the exclusive competence of the General Meeting or which the Board of Directors delegates to the CEO;
- (xx) the prior approval of the acquisition of assets with a value exceeding 10% of the balance sheet total after the registration of the Company as an SIT, provided that such prior approval shall be deemed to be given only if the Board of Directors has approved the acquisition of assets with a value exceeding 10% of the balance sheet total in accordance with the provisions of the Companies Act. 3:287 of the Board of Directors of the Company has also voted in favour of the acquisition

1.2.2. Under the Articles of Association and the internal rules of the Company, the functions of the Chief Executive Officer are

The Company's General Meeting of 14 October 2019 decided to create a Chief Executive Officer with independent power of representation and registration to manage the day-to-day operations of the Company in order to facilitate its efficient operation. The CEO of the Company will be elected by the Board of Directors as of 30 September 2020. The Chief Executive shall perform his/her duties on an employed basis.

The Board of Directors shall exercise the rights of an employer over the CEO. The Chief Executive may be a member of the Management Board.

The Chief Executive Officer is responsible for deciding on matters which do not fall within the exclusive competence of the General Meeting or the Board of Directors, such as

- (i) as the primary manager of the Company, is responsible for carrying out the duties assigned to the Company by the applicable laws and the Company's Articles of Association and other internal rules. In this context, he/she shall ensure the proper preparation, regular revision and operation of the Company's rules and regulations, their personnel and material conditions, and the implementation of the decisions of the General Meeting and the Board of Directors;
- (ii) establishes the Company's internal work organisation and work processes, manages and controls the Company's activities;
- (iii) prepares the Company's proposals for the development of business plans, organises the implementation of business plans;
- (iv) ensure the proper maintenance of the Company's books, balance sheet, profit and loss account and cash flow statement;
- (v) take operational decisions in accordance with the Company's strategy, as approved by the Board of Directors, and the annual business plan in force, excluding the conclusion of contracts for the sale of real estate or shares in companies, and financing contracts, which are the sole responsibility of the Board of Directors;
- (vi) report regularly to the Board of Directors on the activities of the Company;
- (vii) represents the Company vis-à-vis third parties, in particular in business relations and marketing communications, and has the power of independent decision in respect of contracts/statements representing the Company with a gross commitment not exceeding HUF 50,000,000, including lump sum contracts and contracts with a continuous payment obligation where the payment obligation does not exceed the above limit for a period of up to 12 months;
- (viii) coordinates the international relations of the Society;

- (ix) exercises the rights of an employer over the employees of the Company, except for managerial employees;
- (x) decides on the seat, establishment, branch and scope of activity of the companies in which the Company participates.

## **2. Introduction to the members of the Board of Directors and management (including, in the case of board members, the independence status of each member), description of the structure of the committees**

### **2.1. The Board of Directors**

The five-member Board of Directors is the Company's executive body. Its powers and duties are set out in the Articles of Association, the Rules of Procedure of the Board of Directors and other internal rules of the Company. The independent members of the Board of Directors do not take part in the day-to-day activities of the Company's work organisation. The Chairman of the Company's Board of Directors is elected by the Board of Directors for an indefinite term of office in accordance with the Rules of Procedure.

During the period covered by this report, the Board of Directors

Until 30 January 2024, the members are:

- (i) Zsolt László Kertai was an independent member of the Board of Directors from 30 September 2020 until 2022. He was Chairman of the Board of Directors from 6 May 2022 until 30 January 2024, the date of termination of his term of office;
- (ii) Ms Györgyi Magdolna Szűcs Szathmáriné has been a non-independent member of the Board of Directors since 29 April 2022 (she has also been the CEO of the Company since 1 August 2022 and replaced Mr Zsolt László Kertai as Chairman since 30 January 2024);
- (iii) Dr. Endre Tibor Illés is a non-independent member of the Board of Directors since 29 April 2022;
- (iv) Csaba Törő was an independent member of the Board of Directors from 16 November 2022 until 30 January 2024, the date of termination of his term of office;
- (v) Zoltán Jombik has been an independent member of the Board of Directors since 16 November 2022;

and from 30 January 2024, the following members:

- (i) Ms Györgyi Magdolna Szűcs Szathmáriné has been a non-independent member of the Board of Directors since 29 April 2022 (she has also been the CEO of the Company since 1 August 2022 and replaced Mr Zsolt László Kertai as Chairman since 30 January 2024);
- (ii) Dr. Endre Tibor Illés is a non-independent member of the Board of Directors since 29 April 2022;
- (iii) Zoltán Jombik has been an independent member of the Board of Directors since 16 November 2022;
- (iv) Dr István Hüse has been an independent member of the Board of Directors since 30 January 2024;

(v) Dr János Dezső Jákó is an independent member of the Board of Directors since 30 January 2024.

The members of the Board of Directors were elected by the General Assembly for an indefinite term.

## 2.2. The Audit Committee

According to the Company's Articles of Association, the Company has a three-member Audit Committee, whose members are elected by the General Meeting of Shareholders from among the independent members of the Board of Directors for the same term as their membership of the Board of Directors. The Audit Committee shall elect its Chairman from among its members and shall take its decisions by simple majority.

During the period covered by this report, the Audit Committee

Until 30 January 2024, the members are:

- (i) Mr Zsolt László Kertai from 30 September 2020 until 30 January 2024, the date of termination of his contract;
- (ii) Csaba Törő from 16 November 2022 until 30 January 2024, the date of termination of his contract;
- (iii) Zoltán Jombik since 16 November 2022 (also Chairman of the Audit Committee since 1 June 2023);

and from 30 January 2024, the following members:

- (vi) Zoltán Jombik since 16 November 2022 (also Chairman of the Audit Committee since 1 June 2023);
- (vii) Dr István Hüse since 30 January 2024;
- (viii) Dr János Dezső Jákó since 30 January 2024.

Zoltán Jombik, who is the Chairman of the Audit Committee, has the statutory qualifications required for the operation of the Audit Committee.

The Audit Committee is responsible for:

- (i) providing opinions on the accounts under the Accounting Act and monitoring the audit;
- (ii) proposing the appointment and remuneration of the auditor;
- (iii) preparing the contract with the auditor;
- (iv) monitoring the enforcement of the professional requirements and the conflict of interest and independence requirements for the auditor, performing duties related to the cooperation with

the auditor, monitoring the services provided by the auditor to the Company other than the audit of the accounts under the Accounting Act, and, if necessary, proposing to the Board of Directors measures to be taken;

- (v) assessing the functioning of the financial reporting system and proposing the necessary measures;
- (vi) Assisting the Board of Directors to ensure proper control of the financial reporting system;
- (vii) monitoring the effectiveness of the internal control and risk management system.

The rules applicable to the meeting and functioning of the Audit Committee shall apply mutatis mutandis to the meeting and functioning of the Board of Directors, with the exception that the quorum for a meeting of the Audit Committee shall be 2 (two) of its members.

### 2.3. Performing management tasks

The day-to-day managerial and operational management of the Company is carried out by the Chief Executive Officer alone.

Since 1 August 2022, the CEO of the Company is Ms Györgyi Magdolna Szűcs Szathmáriné, who is also a member of the Board of Directors (and since 30 January 2024, Chairman of the Board of Directors).

In view of the size of the organisation, the management tasks appropriate to the Company's activities are not distributed, but are the sole responsibility of the CEO, who is assisted by non-managerial staff.

## 3. Number of meetings of the Board of Directors and committees held during the period, with attendance rates

### 3.1. Meetings of the Board of Directors

In 2024, the Board of Directors met 2 (two) times (with members present in person) with the participation of all Board members, and a further 27 (twenty-seven) times without meeting, and took its position and decisions on the subject by written vote. In the case of decisions taken without a meeting, all members entitled to vote on the matter voted, except for 4 (four) occasional votes, in which case 1 (one) vote was received after the deadline for voting, in which case all members entitled to vote on the matter voted.

### 3.2. Audit Committee meetings

In 2024, the Audit Committee met 2 (two) times with all members present and a further 13 (thirteen) times without a meeting, and took its position and decisions on the subject by written vote. In the case of decisions taken without a meeting - except for 1 (one) vote, in which case 1 (one) vote was received after the deadline for voting, all members entitled to vote on the matter voted.



**4. A presentation of the work of the Board of Directors, the management and the criteria used to evaluate each member. An indication of whether the evaluation carried out during the period has resulted in any changes**

**4.1. Evaluation of the work of the Board of Directors**

The Board of Directors shall perform the management and control functions of the Company in a unified management system in compliance with the applicable laws, the Articles of Association of the Company and the rules of procedure of the Board of Directors and the organisational and operational rules of the Company. The Company does not evaluate the work of each Board member individually.

The General Meeting of the Company shall decide on the discharge of the members of the Board of Directors at the same time as it adopts the annual accounts for the financial year in question. In the case of László Zsolt Kertai and Csaba Törő, the General Meeting decided to grant the discharge to Zsolt Kertai and Csaba Törő, in view of the termination of their term of office as members of the Board of Directors, simultaneously with the acceptance of their resignation, on 30 January 2024.

**4.2. Evaluation of the work of management**

The Chief Executive Officer, elected by the Board of Directors of the Company, performs his/her duties as the operational manager of the Company on an employment basis. The Board of Directors exercises the rights of an employer over the CEO and is responsible for determining the CEO's remuneration.

The Board of Directors shall have the power to set the conditions for the bonus in the context of the evaluation of the CEO's performance, subject to which the CEO shall receive a bonus. The conditions for the bonus shall be set preferably at the same time as the adoption of the business plan, but no later than two months after the adoption of the business plan. It shall include the maximum amount of the bonus, the tasks to be performed and the date of evaluation. The tasks shall be evaluated and the accounts settled when the annual accounts for the financial year are adopted, but no later than two months after the adoption of the annual accounts. If the tasks and objectives set in advance are not 100% achieved, the Board of Directors may decide to pay the bonus on a pro rata basis.

In view of the size of the organisation, the management tasks appropriate to the Company's activities are not distributed, but are the sole responsibility of the CEO, who is assisted by non-managerial staff.

As of 14 October 2019, the CEO is responsible for the evaluation of the work of the employees of the Company. In accordance with the remuneration policy adopted by the General Meeting of Shareholders, the Company seeks to set remuneration levels that reward reasonable and genuine performance, promote the achievement of economic objectives and encourage efficient performance. As a variable element of remuneration, the Company may fix or grant bonuses or awards to employees on an individual basis, subject to the fulfilment of predetermined conditions. The Company will review the remuneration of its employees and certain elements thereof by 31 January of the year following the year under review and, if changes are made, these changes will take effect from 31 January, unless otherwise specified. The changes will be influenced by the pay data of companies of a similar size in the BSE premium category, competitors, the Company's general remuneration policy, as well as by the expansion or contraction of responsibility levels and the quality

of work in the areas of responsibility. In setting remuneration levels, the Company takes into account the principles of equal treatment, transparency, proportionality and non-discrimination.

In 2024, there were no employees in the Company who, in addition to their fixed allowance, received a performance-related bonus on an individual basis.

**5. A report on the functioning of each committee, including the profiles of committee members, the number of meetings held and attendance rates, as well as the main issues discussed at meetings and the general functioning of the committee <sup>1</sup>**

The Company has no committee other than the Audit Committee, and the Board of Directors has not delegated any tasks to any committee.

The functioning of the Audit Committee and the duration of the election of its members are described in sections 2.2 and 3.2. There have been no cases where the Board of Directors has taken a decision contrary to the Audit Committee's position on any issue.

**6. Presentation of the system of internal controls, evaluation of the activity during the period. Report on the effectiveness and efficiency of risk management procedures (Information on where shareholders can access the report of the Board of Directors on the functioning of internal controls)**

The decision-making powers of the General Meeting, the Board of Directors and the Audit Committee are defined by the Company's Articles of Association, the rules of procedure of the Board of Directors and the Audit Committee and the Company's organisational and operational rules, within the limits of the legal provisions in force. The decision-making powers of the employees are determined by the employer on the basis of their job descriptions.

The Board of Directors shall draw up rules as part of its governance. It takes its decisions in the form of decisions.

Audit Committee members elected from the members of the Board of Directors to perform the internal audit function.

Given the size of the organisation, there are no specific policies on internal control mechanisms, and the Board of Directors does not prepare a separate report on the functioning of internal controls. Anything that does not fall within the remit of the Board of Directors is the sole responsibility of the CEO, and there are no lower level management positions. The CEO is responsible for organising the work, directing and instructing other employees and supervising the implementation of tasks.

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<sup>1</sup> In describing the functioning of the Audit Committee, it should be explained if the Board of Directors decided on a matter contrary to the Committee's recommendation (explaining the reasons for the Board's decision). It is advisable to refer to the Company's website, where the responsibilities delegated to the committees and the dates of appointment of the members should be disclosed. (If this information is not available on the Company's website, it should be included in the Corporate Governance Report.)

The Chief Executive Officer is a member of the Board of Directors, works in close cooperation with the Board of Directors, and regularly informs the members of the Board of Directors about the Company's operations and activities. The Board of Directors evaluates the work of the CEO at the meeting where the annual accounts are discussed.

The Board of Directors supervises and directs the Company's risk management, taking into account the risk management guidelines published on the Company's website.

The Company considers as a risk any element or event or circumstance inherent in its activities or management which, if it occurs, would or could adversely affect the Company's operations. The extent of the risk is determined by the Company as the probability of the threat occurring multiplied by the amount of damage caused.

When evaluating potential risks, the Company classifies risk factors into high, medium and low categories, taking into account the probability of their materialisation, and on this basis determines which risk factors may be considered significant, which control measures may mitigate the given risk, and examines whether additional controls are necessary and what type of monitoring is required.

#### **7. Information on whether the auditor has performed any non-audit work**

The auditor engaged by the Company also provided non-audit services in FY 2024. The services rendered were assessed and approved by the auditor and the Audit Committee for independence prior to commencement.

#### **8. Overview of the Company's disclosure policy, insider trading policy**

According to the Articles of Association of the Company, the Board of Directors or the person authorised by it is entitled to make statements on behalf of the Company and to inform investors.

In its disclosures, the Company acts in accordance with the applicable European Union and national legislation, the stock exchange rules and its own internal rules. The Company shall report on its financial management in the form of the half-yearly and annual reports as required by law, and shall publish extraordinary information in the cases specified by law and stock exchange rules. As a general principle, all information that may have an impact on the price of the Company's shares is disclosed in the context of the extraordinary information. Such information will be qualified by the Board of Directors, which will decide whether to publish it or to delay it, within the limits of the applicable legislation.

At the same time as the 2024 report, the Board of Directors reviewed the effectiveness of the disclosure processes and considered them to be appropriate and adequate for the current structure and size of the organisation.

The Company publishes its disclosures in Hungarian and English on its website [www.bet.hu](http://www.bet.hu) and [www.kozzetetelek.hu](http://www.kozzetetelek.hu), and sends the regulated information to the editorial staff of an online media outlet.

In addition to the above, the Company and its subsidiaries pay particular attention to informing the Company's shareholders and financial and capital market participants about their activities or events in other forums, in the form of paid press or statements to the press, in addition to the publication of information in official venues.

The Company publishes a calendar of corporate events in the year preceding the financial year in which it informs investors of the main events expected to take place in the coming year.

In matters relating to insider trading, the Company shall at all times act in accordance with the applicable laws and stock exchange rules, and its internal rules shall be adapted accordingly. The Company shall keep a register of insiders and shall draw the attention of the persons concerned to their obligations under the law and stock exchange rules and the sanctions applicable in the event of breach of those obligations.

## **9. Overview of how to exercise shareholder rights**

The Company's share capital consists of 47,371,419 ordinary shares of HUF 47,371,419, i.e. forty-seven million three hundred and seventy-one thousand four hundred and nineteen HUF 100, i.e. one hundred forints, in registered form, dematerialised. Each ordinary share with a nominal value of HUF 100, i.e. one hundred forints, carries 1 vote, with the proviso that treasury shares shall be disregarded for the purpose of determining the quorum for the General Meeting and for the exercise of subscription (takeover) preferential rights.

The rights and obligations attached to the shares are set out in Chapters III, IV and V of the Company's Articles of Association.

The shareholder is entitled to exercise his/her shareholder rights upon possession of the ownership certificate specified in the relevant legal provisions, after registration in the share register. The share register of the Company shall be kept by the Board of Directors. In the event of a change of ownership at the initiative of the Company, the manager of the share register shall delete all data in the share register which are valid at the time of the change of ownership and at the same time enter in the share register the data corresponding to the result of the change of ownership. The shareholder may inspect the share register.

Shareholders may also exercise their shareholder rights by proxy. Members of the Board of Directors, the auditor and senior employees of the Company may not be proxies. The proxy must be submitted to the Company in the form of a public document or a private document with full probative value.

The shareholder may appoint a proxy to exercise his/her rights vis-à-vis the Company, who, after registration in the share register, shall exercise the shareholder's rights vis-à-vis the Company in his/her own name and for the benefit of the shareholder.

The shareholder is entitled to attend the general meeting, to ask for information, to make comments and proposals, to vote with voting rights.

The shareholder shall be entitled to the Company in accordance with the provisions of the Civil Code. 3:261 (1) of the articles of association of the Company, which may be distributed and is to be distributed by the general meeting of shareholders, shall be entitled to a proportionate share of the profit (dividend) of the Company in proportion to the nominal value of its shares.

The detailed rules on minority shareholder rights (in particular the right to add items to the agenda, the right to convene a general meeting, the right to have an audit carried out) are set out in Chapter V of the Articles of Association, which is available on the Company's website.

#### **10. Brief description of the rules for the conduct of the general meeting**

The rules for convening and conducting the General Assembly are laid down in the Civil Code and the Statutes.

The general assembly must be convened at least once a year, by 30 April of the year (ordinary general assembly).

The General Meeting shall be convened by the Board of Directors, unless otherwise provided by the Civil Code. The General Meeting may be held at a place other than the registered office of the Company, the place of the General Meeting being determined by the Board of Directors. The General Meeting shall be convened by means of an invitation to be published in the notices of the Company at least 30 (thirty) days before the date on which it is to begin.

The essential particulars of the accounts under the Accounting Act and the report of the Board of Directors, the Audit Committee, the aggregate number of shares and voting rights existing at the time of the meeting, the proposals and the resolutions relating to the matters on the agenda and the form to be used for voting by proxy shall be published at least 21 (twenty-one) days before the general meeting in accordance with the rules on company notices.

A record of the attendance of shareholders at the general meeting must be made.

A quorum is constituted if a shareholder representing more than half of the votes represented by shares carrying voting rights is present. If the quorum is not present, a reconvened general meeting shall constitute a quorum for the business on the original agenda, regardless of the number of shareholders present. At least three (3) days must elapse between the meeting at which there is no quorum and the reconvened general meeting, but this period may not exceed 21 (twenty-one) days.

The Assembly is chaired by the President elected for that Assembly.

At the General Meeting, decisions shall be taken by open ballot by the presentation or casting of ballot papers prepared by the Board of Directors, by voting machine, by show of hands or by any other means determined on the spot. The General Meeting shall take its decisions by the proportion of votes required by the Civil Code.

The members of the Board of Directors, the members of the Audit Committee and the auditor have the right to participate in the General Meeting, to comment on the agenda and to make motions.

The General Assembly may be suspended for a maximum period of 30 (thirty) days by a decision of the General Assembly.

The Statutes provide for the possibility of holding a general meeting of the Conference.

Further detailed rules relating to the General Meeting are set out in Chapter VI of the Articles of Association, available on the Company's website.

**11. A description of how the issuer complies with the requirements of Chapter IV of Act LXVII of 2019 on the promotion of long-term shareholder engagement and the amendment of certain acts for the purpose of legal harmonisation.**

Subject to the provisions of Chapter IV of Act LXVII of 2019 on the promotion of long-term shareholder engagement and the amendment of certain Acts for the purpose of legal harmonisation, the Company adopted on 26 April 2024, following the opinion of the General Meeting, the remuneration policy of the Company effective from 26 April 2024.

The Remuneration Policy sets out the specific guidelines, incentive scheme and remuneration elements for the remuneration of the members of the Board of Directors and the CEO, including the principles for determining the remuneration of other employees of the Company.

In accordance with the rules laid down in the said law and the remuneration policy, the Company prepares an annual remuneration report on compliance with the remuneration policy and submits it to the General Meeting for its opinion. The purpose of the report is to provide a comprehensive overview of all the remuneration granted to or based on the results of the financial year to each member of the Board of Directors and to the Chief Executive Officer and the extent to which the remuneration practices applied in the year under review complied with the remuneration policy for that period.

Given its size, the Company has not adopted a diversity policy (required by Section 95/b (1) (h) of the Accounting Act) for its administrative, management and supervisory bodies.

**Appeninn Plc, together with this Annual Report, publishes its IFRS financial statements, remuneration and ESG report.**

(<https://appeninnholding.com/befektetoknek/dokumentumok/jelentesek/>)

Budapest, 1 April 2025

Mrs Györgyi Magdolna Szathmáriné Szűcs  
**Appeninn Asset Management Holding Public Limited Company**