Annual Report

AKKO INVEST

Public Limited Company
and its subsidiaries

for the financial year ending on 31 December 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

All the figures are stated in HUF million unless otherwise indicated.

Members of the Governing Board

Zoltán Prutkay (Chairman of the Board)

Imre Attila Horváth (deputy chairman)

Gábor Varga

István Matskási

Péter Márk Bosánszky

Gábor Székely

Members of the Audit Committee

Gábor Székely (chairman)

István Matskási

Péter Márk Bosánszky

Contact details of the Company

1118 Budapest, Dayka Gábor u. 5

Web: www.akkoinvest.hu

Email: info@akkoinvest.hu

Auditor's details:

Dr. László Péter Lakatos (007102)

UNIKONTO Számvitelkutatási Kft.

Chamber registration number: 001724

Annual statements of AKKO INVEST PLC.
prepared in accordance with the IFRS for the financial year ending on 31 December 2022

All the figures are stated in HUF million unless otherwise indicated.

Contents

All the figures are stated in HUF million unless otherwise indicated.

The Annual Statements comprise 124 pages.

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Abbreviations used in the financial statements

IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC/SIC	International Financial Reporting Interpretation Committee/Standing Interpretation Committee
FVTOCI	Measured at fair value through other comprehensive income
FVTPL	Measured at fair value through profit or loss
CODM	Chief Operating Decision Maker
EPS	Earnings per share
AC	Audit Committee
ECL	Expected credit loss
EBITDA	Interest, depreciation and profit or loss before tax

Figures in brackets indicate negative values in the financial statements!

All the figures are stated in HUF million unless otherwise indicated.

I. Presentation of AKKO Invest Plc.

AKKO Invest Plc. is a public limited company registered in Hungary by the Metropolitan Court as Company Court. AKKO Invest Plc. and its legal predecessor is listed by the Budapest Stock Exchange since 15 February 2011. The Company's core activity is asset management.

AKKO Invest Plc. is a holding company, i.e. a company with equity stake is several undertakings, the economic objective of which is to realise long-term increase in value through efficient cooperation between the holding and the subsidiaries. AKKO Invest Plc. invests its own assets, without performing external asset management. Its fundamental objective is to achieve asset accumulation and increase in value in the subsidiaries (and thus also in the parent company). The subsidiaries are entities operating primarily in the property market.

AKKO Invest Plc. is a public limited company established under the laws of Hungary. Registered office of the Company: 1118 Budapest, Dayka Gábor u. 5. Since 23 April 2021 (before that date: 1124 Budapest, Lejtő utca 17/A)

The Company's subscribed capital is HUF 833,880,000, which comprises of 33,355,200 pieces of ordinary shares on 31 December 2021. The nominal value of the shares is HUF 25/piece.

Ownership structure of the parent company:

Name	31.12.2022		31.12.2021	
	Nominal value of business share in HUF thousands	Equity stake %	Nominal value of business share in HUF thousands	Equity stake %
Free Float	465	55,79%	491	58,90%
Chantili Invest Zrt.	251	14,11%	251	11,00%
MEVINVEST Vagyonkezelő Kft.	118	30,10%	92	30,10%
Total	**834**	**100%**	**834**	**100%**

Number of voting rights attached to the shares on 31 December 2022:

Share series	Issued pieces	Number of voting shares	Voting right per share	Total voting right	Number of treasury shares
Ordinary shares	**33 355 200**	**33 355 200**	**1**	**33 355 200**	**936 988**
Total	**33 355 200**	**33 355 200**	**N/A**	**33 355 200**	**936 988**

Subsidiaries of the Company and consolidation

The Company and its subsidiaries constitute a Group. In 2022, the structure of the Group did not change.

All the figures are stated in HUF million unless otherwise indicated.

Group Members and main activities on 31 December 2022:

Company	Address	Core activity
AKKO Invest Plc.	1118 Budapest, Dayka Gábor u. 5.	Asset management
VÁR-Logisztika Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
MOON Facility Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
A PLUS INVEST Zrt.	1124 Budapest, Lejtő út 17/A.	Residential property development
4 Stripe Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
ALQ SAS	06600 Antibes, 18 Avenue Louis Gallet, France	Property development (hotel)
Elitur Invest Zrt.	1124 Budapest, Lejtő utca 17/A	Asset management (Holding)
NEO Property Services Zrt.	1095 Budapest, Máriássy utca 7.	Operation of superstructures

Relevant figures of the companies:

Company	Registered capital on 31 December 2022	Equity stake (%) on 31 December 2022	Effective date of the change	Registered capital on 31 December 2021	Equity stake (%) on 31 December 2021	Classification
AKKO Invest Plc.	834	-	-	834	-	parent
VÁR-Logisztika Zrt.	5	100%	-	5	100%	subsidiary
MOON Facility Zrt.	5	100%	-	5	100%	subsidiary
A PLUS INVEST Zrt.	20	100%	-	20	100%	subsidiary
4 Stripe Zrt.	20	100%	-	20	100%	subsidiary
ALQ SAS	5	100%	-	5	100%	subsidiary
Elitur Invest Zrt.	5	100%	26.02.2021	5	100%	subsidiary
NEO Property Services Zrt.	20	49%	26.02.2021	20	49%	subsidiary

All companies disclose separate financial statements publicly.

The activities of the subsidiaries are described in detail below:

MOON Facility Zrt.

MOON Facility Zrt. is the owner of an industrial property located in Szolnok, which it utilises by rental. The Company has been a member of the Group since 22 March 2019. Address of the property: 5000 Szolnok, Kombájn utca – stated in the land register as three properties.

Vár-Logisztika Zrt.

Vár-Logisztika Zrt. is the owner of an industrial property located in Nagykanizsa, which it utilises through rental. The Company is a member of the Group since 15 February 2019. Address of the property: 8800 Nagykanizsa, Vár utca 12.

All the figures are stated in HUF million unless otherwise indicated.

ALQ SAS

ALQ SAS is a company registered under the laws of France. It performs the development and improvement of an apartment building owned by the Company on the French Riviera, which will be rented or sold upon completion. Address of the property: 18 Avenue, Louis Gallet, Juan-Les-Pins, Antibes, France

4 Stripe Zrt.

4 Stripe Zrt. owns industrial property in Budaörs, which it utilises by rental. Address of the property: 2040 Budaörs, Kinizsi 4-6. The Company is a member of the Group since 2 October 2019.

A PLUS Invest Zrt.

A PLUS Invest Zrt. plans to transform the property in district XII of Budapest into luxury property to be sold or leased upon completion. Address of the property: 1121 Budapest, Eötvös út 31. The Company is a member of the Group since 18 December 2019.

Elitur Invest Zrt.

The Company has acquired 100% of the business shares of Elitur Invest Zrt., thereby it owns 100% of NEO Property Services Zrt., 51% of which it owns indirectly, through Elitur Invest Zrt. Date of acquisition: 26.02.2021.

The Group owns 100% of ***NEO Property Services Zrt***. Date of acquisition: 26.02.2021. NEO Property Services Zrt. is one of the leading property operators and service providers in Hungary.

Presentation currency and accuracy of the financial statements

The functional currency of the parent company is Hungarian forint. The financial statements have been prepared in Hungarian forint (presentation currency) and unless it is indicated otherwise the figures are stated in million HUF. In 2022, the Group switched to presentation in HUF million. The conversion of comparative figures took place.

Euro is an important foreign currency for the Group. The exchange rate of the foreign currency in the reporting period was as follows (one currency unit/HUF, MNB exchange rates):

Currency	2022		2021	
	Closing	Average	Closing	Average
Euro (EUR)	400,25	391,33	369	358,52

Disclosures related to Auditor

Pursuant to Act C of 2000 on Accounting, the financial statements of the Company are subject to mandatory audit by an independent auditor. In 2021, audit activities were carried out by UNIKONTO Számvitelkutatási Kft. (1092 Budapest, Fővám tér 8. III/317.3.; tax number: 10491252-2-43; Chamber registration number: 001724).

All the figures are stated in HUF million unless otherwise indicated.

On behalf of UNIKONTO Számvitelkutatási Kft., it is Mr. Dr. László Péter Lakatos (auditor's card number: 007102) who is responsible for performing the auditor's tasks.

Pursuant to the Accounting Act, the annual auditing fee is THUF 1,850 + VAT for the audit of consolidated financial statements drawn up according to the International Financial Reporting Standards (IFRS). The auditor does not perform any activity at the Group other than the statutory audit.

Disclosures related to the provider of accounting services

The individual and consolidated financial statements of the Group have been compiled by Hajnalka Réti, IFRS chartered accountant (registration number: 202580). The chartered accountant performed her duty on behalf of Rean Hungary Kft.

II. Changes in the accounting policy, expected impact of the IFRS and IFRIC interpretations not yet in force on the date of the financial statements, previous applications

The Group has not changed the applied accounting policy between 2020 and 2021. An exception is the application of accounting policies related to the introduction of the new standards and to activities that did not exist earlier.

New and modified standards and interpretations entering into force from this reporting period, announced by IASB and adopted by the EU:

- Amendments to IFRS3 "Business Combinations", IAS16 "Property, Plant and Equipment" and IAS37 "Provisions, Contingent Liabilities and Contingent Assets" – Package of narrow-scope amendments (entered into force on 1 January 2022 and in the reporting periods commencing thereafter),

New and amended standards and interpretations issued by the IASB and adopted by the EU, but not yet in force

At the time of approval of these financial statements, the following standards, as well as amendments to existing standards and interpretations issued by the IASB and adopted by the EU, were published without entry into force:

- Amendments to the IAS 1 "Presentation of financial statements" - Classification of Liabilities as Current or Non-Current (will enter into force on 1 January 2023 and in the reporting periods commencing thereafter,
- IFRS Practice Statement 2: Disclosure of Accounting Policies. (will enter into force on 1 January 2023 and in reporting periods commencing thereafter),
- Amendment to IFRS17 "Insurance contracts", incorporating the amendments to IFRS17 (enters into force on 2023. January 1 and in the reporting periods commencing thereafter), IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates. (will enter into force on 1 January 2023 and in reporting periods commencing thereafter),
- IAS 12 "Income taxes": Deferred tax related to assets and liabilities resulting from one single transaction (will enter into force on 1 January 2023 and in the reporting periods commencing thereafter)
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates. (will enter into force on 1 January 2023 and in reporting periods commencing thereafter),

The Group does not apply these new standards and amendments to existing standards before their effective dates. The Group believes that the approve of these standards and the amendment of existing standards will not have a significant impact on the Group's financial statements in the period of initial application.

Standards and interpretations issued by the IASB and not approved by the European Union

The IFRS adopted by the EU currently do not significantly differ from those approved by the International Accounting Standards Board (IASB), with the exception of the following new standards, amendments to existing standards and new interpretations that have not yet been approved in the EU until the publication date of our financial statements:

- Amendments to the IFRS 10 ”Consolidated financial statements” and IAS 28 “Investments in associates and joint ventures” – Selling or transferring assets between the investor and its associate or joint venture (the date of entry into force has been postponed for an uncertain period of time, until the research project arrives at a conclusion with regard to the equity method).
- IFRS 14 Regulatory Deferral Accounts. This Standard is an interim Standard which provides guidance to the first adopters of the IFRS regarding price regulations. The IASB published the completed Standard in 2022. The European Commission does not recommend the adoption of this Standard in the EU, because of the low number of interested parties.

The implementation of these modifications, new standards and interpretations would not influence significantly the Group’s financial statements.

III. Business and Management Report of AKKO Invest Plc and AKKO Group

Business environment and results of the year

2022 was an uneventful year and full of expectations, except for the developments and changes that took place within Neo Property Zrt. The Russian-Ukrainian conflict that erupted in February 2022 and the associated negative changes in the international context affected the implementation of the planned strategy and acquisition ambitions of the Company. Thus, no significant event occurred in the life of the Group in 2022.

Derivatives, securities:

In 2022, the Group did not enter into securities transactions and it is not planning to carry out such transactions in the future, either.

Longer term capital market investments:

The Group does not have such investments.

Real economy:

The main strand and strategy for the Group concern the realisation of investments in the real economy.

The current property portfolio of the Company Group

- In Szolnok, Nagykanizsa and Budaörs: the Company manages industrial properties,
- in Budapest: a villa building to be renovated,
- as well as an office space located in a residential property in the 13th district of Budapest.

Industrial properties are mostly commercial and logistic facilities.

The property portfolio includes a hotel project in France (Cyrano Hotel – Juan-Les-Pins, Antibes), managed through the subsidiary of ALQ SAS.

VÁR-Logisztika Zrt.

The property comprising a nearly 600 square metres factory hall and a building of several hundreds square metres is currently rented by a freight forwarding company under a lease agreement of 1 + 5 years.

One of the main merits of the property is its good location: the area is close both to the town gate and to the motorway exit, it is situated in a less industrialised section of Nagykanizsa, and it can be accessed and traversed by commercial vehicles as well.

Surface area of the land plot: 8.223 m2

Buildings: 2.064 m2

The further development and use of the property allow for a higher yield than the current one, which provides a higher return.

MOON Facility Zrt.

The property is located in the industrial sector of Szolnok, in the South Western part of the town. The property is suitable for being used for multiple purposes because of its location and design.

Currently, the property is rented by one tenant and the Parent Company intends to use it by further rental and development.

The property also comprises industrial railway sidings connected to the countrywide network.

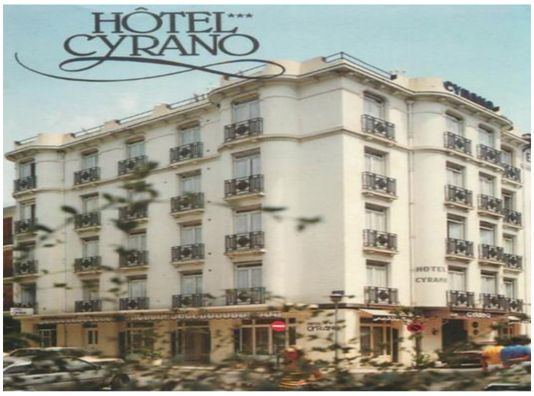
Surface area of the land plot: 48,627 m^2

Superstructures: 3,330 m^2

ALQ SAS

The hotel is located in France, in the town of Antibes, 50 m from the sandy beach of Juan-Les-Pins. Juan-Les-Pins is one of the most popular towns in the surroundings.

The 3-star hotel needs to be renovated so as to provide an appropriate yield to the Company in its capacity as an Issuer and to its shareholders. The 5-storey property with 36 rooms has a total surface area of 1,200 m^2, for which two external parking lots were purchased as well.



4 Stripe Zrt.

Surface area of the land plot: 3,932 m^2

Superstructures: 3,904 m^2

The property is currently rented by seven tenants. The occupancy rate is 70%. The Company seeks to reach an occupancy rate of 100%.

A PLUS Invest Zrt.

Surface area of the land plot: 2,269 m^2

Superstructures: 438.17 m^2

The property will be used after its improvement by renting and/or selling.

Presentation of the scope of activities

The Parent Company was registered by the Company Court on 07.08.2006, and it was transformed into a public limited company on 10.11.2010. Subsequently, on 15.02.2011, its ordinary shares were admitted to trading on the Budapest Stock Exchange and on 08.04.2011, they were admitted to trading on the Böerse Stuttgart as well.

The long-term strategy of the Parent Company set as an objective to generate a source of income for the shareholders of the Company through acquisitions and real investments.

Name of the Company	Equity stake
VÁR-Logisztika Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-046822)	100 %
MOON Facility Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049534)	100 %
ALQ SAS (registered office: France, Antibes 06600, 18 Avenue Louis Gallet; registration number: 841 053 077 R.C.S. Antibes, tax number: FR93841053077)	100 %
4 Stripe Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049777)	100%
A PLUS Invest Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049740)	100%
Elitur Invest Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049966)	100%
NEO Property Services Zrt. (registered office: 1095 Budapest, Máriássy utca 7; company registration number: 01-10-045154)	100%

Size and composition of the share capital

Composition of the share capital of the Company on 31 December 2022:

Stock series	Par value (HUF/piece)	Issued pieces	Total par value
Ordinary shares	25	33 355 200	833 880 000
Share capital size	25	33 355 200	833 880 000

The ordinary shares of the Company constitute voting rights the extent of which depends on the par value of the shares. Accordingly, each ordinary share with a par value of HUF 25 gives an entitlement to 1 vote.

In 2022, the share capital of the Company did not change.

The Company possesses 936,988 treasury shares.

Share capital increase, decrease

The decision on increasing the share capital is made by the General Meeting based on the proposal of the Governing Board. The decision of the General Meeting is not necessary when the increasing of the share capital takes place within the competence of the Governing Board based on the authorisation of the General Meeting laid down in its decision.

Changes in the structure of the Group

In 2022, the structure of the Akko Invest Plc. has not changed.

Performance figures of the previous year

In its report, AKKO Invest Plc. presents its processes that took place in 2022. The Group has prepared its consolidated financial statement for 2022 in accordance with the International Financial Reporting Standards (IFRS).

The most relevant figures for the Company Group include the evolution of equity and profit before tax, which are the most reliable performance measurement indicators. They were as follows:

Summary figures in Hungarian Forint (IFRS consolidated statement, HUF)	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Equity	6.902.000.000	5 903 168 000	5 599 773 000	5 970 282 000	30 475 000
Profit or loss before tax	1.326.000.000	877 874 000	53 192 000	-281 403 000	522 978 000

Evolution of the EBITDA:

In the period between 1 January 2021 and 31 December 2021 it was HUF 1,853 million.

In the period between 1 January 2022 and 31 December 2022 it was HUF 2,602 million.

Most important events of NEO Property Services Zrt. in 2022

After 2021, NEO Property Services Zrt. was able to achieve record revenue and earnings again in 2022:

It is good news that the uncertain economic environment, i.e. war, inflation, COVID, labour market situation, still did not negatively affect the operation of the company. The company continues to provide high quality service to its more than 250 clients. Despite the tense situation on the property management market, NEO was able to extend its portfolio with several new clients (construction works at the Hungarian State Railways, METRO store chain, Airport City, Volánbusz). Furthermore, additional business contracts could be obtained in the framework of a public procurement tender from the University of Pécs as well.

Besides operation, the general construction team was further expanded; engineers, project managers and preparatory staff were hired to assist the business line director, and a mobile construction group of 15-20 people is also being set up. The latest project of this line of business is the structural construction and the turnkey construction of the building complex LIVING Le Jardin stage I, which started in August 2023 and is to be completed contractually until April 2024. Another priority project: design of a rental property with a total surface area of 5,085 m^2 in the Liberty Office Building, according to tenant needs.

Particular emphasis is put on the construction works in the short- and medium-term plans of the company, with regard to the design of rental properties, green field investments, extension or alteration of properties. This is the area where NEO sees the highest growth potential both in terms of revenue and profit.

NEO was able to expand further in the area of condominium management services; more and more old and newly built condominiums decide to entrust the management of their property to the company's Property Management Team (we currently manage more than 3,000 sub-deposits).

Our priority clients (WING, Magyar Telekom, MÁV, Praktiker, EON/MVM, Coloplast, Opella/Chinoin, OBI) continue to pursue close cooperation with us, which means an ever increasing range of optional orders and a correct business relationship which is beneficial for both parties.

A strategically important achievement is that it was again awarded the complex building management tender of MOL Nyrt. for 3+2 years, supplemented with outskirts maintenance.

The company puts great emphasis on the digitalisation process that was started several years earlier, thus the web-based CAFM system (NMBS) developed by the company itself is being continuously further developed. From 1 January 2023, the Company has successfully put in place a new integrated corporate governance system (DEEP) which supports the company’s operation primarily in the field of accounting. The new system allows for a more efficient financial and accounting administration, with less human effort.

In line with the expectations from the market and the owners, in 2022, the management of NEO took the decision on which the preparation of the first ESG report is based. From among several invited tenderers, PwC Auditing Ltd. was selected in 2022, with which operative work started in January 2023. According to the jointly adopted roadmap, the draft version of the first report may be completed by June 2023, its publication after finalisation and formatting is expected to be completed by the end of 2023.

Due to future acquisitions and our stable client base, further revenue growth is expected in 2023 with improving profitability.

Disclosures made by AKKO Invest Plc. in 2022		
January	31	Voting rights and share capital size
February	28	Voting rights and share capital size
March	21	Invitation to the General Meeting - 21.04.2022
	31	Voting rights and share capital size
	31	Proposals submitted to the General Meeting + Press release
	31	Auditors' reports
April	19	Extraordinary information - Press release - Profit realised by NEO
	21	Resolutions of the General Meeting
	21	Statement on remunerations
	21	Corporate Governance Report
	21	Specific and Consolidated annual IFRS statement of AKKO Invest Plc. for 2021
	30	Voting rights and share capital size
May	24	Articles of Association
	31	Voting rights and share capital size
June	9	Extraordinary information on a transaction conducted by a person discharging managerial responsibilities
	30	Voting rights and share capital size
July	29	Voting rights and share capital size
August	31	Voting rights and share capital size
September	8	Disclosures made by AKKO Invest Plc. in the first semester of 2022 + Press Release
	30	Voting rights and share capital size

October	31	Voting rights and share capital size
November	10	Extraordinary information on a transaction conducted by a person discharging managerial responsibilities
	30	Voting rights and share capital size
December	15	Extraordinary information - announcement by owners
	16	Extraordinary information - announcement by owners
	22	Press release - NEO Property Services Enters General Construction Market of Large Residential Projects
	27	Extraordinary information on a transaction conducted by a person discharging managerial responsibilities
	28	Extraordinary information on a transaction conducted by a person discharging managerial responsibilities
	30	Corporate Event Calendar 2023
	30	Voting rights and share capital size

On **21 March 2022**, the Company published the invitation to its Annual General Meeting scheduled for 21 April 2022.

On **31 March 2022**, the Company published the proposals submitted to the General Meeting and its press release on the results of financial year 2021.

On **19 April 2022**, the Company provided information on the fact that its subsidiary, NEO Property Services Zrt. closed financial year 2021 with a new record revenue.

On **21 April 2022**, it held its Annual General Meeting and consequently, it published: the Resolutions of the General Meeting, its Separate and Consolidated IFRS Statement for 2021, its Business and Management Report, its Report on Remuneration, its Corporate Governance Report and its Auditor's Report

On **24 May 2022**, it published its new Articles of Association effective from 21 April 2022.

On **9 June 2022**, in an extraordinary information note, it announced an AKKO Invest ordinary shares transaction carried out by Mr. Gábor Varga, Member of the Governing Board: he purchased 12,500 AKKO Invest ordinary shares in an OTC transaction for an average price of HUF 280/item, thereby the total number of AKKO Invest Plc. ordinary shares owned by him passed to 88,884 after the transaction.

On **8 September 2021**, the report for the first semester of 2022 of the Company was published.

On **10 November 2022**, the Company published its extraordinary information note on an AKKO Invest ordinary shares transaction carried out by Mr. Péter Márk Bosánszky, Member of the Governing Board and Member of the Audit Committee: he sold 162,000 AKKO Invest ordinary shares in an OTC transaction for an average price of HUF 278/item, thereby the number of AKKO Invest Plc. ordinary shares owned by him passed to 650 after the transaction.

On **15 December 2022**, its extraordinary information note announced that Chantili Invest Zrt. purchased 1,097,660 AKKO Invest Plc. ordinary shares in an OTC transaction, by using the services of Erste Befektetési Zrt. With this transaction, the total number of AKKO Invest Plc. ordinary shares owned by Chantili Invest Zrt. passed to 5,208,660, its equity stake exceeded the 15% threshold, it held 15,61% of the issued capital stock and 16,06% of voting shares.

On **16 December 2022**, the Company published in an extraordinary information note that Chantili Invest Zrt. sold 500,000 AKKO Invest Plc. ordinary shares in an OTC transaction, by using the services of Erste Befektetési Zrt. The total number of AKKO Invest Plc. ordinary shares owned by Chantili Invest Zrt.

passed to 4,708,660. Its equity stake fell below the 15% threshold, therefore it is holding 14,11% of the issued capital stock and 14,52% of voting shares.

On **22 December 2022**, the Company published its press release announcing that NEO Property Services enters the general construction market of large residential projects. NEO's first large general construction work is the first stage of Le Jardin residential complex with 164 apartments, which may be followed by further projects in the future, thereby supporting NEO's new field of growth besides property operation where it is currently holding a dominant position in the Hungarian market.

On **27 December 2022**, the Company published an extraordinary information note on a transaction conducted by a person discharging managerial responsibilities. Mr. Zoltán Prutkay, chairman of the Company's Governing Board purchased 20,000 AKKO Invest Plc. ordinary shares in an OTC transaction for an average price of HUF 277/item via UniCredit Bank Hungary Zrt. as an investment service provider, thereby the number of AKKO Invest Plc. ordinary shares owned by him passed to 29,000 after the transaction.

On **28 December 2022**, the Company provided information on the fact that on the basis of an information note received on 27 December 2022, Mr. Gábor Varga, Member of the Governing Board sold 25,000 AKKO Invest Plc. ordinary shares in an OTC transaction for an average price of HUF 281/item via Erste Befektetési Zrt. as an investment service provider, thereby the number of AKKO Invest Plc. ordinary shares owned by him passed to 63,884 after the transaction.

Objectives and strategy

AKKO Invest Plc. is a holding company, i.e. a company with equity stake is several undertakings, the economic objective of which is to realise long-term increase in value through efficient cooperation between the holding and the subsidiaries. Akko Invest Plc. invests its own assets, without performing external asset management. Its fundamental objective is not necessarily the sale of the subsidiaries owned by it, but to achieve asset accumulation and increase in value in the subsidiaries (and obviously in the parent company), and through that in the parent company.

The Group's purpose is to establish a successful holding. Its most important objective is to generate added value for the Parent Company and in parallel, to generate value for the shareholders.

As the Parent Company intends to carry out investments in the real economy with a high yield-generating capability, it intends to carry out further acquisitions in the future.

Resources and risks

Financial and economic risk factors:

The Parent Company generated profit (revenue) through its subsidiaries which provide an appropriate source of income for itself.

Scale of the expenditure:

The AKKO Invest Plc. is highly human resource-oriented, its success depends on the right decisions of the Governing Board. Risks are due to the same fact. ***The evolution of the assets of the Parent Company (and consequently the price of the shares) may show quite significant variations and there is a chance for capital loss at any time.***

AKKO Invest shares owned by executive officers

On 31 December 2022, the following executive officers owned AKKO Invest Plc. shares.

Name	Function	Ordinary shares, "C" series
Zoltán Prutkay	chairman of the Governing Board	29 000 pieces
Imre Attila Horváth	vice-chairman of the Governing Board	43 000 pieces
Gábor Varga	member of the Governing Board	63 884 pcs
Gábor Székely*	member of the Governing Board, chairman of the Audit Committee	1 000 pieces
István Matskási	member of the Governing Board, member of the Audit Committee	0 pieces
Péter Márk Bosánszky	member of the Governing Board, member of the Audit Committee	650 pieces

*Mr. Gábor Székely owns additionally 14,500 AKKO Invest. Plc. shares through G&T Vagyonkezelő Zrt.

Material events after the Reporting Period

Disclosures made by AKKO Invest Plc. in the period following the balance sheet date		
2023		
January	31	Voting rights and share capital size
February	28	Voting rights and share capital size
March	16	Extraordinary information on the acquisition
	17	Extraordinary information - announcement by owners

On **16 March 2023**, the Company provided information on the fact that the Governing Board had decided to purchase the ordinary shares representing 100% of the subscribed capital of Deniro Zártkörűen Működő Részvénytársaság (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-140820; tax number: 27943933-2-43). Deniro Zrt. owns a property on a plot with a surface area of 1,518 m^2 with a superstructure of 1,334 m^2, having a rental rate of 100%.

The entire purchase price of the ordinary shares intended to be purchased, as well as the total purchase price according to the debt assignment contract related to the transaction was settled by the Company by paying with treasury shares. It was established that the number of AKKO ordinary shares received against the purchase price was 936,988 (in addition to fair value).

The number of treasury shares held by AKKO Invest Plc. passed to 0.

On **17 March 2023**, the Company provided information on the fact that the equity stake of B+N Referencia Zrt. exceeded the 5% and 10% thresholds, thereby its equity stake and the number of its voting shares passed to 11,60%.

Executive officers

Pursuant to the Company's Articles of Association in force, single governance is ensured by the Governing Board.

The General Meeting is entitled to elect the members of the Governing Board. Members of the Governing Board may be re-elected.

Governing Board membership ceases to exist:

(a) upon the expiry of the duration of the mandate,

(b) upon recall,

(c) upon the occurrence of a ground for exclusion,

(d) upon resignation,

(e) upon death.

Members of the Governing Board:

- Zoltán Prutkay – chairman of the Governing Board
- Imre Attila Horváth (vice-chairman of the Governing Board)
- Gábor Varga – member of the Governing Board
- Gábor Székely – member of the Governing Board
- István Matskási – member of the Governing Board
- Péter Márk Bosánszky – member of the Governing Board

Members of Audit Committee:

Members of the Audit Committee in place on 1 January 2022:

- Gábor Székely – chairman of the Audit Committee
- István Matskási – member of the Audit Committee
- Péter Márk Bosánszky – member of the Audit Committee

Members of the Audit Committee do not receive any specific financial compensation for their work.

Employment policy

Since 11 February 2019, the Parent Company has been employing an investment contact person and since 13 March 2019 it has been employing a Chief Executive Officer, its staff number increased by 1 contact person responsible for tenants as of 1 March 2020, and subsequently, on 1 December 2022, 2 further persons were engaged as project managers, thereby the number of employees increased to 5. The daily operation of the Company Group is ensured by 3 persons.

In its capacity as an Issuer, the Parent Company has not issued shares to employees, it has no employee share-ownership scheme in place and it has not concluded any agreement by which employees could acquire ownership over the capital of the Issuer.

The Parent Company presents the compensation and remuneration to be paid to its nominated postholders in the form of a Remuneration Report to the General Meeting.

The Parent Company does not have employees in its subsidiaries, with the exception of NEO Property Services Zrt., and the executive officers do not receive any financial or in-kind benefit, either.

Research and experimental development

In the current period, research and experimental development costs were not recognised in the financial statements.

Environmental protection

The environmental responsibility incumbent on AKKO Invest Plc. is not significant, there is no likelihood of environmental degradation.

NEO Property Services Zrt. assumes its environmental liability in the following fields.

It has become involved in the “Green Office” movement, under which it has prepared an eco-map of its Headquarters, thereby it has reduced its water consumption and waste water emissions, as well as the paper use of the offices.

Among property operating companies, it is the first company in Hungary that has obtained the BREEAM IN USE “very good” certification for the operation of an office building.

Environmental impacts related to the activity of the company have been identified within the framework of ISO 14001 EMS, and it has been seeking to continuously improve the environmental performance of the operated establishments, as follows:

Air protection:

Maintenance is regularly carried out on air pollution point sources (boilers, emergency electricity generators) operated by NEO Property Services Zrt., thereby optimising fuel use and waste gas emissions.

Air conditioning and cooling systems containing ozone-depleting substances undergo systematic leakage tests, maintenance and the necessary repair works. The necessary refillings are carried out with maximum attention and in compliance with the relevant requirements, the separated substances are transferred only to the contractor that has an appropriate authorisation for treatment and disposal.

Development plans are drawn up annually for the clients of the company; those plans aim at operational safety, as well as at reaching a more economical energy use and a lower level of emissions.

Soil protection, protection of surface waters and ground waters, water savings:

Ground recessed oil tanks are equipped with double walls and leakage sensors.

Any accidental pollution is reported to the competent environmental inspectorate without delay, and during its termination and monitoring, full cooperation is ensured with the representatives of the authorities, the client and the civil population.

Grease traps, oil traps and other obligated equipment operated in the establishments of the company are subject to authorisation, their functioning is controlled, logged, their emissions are continuously maintained under the authorised level.

In order to protect water bases, the users of the buildings are made aware of the dangers of pouring edible oil or cooking oil into the sink or the toilet, delivery to collecting organisations is promoted. Grease emitted to the sewerage system not only greases the sewerage network of the buildings and of the municipalities, but also encumbers the waste water treatment plants and hampers the disposal of waste water.

In community spaces, water saving taps, rinsing valves are installed in order to reduce water use.

Electricity savings:

The development plans propose to the clients to install motion sensing switches in community spaces and in certain hallway sections, and, where this is not reasonable, to put stickers warning to switch off the lights.

In the buildings of the company, efforts are made to synchronise the operation of air conditioning equipment with opening the windows, installing shading devices in order to increase the efficiency of heating and cooling systems.

Proposals supported by profitability calculations are prepared to their clients in relation to the configuration of local lighting and the procurement of energy saving equipment (lighting, hand driers, kitchen utensils, etc.).

The avoidance of any unnecessary energy use or the reduction of energy use is also promoted by awareness-raising among their colleagues. Attention is drawn to avoid the “stand by” mode of the devices, to switch off any unused mobile phone chargers, to switch off the computers after the work is completed, to switch off any unnecessary lights, etc.

Savings in transport:

Vehicles used by the company undergo regular servicing, their maintenance is ensured for the sake of their appropriate technical state, operational safety and lower level of fuel consumption.

The use of kilometers is optimised by work organisation, and where it is feasible, car sharing is used by travelling in the same vehicles with their partners, priority is given to telephone and video-conferences, as well as to communication opportunities provided by the Cloud environment.

At larger premises, bicycles are provided to the colleagues and commuting to work by bicycle is also supported.

Savings in paper use:

At larger premises, centralised, controlled printing and double-sided printing have been introduced. Printing and photocopying by the organisational units is subject to regular reporting.

Efforts are made to use recycled paper and paper with FSC (Forest Stewardship Council) mark, originating from responsible forest management.

In order to ensure operation with reduced paper use, priority is given to e-mailing, electronic file registration, invoice processing and event management software have been introduced.

In the toilets and in the kitchens, awareness-raising stickers have been placed in order to reduce the use of paper towels. Attention is paid to the economical dosing of paper towels.

Greening with green elements:

The air in the office spaces is positively impacted by plants, and due to this, any “green wall” or plant island installed into the office spaces or to the resting areas improves well-being, comfort and air quality without any continuous energy investment. This is the reason why the planting of green plants is promoted in the office spaces.

Reduction of the amount of disposed waste:

It is considered that the most efficient waste reduction method is the prevention of waste generation, therefore efforts are made to repair or reuse the devices that can still be used, instead of scrapping or discarding them.

At the workplaces, recyclable waste types are collected selectively. In their office spaces, selective collection of unnecessary paper has a decade-old tradition; furthermore, the selective collection of PET bottles and plastic packaging waste are also ensured in the kitchenettes.

In the buildings managed by the company, the introduction or the promotion of selective waste collection is also encouraged in cooperation with the company’s clients.

The company makes proposals to its customers for rationalising energy use and other proposals meant to improve their environmental performance, by making a risk report for identifying environmental risks, thereby also supporting the safer and “greener” operation of their clients.

A pocketbook entitled “Green advice” has been prepared, which is decorated by the drawings of the children of the colleagues, and contains ideas and tips for a more eco-friendly operation of the users of the buildings of the company.

Cleaning, de-icing, insect and rodent extermination are carried out with modern, eco-friendly substances and methods in the establishments. This reduces their own ecological footprint and that of their clients.

Presentation of the premises

At the date of the drafting of this report, Parent Company does not have any premises.

NEO Property Services Zrt. as a subsidiary has the following premises:

- HU 4026 Debrecen, Bethlen utca 1.
- HU 6724 Szeged, Rókusi krt. 2-10.
- HU 6750 Algyő, Technológiai Ipartelep
- HU 5000 Szolnok, Ady Endre út 26.
- HU 8000 Székesfehérvár, Kaposi út 9.
- HU 2443 Százhalombatta, Olajmunkás utca 2.
- HU 9700 Szombathely, Hefele Menyhért utca 2.
- HU 7624 Pécs, Mátyás király utca 23.
- HU 3525 Miskolc, Régiposta utca 9.
- HU 3580 Tiszaújváros, TVK Ipartelep, "Régi Számítóközpont"
- HU 9023 Győr, Verseny utca 11.
- HU 8900 Zalaegerszeg, Zrínyi utca 6.

The other subsidiaries do not have any premises.

Disclaimer

To the specific and consolidated annual IFRS statement of AKKO Invest Plc. for 2022

I, the undersigned, as a person authorised to sign for the Company, in my capacity as the chairman of the Governing Board of AKKO Invest Plc., hereby declare that:

the separated and consolidated financial statements were made in conformity with the International Financial Reporting Standards that were adopted by the European Union.

The consolidated financial statements of 2022 were prepared in accordance with the accounting standards, to the best of our knowledge, presenting a true and fair view of the assets, liabilities, financial situation, profit and loss of the AKKO Invest Plc. and of the enterprises involved in the consolidation, and the Management Report presents a fair view of the situation, development and performance of the AKKO Invest Plc., setting out the main uncertainty factors and risks.

The Report does not conceal any fact which is significant in terms of the perception of the situation of the AKKO Invest Plc.

The AKKO Invest Plc. is aware of the fact that it is liable to reimburse any damage caused by failing to provide regular and extraordinary information or by providing misleading information (disclosure of regulated information) in accordance with Section 57(1) of the Capital Market Act.

The auditor examined the consistency of AKKO Invest Plc's business and management report with the financial statements.

The 2022 annual IFRS report of AKKO Invest Plc. can be consulted from April 4, 2023 in its entirety at the registered office of the Company (1118 - Budapest, Dayka Gábor utca 5.) and on its website (www.akkoinvest.hu), on the website of the Budapest Stock Exchange (www.bet.hu) and on the mandatory disclosure portal of the National Bank of Hungary (www.kozzetetelek.hu).

Budapest, 04 April 2023

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Zoltán Prutkay

chairman of the Governing Board

Consolidated Financial Statements of

AKKO INVEST

Public Limited Company

for the financial year ending on 31 December 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

All the figures are stated in HUF million unless otherwise indicated.

Consolidated comprehensive income statement for the period of 365 days that ended on 31 December 2022

COMPREHENSIVE INCOME STATEMENT	Comments	01.01.2022 - 2022.12.31.	01.01.2021 - 2021.12.31.
Revenue	(5.1)	28 332	22 138
Direct expenditures	(5.2)	(25 648)	(20 066)
Gross profit or loss		**2 684**	**2 072**
Administrative and sales expenditures	(5.3)	(869)	(769)
Other expenditure, net	(5.4)	(200)	(172)
Financial expenditures, net	(5.5)	(289)	(260)
Income from the sale of subsidiaries		-	7
Profit or loss before tax		**1 326**	**878**
Income tax expenditure	(5.6)	(323)	(300)
Net profit and loss		**1 003**	**578**
Share attributable to the owners of the parent company		**1 003**	**578**
Share attributable to non-controlling interest		**-**	**-**
Exchange difference		(4)	(1)
Other comprehensive income (after income tax)		**(4)**	**(1)**
Total comprehensive income		**999**	**577**
Share attributable to the owners of the parent company		999	584
Share attributable to non-controlling interest		-	-
Earnings per share (HUF)	**(6.23)**	**30,95**	**17,69**
Diluted earnings per share (HUF)	**(6.23)**	**30,95**	**17,69**
EBITDA		**2 602**	**1 853**

The Statement of Comprehensive Income contains the items with regard to sign!

The Notes to Financial Statements form integral part of the Financial Statements.

References in brackets refer to Sections 5–6 of the Financial Statements.

Certain comparative figures are presented again in these statements.

All the figures are stated in HUF million unless otherwise indicated.

Consolidated Balance Sheet
for 31 December 2022

ASSETS	Comments	31.12.2022	31.12.2021 re-established
Non-current assets		**22004**	**22710**
Value of customer relations	(6.1)	11 721	12 303
Goodwill	(6.2)	5 645	5 645
Right-of-use assets	(6.3)	325	433
Intangible assets (not highlighted elsewhere)	(6.4)	28	29
Investment properties	(6.5)	4 188	4 203
Properties	(6.6)	28	31
Plant, fixtures and equipment	(6.7)	69	66
Current assets		**12 606**	**10 265**
Trade accounts receivable	(6.8)	8 659	7 611
Other receivables and prepayments and accrued income	(6.9)	2 128	1 330
Blocked cash and cash equivalents	(6.10)	485	485
Cash and cash equivalents	(6.11)	1 334	839
Total assets		**34 611**	**32 975**

EQUITY AND LIABILITIES	Comments	31.12.2022	31.12.2021 re-established
Equity		**6 902**	**5 903**
Subscribed capital (the nominal value of the shares is HUF 25/piece)	(6.12)	834	834
Share premium	(6.13)	5 480	5 480
Retained earnings		1 187	184
Treasury shares	(6.14)	(380)	(380)
Proprietary transactions	(6.15)	(207)	(207)
Accumulated exchange difference	(6.16)	(12)	(8)
Equity attributable to owners of the parent company		**6 902**	**5 903**
Long-term liabilities		**17 391**	**18 502**
Long term bank loans	(6.17)	10 585	11 301
Received long-term loans	(6.17)	298	272
Provisions	(6.18)	331	291
Deferred tax liabilities	(6.19)	1 543	1 579
Long-term lease liabilities	(6.3)	105	229
Deferred purchase price of the acquisition	(6.20)	4 529	4 830
Short-term liabilities		**10 318**	**8 563**
Short term loans and borrowings	(6.17)	766	746
Trade accounts payable	(6.21)	3 020	3 475
Other short-term liabilities and accruals	(6.22)	6 252	4 074
Income tax liabilities	(6.23)	49	54
Short-term lease liabilities	(6.3)	231	214
Equity and liabilities		**34 611**	**32 975**

The Notes to Financial Statements form integral part of the Financial Statements.
References in brackets refer to Sections 5–6 of the Financial Statements.

All the figures are stated in HUF million unless otherwise indicated.

Consolidated Cash Flow Statement

for 365 days ending on 31 December 2022

Designation	Comments	31.12.2022	31.12.2021 re-established
Profit or loss before tax		1 326	878
Net interest expenditure	(5.5)	347	275
Non-cash items			-
Depreciation	(6.3-6.7)	988	714
Profit/loss impact of exchange loss	(5.5)	(44)	(5)
Profit/loss impact of expected credit loss	(5.5)	-	(10)
Interest income	(5.5)	(11)	(1)
Profit/loss impact of the sale of investment properties		-	(7)
Profit/loss impact of the sale of subsidiaries		-	176
Changes of provisions	(6.18)	40	(3)
Non-cash items – Total		***973***	***864***
Changes in working capital			
Changes of trade receivables	(6.8)	(1 048)	(3 861)
Changes in other current assets and accruals	(6.9)	(786)	200
Changes in receivables from suppliers	(6.21)	(455)	1 922
Changes in other short-term liabilities and accruals	(6.22)	2 177	(563)
Total net changes in working capital		**(112)**	**(2 302)**
Interest paid		(329)	(261)
Income tax paid		(364)	(303)
Net cash flow from operating activities		**1 840**	**(849)**
Amounts paid for the acquisition of equity interests less liquid assets received		-	(10 939)
Acquisition of tangible assets	(6.3-6.7)	(65)	(4)
Gain on sale of fixed asset		-	16
Received interest		11	1
Repayment of the purchase price of equity interests	(6.20)	(301)	-
Repayment of granted loans		-	1 664
Net cash flow from investment activities		**(355)**	**(9 262)**

Continued on next page.

All the figures are stated in HUF million unless otherwise indicated.

Continued from previous page

Designation	Comments	31.12.2022	31.12.2021
Loan repayment	(6.17)	(741)	(471)
Borrowing	(6.17)	-	12 000
Execution of lease liabilities	(6.3)	(247)	(159)
Bail granted	(6.10)	-	(485)
Net cash flow from financing activities		**(988)**	**10 885**
Change in liquid assets		**497**	**773**
Revaluation of foreign currency assets	**(5.5)**	**(2)**	**(5)**
Balance-sheet change in liquid assets		**495**	**768**
Cash and cash equivalents at the beginning of the year	(6.11)	839	71
Cash and cash equivalents at the end of the period	(6.11)	1 334	839

The cash flow statement contains the items with regard to sign.
The Notes to Financial Statements form integral part of the Financial Statements.

All the figures are stated in HUF million unless otherwise indicated.

Consolidated Statement of Changes in Equity

for 365 days ending on 31 December 2022

Designation	Subscribed capital	Share premium	Retained earnings	Treasury shares	Proprietary transactions	Accumulated exchange difference	Equity attributable to owners of the parent company	Non-controlling interest	Total
Comments	*(6.12)*	*(6.13)*		*(6.14)*	*(6.15)*	*(6.16)*			
31.12.2020	**834**	**5 480**	**(394)**	**(70)**	**(241)**	**(7)**	**5 602**	-	**5 602**
Comprehensive income for the year			585			(1)	584		**584**
Adjustment of the profit for the year (restatement)	-	-	**(7)**	-		-	(7)	-	**(7)**
Sale of subsidiaries	-	-	-		**34**	-	34	-	**34**
Treasury share transactions (purchase)				**(310)**	-	-	(310)		**(310)**
31.12.2021	**834**	**5 480**	**184**	**(380)**	**(207)**	**(8)**	**5 903**	-	**5 903**
Comprehensive income for the year	-	-	**1 003**	-	-	**(4)**	**999**	-	**999**
31.12.2022	**834**	**5 480**	**1 187**	**(380)**	**(207)**	**(12)**	**6 902**	-	**6 902**

The Statement of Changes in Equity contains the items with regard to sign.
The Notes to Financial Statements form integral part of the Financial Statements.

II. Key elements of the accounting policy; basis of preparation of consolidated financial statements

1. Basis of the preparation of financial statements and the entity's ability to continue as a going concern

Declaration on conformity with the IFRSs

The management declares that the consolidated financial statements forming part of the annual report have been made in conformity with the International Financial Reporting Standards that were adopted by the European Union. The management made this declaration in the knowledge of its liability.

Contents of the financial statements

These financial statements present the assets, the performance and the financial position of AKKO Invest Plc., as parent company and its subsidiaries involved in the consolidation (together: Group). The Group's financial statements are prepared, approved and announced by the Parent Company's management.

The Group publishes the Consolidated Financial Statements both on the website of the Budapest Stock Exchange (www.bse.hu) and on its own website (www.akkoinvest.hu).

Basis of preparing the financial statements; applied set of rules and the underlying presumptions; evaluation philosophy

The financial statements have been prepared based on the International Financial Reporting Standards (IFRS) created by the International Accounting Standard Board (IASB).

The IFRS include the IFRS, the IAS, the IFRIC and SIC interpretations developed by the IFRS Interpretation Committee. The Group applied the IFRSs in the form as those were adopted by the European Union.

The management of the Parent Company established that the going concern assumption is appropriate, i.e. there is no sign implying that the Plc. will terminate or significantly curtail its operations within the foreseeable future, i.e. beyond one year.

The Group generally evaluates its assets at historical cost, except for the situations where the given element must be evaluated at fair value, on the basis of the IFRSs. In the financial statements, the financial instruments held for trading had to be measured at fair value.

2. Accounting policies related to consolidation

The basis of the consolidation

The consolidated financial statements cover the financial statements (assets) of the Group and the entities (Group's subsidiaries) controlled by the Group. From the business year starting on 1 January 2014, the term of control is defined in the IFRS 10 standard. Accordingly, the investor has control over the investee if it is entitled to the changing, positive returns (earnings) produced by the investee and bears the consequences of negative returns and is able to control operations through its decisions (power) and thus to influence these returns. Thus, the management ability and the control derive from rights.

Control can be mainly gained through an ownership share, an agreement with other owners or a special market position (e.g. monopoly).

Regarding the enterprises covered by this financial statement, the parent company gained control through ownership share, without any exceptions.

The revenues and the expenditures of subsidiaries purchased and sold through the year are included in the Consolidated Statement of Comprehensive Income, from the actual date of acquisition until the actual date of sale.

The total, comprehensive result of the subsidiaries is due to the owners of the Group and the non-controlling shares. The amount of the comprehensive result must also be assigned to the non-controlling unit if it is negative.

If needed, the subsidiaries' financial statements are modified so that their accounting policies conform to the accounting policies applied by other Group members.

At the date of consolidation, the transactions, balances, revenues and expenditures are fully filtered out even if the produced result appears in form of an asset value.

Non-controlling interest

The parent company recognises the net assets (assets and liabilities) of subsidiaries in the consolidated financial statements in full. However, of the consolidated equity, the Group only recognises the part after the acquisition that is allocable to the group as equity attributable to the parent company.

The value of the subsidiaries' net assets allocated to the non-controlling interest (including also the impacts of the fair value adjustments existing at the acquisition, arising after the acquisition and the acquisition-date fair value adjustments) is stated by the Group separately in single row entitled non-controlling interest. The non-controlling interest is the part of equity that is attributable to non-parent owners. The Group recognises non-controlling interest as a proportion of net assets (at carrying amount) on the individual reporting dates, and does not measure it at fair value at the end of the individual financial years.

When the equity interest acquired earlier in a subsidiary changes, but it still qualifies as a subsidiary even after the transaction, the Group treats the difference between the acquired net assets and the consideration paid as an increase or decrease in equity.

Rules for consolidation

Accounting treatment of business combinations

Business combination is the situation where the Group gains control over a new company, and the purpose of the acquisition was to acquire the business activity of the purchased entity and not only to acquire the assets of the purchased business entity. The control shall be regarded as acquired from the day when any situation required for qualification as a subsidiary was fulfilled.

The value of the goodwill/negative goodwill must be determined for the date of the business combination. This is the difference between the fair value transferred for the equity interest (consideration) and the fair value of the acquired net assets (proportionately). When determining the consideration the value of the previous equity interest must be taken into account.

The consideration shall include:

– the cash paid or due;

– the fair value of shares issued by the acquirer in connection with the combination (the fair value is to be derived from the share price prevailing on the issue date);

– the fair value of other assets transferred (less the liabilities transferred, if any);

– the fair value of contingent consideration, i.e. part of the consideration that must be transferred or returned upon the occurrence (or non-occurrence) of specified future events.

If the actually transferred (returned) amount differs from the estimated value of the contingent consideration, the Group recognises the difference to the debit or credit of the profit or loss in the period when the amount of the difference becomes calculable.

Determination of acquired net assets

The assets and liabilities acquired within the framework of a business combination must be measured at the fair value prevailing on the date of the business combination. When performing the measurement those assets and liabilities must be also included in the balance sheet that are not stated in the separate financial statements of the acquired enterprises, but the standards prescribe their recognition. These include particularly the internally generated intangible assets existing at the acquired enterprise. In addition, the contingent liabilities that burdened the acquired entity on the day of the business combination must be recognised – at fair value – among the liabilities, irrespective of the fact that according to IAS 37 these should not be recognised as liabilities in the separate financial statements.

Goodwill

The value obtained as the difference between the consideration paid for the subsidiary acquired during the business combination and the net asset value of the subsidiary on the day of the acquisition may be identified and recognised as goodwill among the Group's assets, if the difference is positive.

The negative difference must be recognised to the credit of profit or loss, as a profit realised on a bargain purchase. The profit must be allocated to the acquirer.

Goodwill may only arise when the control is acquired; subsequent transactions are recognised in the equity.

Measurement period

If the initial accounting of a business combination is not full at the end of the reporting period when the combination took place, the purchaser must indicate temporary amounts in its own financial statements for the items where the accounting is not full.

During the measurement period the purchaser must retroactively modify – with regard to the date of acquisition – the indicated temporary amounts in order to reflect new information on facts and circumstances prevailing at the date of acquisition which – had they been known – would have influenced the measurement of the amounts presented at that date.

During the measurement period the purchaser must also indicate further assets or liabilities if it obtained new information on facts and circumstances prevailing at the date of acquisition which – had they been known – would have resulted the presentation of assets and liabilities at that date.

The measurement period is over when the purchaser receives the information that it searched about the facts and circumstances prevailing at the date of acquisition, or it learns that no further information can be obtained.

The measurement period shall not exceed one year calculated from the date of acquisition.

3. Essential elements of the accounting policy

Presentation of the financial statements

The Group publishes consolidated financial statements jointly for the enterprises controlled by it and for the parent company (hereinafter: financial statements). The financial statements of the Group comprise the following parts:

- consolidated balance sheet;
- consolidated statement of comprehensive income ;
- consolidated statement of changes in equity;
- consolidated cash flow statement;
- notes to the consolidated financial statements.

Essential decisions related to the presentation

The Group decided to include the comprehensive income statement in a separate statement in such a way that it presents the items connected to other comprehensive income in the same statement after the net profit (loss) for the period.

The Group prepared its consolidated financial statements under IFRS for the last time for the 2021 financial year, with comparative data from 2020.

The Group publishes consolidated financial statements in Hungarian forint. This is the presentation currency. The consolidated financial statements cover one calendar year. The balance sheet date of the consolidated financial statements is the last day of the calendar year, i.e. 31 December, in each year.

In accordance with the stock exchange requirements, the Group prepares interim statements semi-annually. The interim financial statements shall be governed by the rules of IAS 34, which do not include all disclosures prescribed by IAS 1 and contain the figures in condensed form.

The consolidated financial statements contain comparative figures, except when a period must be restated or the accounting policy had to be changed. In this case the Group also presents the opening balance sheet values of the comparative period.

When for the purposes of presentation it is necessary to reclassify an item (e.g. due to a new row in the financial statements) the Group adjusts the previous year's figures so as to ensure comparability.

The Group also needs to publish information related to the operating segments in the notes to financial statements. The operating segments are determined in accordance with the strategic requirements of the Board members.

The Group's activity can be broken down to the following categories (segments):

- utilisation of industrial properties
- utilisation of residential properties
- Facility Management line of business
- ITS line of business
- Fit-Out line of business

The characteristics of the operating segments are presented in section 7.1 of Consolidated Financial Statements.

Foreign Currency

Foreign currency is a currency that differs from the functional currency of the entity.

The Group presents its consolidated financial statements in Hungarian forint. Within the Group, each entity determines its functional currency. Functional currency is the currency that best characterises the operation of the respective company.

An entity may incur exchange rate difference only on foreign currency.

One of the Group's subsidiary is ALQ SAS, a company registered in France with euro being its functional currency.

For the purposes of consolidation, the Group converts the profit or loss and financial position into the functional currency of the parent company.

These financial statements contain both monetary and non-monetary items.

Monetary items are elements whose settlement or receipt entails cash movement and cash itself also qualifies as monetary item. The asset and liability items not entailing cash movement (e.g. advances for services and inventories) do not qualify as monetary items.

Monetary items in foreign currency must be revalued on the reporting date to the spot exchange rate of the reporting date. For the conversion each entity uses the exchange rate published by the Magyar Nemzeti Bank on the reporting day.

Accounting policies related to the income statement

Sales revenues

The Group recognises its sales revenues in accordance with the rules of the IFRS 15 (effective from 2018) – Recognition of revenue from contracts with customers – Standard.

The IFRS 15 Standard created a uniform model to be applied to revenues from contracts. The Standard contains to revenue recognition rules, among others, for revenues falling within the IFRS 9 Financial Instruments Standard and for revenues falling within the IFRS 16 Leases Standard.

The five-step model helps define when revenues must be recognised and in what amount:

1. Based on the Standard, a contract is created when the following conditions are satisfied:

    - The parties have accepted the contract and are committed to fulfilling it;
    - The rights of the parties can be clearly determined based on it;
    - The contract offers economic benefits;
    - It is probable that the seller will receive the consideration for the goods delivered/services performed, even if it applies legal instruments to collect it.
    - In the case of contract amendment it must be examined how its content has changed, since there may be cases when the amendment is to be interpreted as an independent, separate contract.

2. Identification of performance obligations: When concluding the contract, the Group shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either

    a) distinct goods or services (or a package of goods or services); or

b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

3. Determining the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.
4. Allocation of the transaction price to individual obligations: The seller must distribute the transaction price among the individual obligations. When no separate prices can be allocated to the individual obligations, an estimation shall be applied for the distribution, in accordance with the method accepted by the Standard.
5. Revenue recognition: The revenue may be recognised when the control over the purchased goods or services devolves from the seller on the buyer. This may take place during a definite period or at a specified time. The control devolves on the buyer when as a result of that the buyer is able to control the use of the assets and is entitled to collect the benefits deriving from the assets.

The Group measures and assesses its customer contracts individually. It applies the five-step model to contract with customers. In the present contracts the settlement date does not differ from the invoicing period. Sales revenue is recognised when it is effectively invoiced, adjusted to the periods in the case of rents, while in the case of property sale upon the fulfilment of the PO, which – as a main rule – is connected to the transfer of ownership right. In case of property management, the charges may generally be addressed by simple time apportioning, even if they are linked to a particular period. In case of long-term construction projects, the Group determines the revenue by using apportioning, i.e. readiness is determined by the input method, in proportion of the recognised costs and the total planned costs.

Operating expenditures

As a result of the Group's current activity, it breaks down the expenditures as follows:

- direct expenditures: the expenditures directly related to the sales revenue, with the proviso that if an item is to be recognised on a net basis (e.g. profit realised on property sales), it will not be charged to expenditures but rather it will reduce revenues.
- administrative expenditures: these include the items that are meant to support the Group's operation, but may not be directly related to the sales revenue (e.g. accounting fees, insurance, etc.).
- sales expenditures: expenditure connected to publication, advertising and PR activities.

Other revenues and expenditures

The Group states the consideration for sales not classifiable as sales revenue and all other revenues that cannot be regarded as financial income or items increasing other comprehensive income among other revenues.

Other expenditures are expenditures that are indirectly related to the operation and do not qualify as financial expenditure or do not reduce other comprehensive income. The Group states other revenues and other expenditures on a net basis on the main page of the income statement, but it details the components of it in the notes to financial statements.

Financial revenues and expenditures

The Group presents primarily the interest expenditures (as one of the burdens of its own funding) in the financial profit or loss position.

According to the rules of the impairment model, introduced by the IFRS 9 Financial Instruments Standard, the Group recognises impairments also here.

The Group states the exchange rate difference of foreign currency items (unless it is part of the other comprehensive income based on the IAS 21 Effects of Changes in Foreign Exchange Rates) in the financial profit or loss.

The Group states financial profit or loss in the income statement on a net basis.

Income tax expenditure

The income tax expenditure is the sum of the actual and deferred income tax and the local business tax.

Other comprehensive income

Other comprehensive income comprises the items (including amendments due to reclassification) that are not stated in the income statement as part of the profit or loss of the reference period, but belong to the Group's returns or expenditures in the broad sense.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The Group calculates diluted earnings per share by taking into consideration, in addition to the ordinary shares, the weighted average number of the dilutive share options.

Use and concept of EBITDA

Although the IFRS do not use the concept of EBITDA, the Group has decided to use this commonly used index, having regard to the widespread practice in the industry, and to the fact that the Group is convinced that the statement of this value provides useful information to the users of the financial statements.

For the sake of interpretability, the calculation method is set out below:

+/-	Profit or loss before tax	X/(X)
-/+	Elimination of financial revenues and expenditures	(X)/X
-/+	Elimination of depreciation and impairment	(X)/X
	EBITDA	**X/(X)**

The Group amends the profit or loss before tax with the following items:

- *Financial profit or loss:* the Group adjusts the profit or loss before tax with all the items in the financial profit or loss (effective interest, foreign exchange difference, etc.), i.e. it totally neutralises the impact of the financial profit or loss when calculating this index.
- *Depreciation and impairment:* when calculating the index, the depreciation and impairment of the assets subject to IAS 16, IAS 38 and IFRS 16, and of the assets stated as assets at the Group, the assets allocated in operating lease or concession are filtered. (they are "given back"). The unsystematic reduction (typically: the impairment loss) of such assets are also adjusted back by the Group, similarly to the depreciation and impairment. [The impairment of other assets, e.g. financial instruments is not adjusted during the calculation of the index.]

Accounting policies related to the balance sheet; presentation and measurement of assets and liabilities

Investment properties

Investment properties include those properties that the Group has typically purchased for the purpose of realising profit on the lease or appreciation of the property, without utilising it or bearing the business risk of it. These properties (typically office buildings, warehouses and factory buildings) are not used for own purposes in the longer run and the Company does not plan to sell them in the near future.

The Group treats investment properties according to the cost model, i.e. these properties are recognised at cost after deducting any accumulated depreciation and impairment losses.

The cost of the property comprises the following items:

- purchase cost (the costs of acquiring the property, including also tax payments if they can be linked to the property);
- property reconstruction costs, which includes the items incurred due to the reconstruction for the anticipated sale;
- other costs directly related to the property, if the direct relationship can be proven.

The Company classifies investment properties as industrial property or residential property.

The Group recognises depreciation on the investment properties measured using the cost model, assuming a useful life of 20 years.

The reclassification of investment properties – since the Group uses the cost model – must be executed by reclassification between the balance sheet lines.

Plant, fixtures and equipment

The Group states plant, fixtures and equipment at cost reduced by accumulated depreciation and impairment losses.

Cost includes the purchase prices less discounts, including customs duties and other non-reclaimable taxes, and all costs necessary for the operation of the asset at the specific place in the specific manner.

The estimated costs of dismounting and removal of the asset and of the remediation of the location also form part of the costs, if provisions must be recognised for the liabilities in accordance with the requirements of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

If the asset is of significant value, it must be examined whether it can be decomposed into components. The components must be assessed separately for the purposes of depreciation. At present the Company has no such assets that should be broken down into components.

The costs incurred in connection with assets in use are stated as assets, if they fulfil the condition of capitalisation or additional capitalisation as assets. Maintenance and repair cost are recognised as cost when incurred. The Group also states the costs of major inspections as assets, as a separate component.

The depreciation of assets is recognised in accordance with the straight-line method. The Company depreciates the acquisition value of the assets from the date when it is taken into use, during the useful life of the assets.

Typical useful life of assets:

Plant and equipment	3-7 years
Office equipment, fittings	5 years
Properties	20-50 years

When the assets are scrapped, the cost and the accumulated depreciation are derecognised. When the asset is sold, the cost and the accumulated depreciation are derecognised, while any profit or loss is stated in the net profit or loss (among other items).

In the case of assets in respect of which depreciation is recognised, in all cases when any event or change in circumstances imply that their carrying amount would not recover, we examine if any impairment has occurred.

The impairment loss is the difference between the asset’s carrying amount and its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets

The Group states intangible assets at cost reduced by accumulated depreciation and impairment losses. During the expected life depreciation was recognised according to the straight-line method.

Leases

Identification of lease

A contract qualifies as a lease contract or contains lease if this contract transfers the right to use the underlying asset – for a specific period – against fee payment. Then the lessee may collect the profit arising from the asset usage and may make decisions on the usage. It does not qualify as a lease, when the company concludes a rental agreement for an asset, but the underlying asset is controlled not in the interest of the company (e.g. company car transferred for personal use).

To identify the leasing, the Group applies the process chart under paragraph B31 of annex B of the IFRS 16 Standard:

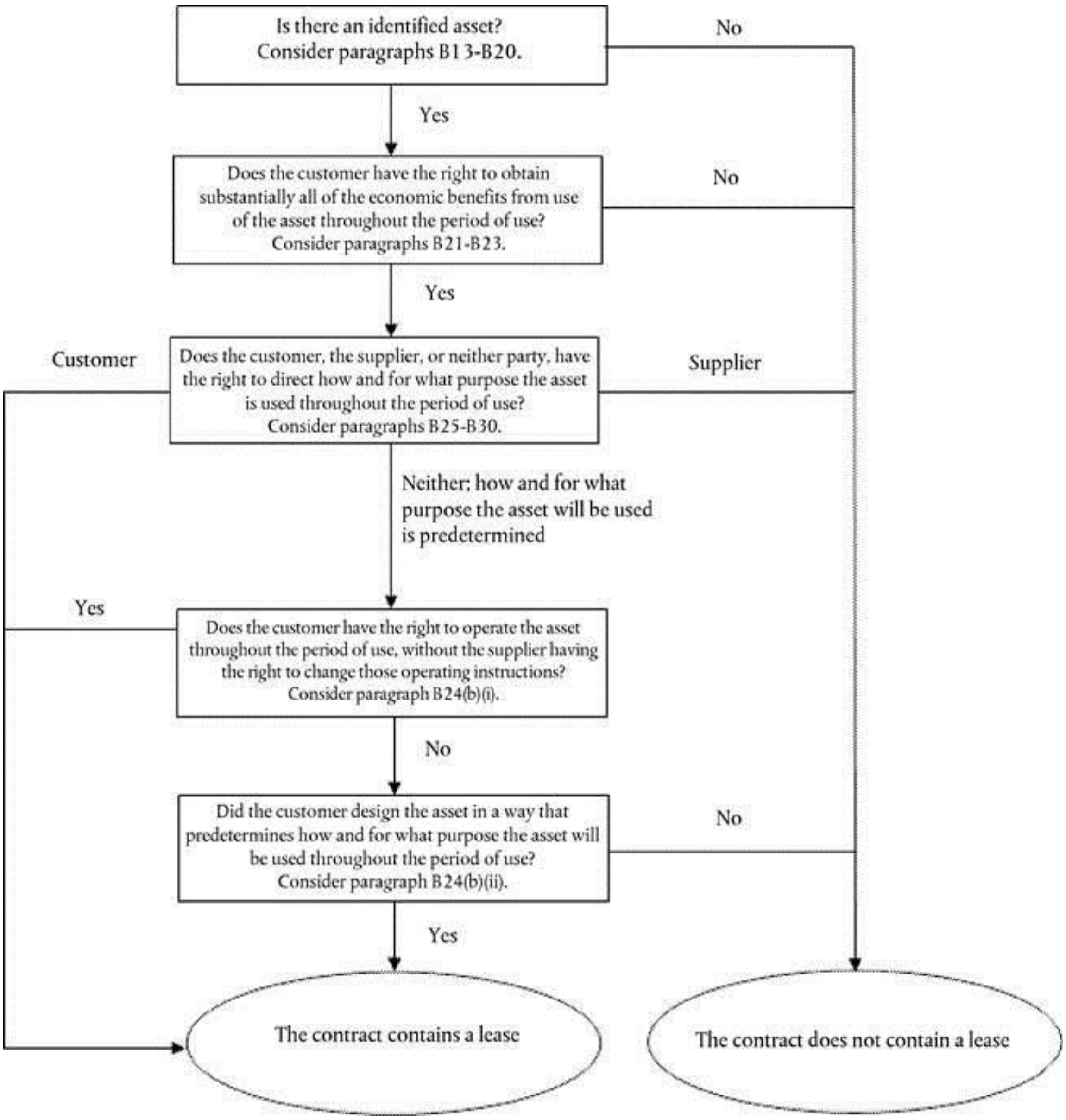


Chart 1. Classification of lease contract IFRS 16.B31

Recognition at the lessee

On the commencement day the lessee must recognise a right-of-use asset and lease liability.

Recognition exceptions

If the Group qualifies as a lessee under IFRS 16 with regard to a contract, the rules of the Standard will not be applied for lease related to short-term assets (less than 12 months) and to low-value underlying assets, but the lease payments are recognised to the debit of the profit, in a divided manner.

Measurement of the right-of-use asset

The Group recognises its assets used under lease as right-of-use assets in the balance sheet. The right-of-use assets are measured under the cost model, primarily setting out from the contractual term upon accounting for depreciation. The Group tests the right-of-use assets for impairment under the IAS 36 rules. The business organisation recognises the right-of-use assets together with the asset group where the underlying asset belongs to. The right-of-use assets are separated in the notes to financial statements.

The lessor must classify the leases either as operating lease or financial lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Recognition at the lessor

At the commencement date the lessor must derecognise in the balance sheet the assets held within the framework of financial lease and must present the leasing fee receivables at the present value of the cash flows from the lease (net investment in lease).

The Group recognises the present value of cash flows from financial lease as a lease investment. Upon calculating the present value, the Group uses the incremental interest rate related to lease. The Group determines the ECL for the lease receivables based on the simplified approach.

The lessor must recognise in the income statement the lease payments from operating lease either through the straight-line method or through another systematic method in a manner that the leased asset is further on recognised and depreciated in the balance sheet.

The Group regards any scheme as financial lease (as a lessor) if

- the underlying asset is transferred to the lessee at the end of the lease term;
- the lessee has the right to acquire the ownership of the underlying asset at the end of the term and exercise of this right is probable;
- the lease term (together with the proved extension periods) exceeds three-quarters of the residual economic life of the underlying asset;
- the overall present value of the lease payments reaches 90% of the fair value of the underlying asset;
- the underlying asset pertaining to the leasing is special.

If the lease term is indefinite, the term must be defined based on the estimated enforceable period.

Assets held for sale and discontinuing operations

Non-current assets, the carrying amount of which will be recovered through a forthcoming sales transaction rather than through continuing use, shall be classified as held for sale. Disposal groups, comprising assets and closely related liabilities to be disposed of later on in a single transaction (e.g. a subsidiary to be sold), are also held for sale.

This classification can be used when it is highly probable that the sale takes place within one year from the classification, and the assets or disposal group are ready for sale also in their current form, activities are in progress to foster sales (e.g. marketing activity) and the asset or disposal group is offered at a reasonable price.

The Group presents its assets held for sale separately in the balance sheet.

Discontinued operations:

The Group presents its activities and subsidiaries that can be separated from the remaining part of the Group as discontinued operations.

In 2022, the Group had no discontinued operations.

Borrowing costs

Borrowing costs – if it can be rendered probable that they will result in future economic benefits – are included in the cost of the acquisition, construction or production of assets, the making of which suitable for use or sale necessarily takes a substantial period of time. These assets are referred to as qualifying assets.

The Group commences the capitalisation of borrowing costs for the respective asset, when

- expenditures have been incurred for the asset
- the implementation of the investment can be rendered probable, the Company has an irrevocable commitment for the implementation

When the asset is ready for use, the capitalisation of borrowing costs must be stopped.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the inventories less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets and liabilities

In accordance with IFRS 9, the Group applies the following rules:

Classification

Financial assets and liabilities held for sale to realise profit and the derivative instruments belong to financial instruments measured at fair value through profit or loss (FVTPL).

The debt instruments that satisfy the SPPI test (i.e. the cash flow deriving from them are solely payments of principal and interest) and held to collect contractual cash flows (business model test) belong to the amortised cost (AC) category. This category includes trade and other receivables, and cash holdings.

The debt instruments that satisfy the SPPI test, but are held for the contractual cash flows and for the sale of the instruments belong to the FVTOCI (fair value through other comprehensive income) category. In this case the instrument is stated in the books at fair value, while the fair value difference is recognised in other comprehensive income, accumulated in the appropriated equity reserve. The interest, expected loss and sales profit or loss belonging to the debt instruments is recognised in net profit or loss. Upon the derecognition of the instrument, the accumulated revaluation must be transferred to net profit or loss.

The Group classifies its equity instruments, unless they are held for sale, as FVTOCI, i.e. it measures the instrument at fair value on each balance sheet date (with the proviso that in certain cases the cost may be also regarded as fair value), while the difference is recognised in other comprehensive income. When the instrument is derecognised, the accumulated revaluation reserve cannot be transferred to net profit or loss, but the accumulated equity part is transferred to retained earnings.

Other liabilities include financial liabilities that have not been classified as instruments measured at fair value through profit or loss.

The items belonging to the category of other liabilities are detailed in point 6.22 of the financial statements.

Recognition

Financial assets and liabilities are recognised in the Group's books on the settlement date, with the exception of derivative instruments, which are recognised on the trade date. Financial assets or financial liabilities are initially measured at fair value, adding to them (in the case of items that later are not measured at fair value through profit or loss) the transaction costs directly related to the acquisition or issuance of those.

Derecognition

Financial instrument are derecognised when the rights to the cash flows from the financial instruments expire, or the Group transfers, to a substantial degree, all risks and benefits related to the holding of the financial instrument (without retaining any major right).

Measurement

Following the initial recognition, all financial assets or financial liabilities measured at fair value through profit or loss and all assets measured at fair value through other comprehensive income will be measured at fair value. If no quoted market price in an active market is available and the fair value cannot be determined reliably, the Group uses valuation techniques to establish the fair value.

Financial instruments classified as AC, and all financial liabilities not belonging to the fair value through profit or loss category will be stated at amortised cost. Fees and discounts, including the initial transaction costs, are included in the carrying amount of the related instrument and amortised at the instrument's effective interest rate.

Debt instruments – with the exception of items measured at fair value through profit or loss – are recognised in the books at a value reduced by expected impairment loss. Expected impairment loss, allocable to the reporting year, shall be recognised through profit or loss.

The profit or loss on financial instruments or financial liabilities recognised at fair value through profit or loss shall be recognised in the comprehensive income statement (as part of current year's profit or loss, on a net basis) as profit or loss realised on securities.

The yield from the effective interest income of FVTOCI instruments shall be stated in current year's profit or loss in a separate line, in a position different from the expected loss of the instrument (which is recognised in another category of net profit or loss). The valuation gains or losses of such financial instruments shall be recognised in other comprehensive income. The profit or loss realised on the alienation of FVTOCI financial debt instruments shall be recognised in current year's profit or loss, and the formerly accumulated other comprehensive income shall be transferred to net profit and loss.

The profit or loss in respect of financial instruments or other financial liabilities stated as debt instruments shall be recognised using amortisation (profit/loss after tax) in the comprehensive income statement when the financial instrument or liability is derecognised or an impairment loss is recognised in respect of them.

Measurement at fair value

The fair value of financial instruments is the market price quoted at the end of the reporting period, net of transaction costs. If no quoted market price is available, the fair value of the instrument is determined by valuation models or discounted cash flow techniques.

When applying discounted cash flow techniques, the estimated future cash flow is based on the Group's economic estimates, while the discount rate is a market rate that applies to a similar instrument on the balance sheet date under similar terms and conditions. When applying valuation models, the figures are based on market valuations performed at the end of the reporting period.

Level 1: The figures used for the valuation are based on publicly available quoted prices (no further information is necessary for the valuation).

Level 2: The figures used for the valuation of assets with no quoted price can be observed indirectly or directly.

Level 3: The estimation of the fair value of derivatives not traded on the stock exchange is based on the amount that the Group would receive based on the usual business terms and conditions upon the expiry of the contract at the end of the reporting period, considering the prevailing market conditions and the parties' current creditworthiness.

Measurement of amortised cost

The amortised cost of a financial asset or financial liability is the value of the financial asset or financial liability at the initial recognition less principal repayments, increased or decreased by the accumulated amortisation of the difference between the initial value and the value at maturity calculated by the effective interest rate method, and reduced by the write-off due to the impairment or irrecoverability of the financial instrument.

The effective interest rate is the rate that precisely discounts the estimated future cash payments or income during the expected life of the financial instrument or – as the case may be – for a shorter period to the net carrying amount of the financial instrument or financial liability. When calculating the effective interest rate, the Group estimates the cash flow considering all contractual conditions of the financial instrument, but ignoring future credit losses.

Impairment of financial assets (expected impairment)

Provisions must be recognised for the expected impairment of the debt instruments belonging to the AC and FVTOCI category. The expected impairment can be described as the cash flow not realisable during the life of the instrument. The expected impairment loss can be derived from the following factors:

- exposure at default (EAD);
- loss given default (LGD);
- probability of default (PD) for the relevant period.

When presenting financial instruments, the expected loss must be calculated for 12 months using 12-month PD, which means the probability of the counterparty's becoming insolvent within 12 months (Stage 1). The ECL so determined must be recognised without directly reducing the assets as a counter-asset item (provision). The gross value of the asset (calculated net of ECL) does not change.

If the credit quality of the asset deteriorates it must be reclassified to Stage 2, for which provisions must be recognised for lifetime impairment through net profit or loss without directly reducing the value of the asset.

If the asset becomes impaired, it must be reclassified to Stage 3, where the lifetime loss reduces directly the value of the asset.

If the credit quality of the asset improves, the asset must be reclassified from Stage 3 to Stage 2, or from Stage 2 to Stage 1.

The Group regards an asset as non-performing if the contractual cash flows have been past due for at least 90 days. However, using market information, based on special considerations, an asset may be declared as non-performing earlier as well.

The Group presumes deterioration in credit quality if the contractual cash flow is past due over 30 days.

The following signs may imply deterioration in credit quality or impairment:

- market figures
- change in the economic environment
- external rating figures
- comparative figures
- risk managers' findings
- providing the debtor with respite

- willingness to pay

In the case of certain smaller receivable balances the ECL is determined on a collective basis. For trade accounts receivable the simplified ECL model must be used, which means that lifetime impairment must be recognised immediately and it is not necessary to monitor credit quality continuously.

In the case of the simplified approach, the Group usually uses the following ECL ratios:

Past due	ECL %
Less than 90 days	1%
91– 365 days	50%
over 365 days	100% or on a case-by-case basis

NEO Property Zrt. has many customers from whom the Company requests collaterals in certain circumstances. When determining the ECL, the Company takes this collateral system into consideration in its specific assessment.

If the volume of expected credit loss decreases, the decrease must be recognised through profit or loss, by reducing the corresponding expenditure.

Trade accounts receivable

Trade accounts receivable include the unpaid consideration payable by customers for the goods sold or services rendered in the usual course of business plus value added tax. These amounts are expected to be received within one year (or within the usual operating cycle, if it is longer), and thus they are classified as current assets. Trade accounts receivable are stated at invoiced value, which initially essentially correspond to their fair value. The Group uses the simplified approach to determine expected credit loss.

Other receivables and prepayments and accrued income

These receivables include payment claims not belonging to other receivables. They are measured in the same way as trade accounts receivable. Prepayments and accrued income are also stated in this balance sheet position. Receivables from brokers may be a material item within the balance sheet position.

Impairment of receivables

Impairment for receivables is recognised when it becomes probable that the Group will not be able to collect all of its outstanding receivables (the customer has financial difficulties, bankruptcy or liquidation proceeding has started against it). The necessary impairment loss is recognised on a case-by-case basis for major financial assets and in aggregate for immaterial financial assets.

When there is objective evidence that impairment loss has been incurred on loans and receivables recognised at amortised cost, the loss amount shall be determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows (not taking into consideration future credit loss not yet incurred) discounted by the original effective interest rate (i.e. effective interest rate calculated upon initial recognition). When there is no objective evidence of the impairment of a financial asset, the need for impairment loss is assessed aggregately for a group with similar credit risk attributes.

In the case of group impairment assessment the calculation is performed based on the ageing. When the asset is uncollectible, the Group derecognises the receivables against the income statement and the directly related impairment loss against the expenditures. The Group does not discount its receivables due within one year (here the time value of money is assumed to be immaterial).

Blocked cash and cash equivalents

The Group recognises separately the blocked cash and cash equivalents, which constitute loan collaterals, and does not list them among cash and cash equivalents, but assesses them in the same manner as cash.

Cash and cash equivalents

Cash includes cash on hand, bank deposits and other liquid deposits and securities the original maturity of which is not longer than three months and risk of changes in value is negligible (not including overdrafts, but in the cash flow statement the overdraft must be stated under cash equivalents).

Should any impairment occur at a cash item, it must be recognised through net profit and loss. ECL must be recognised for these assets as well.

Subscribed capital

The subscribed capital contains the sum of the nominal values of the shares issued by the Parent Company.

Share premium

Share premium includes the funds exceeding the nominal value of the issued shares. The transaction costs related to equity issuance reduce the share premium. The Group states the profit realised on the sales of treasury shares as share premium.

Retained earnings

Retained earnings contain the dividends accumulated but unpaid.

Dividends

In the financial statements, the Group states the dividends payable as liabilities, simultaneously reducing retained earnings, in the period when the owners approved the dividends.

Treasury shares

If the Group buys the Parent Company's shares, the consideration paid and the incremental costs are stated as treasury shares as items reducing equity, in a separate line with negative sign, until such time as the shares are withdrawn or resold. When the Group sells these shares later on, it increases the equity, since the profit or loss realised on the sales directly impacts equity (increases the share premium when it is a profit, or reduces the retained earnings when it is a loss). Transactions related to treasury shares must be posted on the transaction date.

Trade accounts payable, other liabilities, accruals and deferred income

Trade accounts payable and other liabilities, accruals and deferred income are recognised at fair value, which is usually the same as the nominal value. In subsequent periods they are stated at amortised cost determined using the effective interest rate method.

Income tax liability and asset, deferred tax liabilities and assets

The Group performs the assessment of whether the given tax type qualifies as income tax for all types of statutory taxes based on the requirements of IAS 12 (Income taxes).

The income tax presented in the comprehensive income statement represents the current and deferred tax for the respective period. Deferred tax is stated in the current year's profit or loss, except when it is connected to items stated in other comprehensive income. Then the deferred tax is also stated there.

The Group recognises deferred tax for the temporary differences between the statutory value of the assets and liabilities under the laws governing the tax qualifying as income tax and their carrying amount, based on the balance sheet method. The stated value of the deferred tax is based on the expected method of realising or settling the carrying amount of the assets and liabilities, subject to applying the tax rate effective or essentially effective at the end of the reporting period.

The tax for the period in question is the tax payable on the taxable income of the given year, subject to applying the tax rates effective at the end of the reporting period and applying previous year's adjustment.

Deferred tax receivables may be stated only up to the amount of the taxable profit likely to be available in the future.

Other taxes, not qualifying as income tax, are stated separately from the income taxes in the comprehensive income statement.

General accounting policies related to cash flow

The Group builds its cash flow statement on the indirect method up to the operating cash flow. The investment and financing cash flows are prepared using the direct method. The Group presents interest paid in the operating cash flow, and dividends paid in the financing cash flow.

4. Significant estimates used in preparing the financial statements and other sources of uncertainties

With respect to the application of the Group's accounting policies, the management has to make decisions, estimates and assumptions as to the carrying amount of the assets and liabilities that cannot be clearly determined from other sources.

The estimates and related assumptions are based on past experiences and other factors that are considered relevant. The actual results may be different than these estimates. The estimates and the assumptions on which they are based must be reviewed continuously.

The modifications of accounting estimates must be recognised in the period when the modification was made if the modification only affects this period, or in the period when the modification was made and the periods after that if the modification affects the period under review as well as the future.

1. The recoverable amount of the customer relations list established through the acquisition of NEO Property Zrt., as well as the recoverable amount of the goodwill generated through the acquisition are considered to be significant estimates for the Group. Considering the volume of the relevant balances, these estimates are significant. Addressing the impact of the change in the estimate may affect the net profit or loss.
2. The balances of the accruals of the Group are significant. Those balances include the estimates, the calculations, which are not complex, but considering their volume, may have a significant impact on the net profit or loss of the Group.
3. The fair value of investment properties is a significant estimate for the Group. Although the Group does not record the fair value in its books, that particular item is included in the disclosures.

The management of the Group has to review the accounting estimates of the following areas at least annually:

- the return on intangible assets, with particular attention to the goodwill and the customer relations list;
- balances of the accruals;
- estimates related to the useful life and residual value of the tangible assets;
- fair value estimates;
- estimates related to the valuation of receivables.

The revision of the accounting estimates may be necessitated by:

- legislative changes,
- changes in the economic environment,
- changes in the operation and processes of the Company

All the figures are stated in HUF million unless otherwise indicated.

5. Supplementary notes to the Comprehensive Income Statement

5.1. Revenue

Designation	31.12.2022	31.12.2021
Property operation	28 232	22 010
Revenue from property lease	99	123
Other revenue	1	5
Total	**28 332**	**22 138**

In 2022, the core activity of the Group was property operation. Due to the interim acquisition, the amount indicated for the property operation activity in 2021 include data for only 10 months.

The other items include the revenue from the sales.

5.2. Direct operating expenditures

Direct expenditures are expenditures that can be allocated beyond doubt to the revenue generating item when they are incurred.

The content of direct expenditures is as follows:

Designation	31.12.2022	31.12.2021
Material costs	(180)	(79)
Rental fees	(125)	(88)
Healthcare services	(9)	(10)
Other material use	-	(58)
Miscellaneous other expenses	-	(4)
Miscellaneous other services	(5)	(201)
Electricity, water, waste water charges	(1 574)	(1 148)
Depreciation	(731)	(627)
Asset management	(7)	(2)
Heating and air conditioning equipment	(273)	(172)
Official fees	(5)	(3)
Shipment of waste	(3)	(37)
IT services	(57)	(41)
Maintenance fees	(2 798)	(2 123)
Communication costs	(1)	-
Removal services	(7)	(12)

All the figures are stated in HUF million unless otherwise indicated.

Building services engineering	(40)	(38)
Temporary agency	(4)	-
Plant care	(191)	-
Education costs	(14)	-
Parking, motorway ticket	(17)	(9)
Advertising costs	(4)	-
Transportation costs	(179)	(140)
Personnel costs	(3 844)	(3 092)
Cleaning services	(2 205)	(1 789)
Fire protection, occupational health and safety	(138)	(114)
Travel and accommodation services	(4)	(6)
Lawyer and legal fees	(5)	-
Fuel costs	(127)	(94)
Operation costs	(1 861)	(1 272)
Property protection	(1 852)	(1 322)
Business costs	(9 389)	(7 584)
Total	**(25 648)**	**(20 066)**

Energy costs represent nearly 6% of the direct costs. The increase in the price of electricity and natural gas and price volatility also affected the Company in the past financial year.

The level of energy consumption is the highest at NEO Property Services Zrt. Due to the acquisitions of 26 February 2021, figures for 2021 include figures for only 10 months, consequently, the energy costs for the entire year (2021) were taken into consideration for the comparison.

In 2022, the average energy cost increase was 11% as compared to 2021, whereas the costs for the use of natural gas increased by 23%.

At Group level, the aim is to optimise energy use, for example by purchasing and operating and regularly maintaining energy-efficient equipment, as well as by awareness-raising on energy savings.

5.3. Administrative and sales expenditures

The administrative expenditures row contains the company’s costs related to its governance and administration activity.

All the figures are stated in HUF million unless otherwise indicated.

Administrative expenditures:

Designation	31.12.2022	31.12.2021
Rental fees	(4)	(25)
Insurance fees	(33)	(30)
Healthcare services	(0)	(1)
Other material costs	(1)	(2)
Other services used	(3)	(17)
Electricity, water, waste water charges	(2)	(1)
Depreciation	(11)	(10)
IT services	(45)	(33)
Maintenance costs	-	(1)
Environmental protection	-	(2)
Printed material and office supplies	(1)	(1)
Education costs	(1)	(9)
Parking, motorway ticket	(6)	(4)
Fee for financial services	(53)	(29)
Postal charges	(5)	(4)
Professional journals, professional books	(1)	-
Transportation costs	(27)	(18)
Accounting services, audit	(63)	(40)
Personnel costs	(552)	(462)
Consultancy and analysis fees	(7)	-
Travel and accommodation services	(2)	(1)
Lawyer and legal fees	(4)	(30)
Fuel costs	(8)	(8)
Property protection costs	(2)	(5)
Total	**(832)**	**(733)**

In 2022, the direct and administrative cost categories included MHUF 4 396 recognised as total wage costs at Group level.

The evolution of the average statistical staff number in 2022 was as follows:

Business name	Average statistical staff number (person)
AKKO Invest Plc.	3
NEO Property Services Zrt.	557
Total	**560**

The average staff number of Group members not included in the table is 0.

All the figures are stated in HUF million unless otherwise indicated.

Costs of sales include the expenditures directly related to sales.

Designation	31.12.2022	31.12.2021
Listing and maintenance fees, fees paid directly to securities brokers	(6)	(9)
Communication and marketing costs	(31)	(27)
Total	**(37)**	**(36)**

5.4. Other revenues and expenditures

Other revenues and expenditures are items that cannot be linked to the core activity, but they have an impact on profit or loss.

All the figures are stated in HUF million unless otherwise indicated.

Designation	31.12.2022	31.12.2021
Payments to foundations, donations	(8)	(8)
Fine, penalty and default interest	(112)	-
Building and land tax	(16)	(14)
Corporate tax adjustments in previous year	-	(4)
Other taxes	(28)	(26)
Employee reimbursements	6	5
Provisions made/used	(40)	(176)
Cancelled receivables, liabilities	5	(18)
Expenditures related to damages	(2)	(2)
Impairment loss and reversal of receivables	(5)	68
Miscellaneous sundry items	-	3
Total (with regard to sign)	**(200)**	**(172)**

Fines, penalties and default interests are liabilities required on the basis of the establishment of penalties. Provisions were made and used for penalties, claims and guarantees, which correspond primarily to the property operation line of business of the Company.

5.5. Financial revenues and expenditures

Designation	31.12.2022	31.12.2021
Interest received from Bank	11	-
Interest payable	(347)	(275)
Revaluation of foreign currency assets and liabilities	44	6
Expected Credit Loss (ECL)	(1)	7
Discount	4	3
Other financial expenditures	-	(2)
Total (with regard to sign)	**(289)**	**(260)**

The increase in the financial expenditures was mostly due to the interest paid on the bank loans taken out. In 2021, the Parent Company paid interest on loans for the whole year, the loan was disbursed to it at the end of February, 2021. In 2022, the interest recognised for the long-term loan received by Elitur Invest Zrt. from its former parent company increased as compared to 2021. In the course of 2022, no repayment was made on the amount of the loan.

All the figures are stated in HUF million unless otherwise indicated.

5.6. Income tax expenditure

This expenditure position comprises the following tax items:

Designation	31.12.2022	31.12.2021
Corporate income tax	(206)	(188)
Deferred tax expenditure/income	36	22
Local business tax	(153)	(134)
Total (with regard to sign)	**(323)**	**(300)**

The Group presents the corporate income tax and local business tax among income tax expenditures.

The corporate income tax rate was 9% during the year. The corporate income tax burden amounts to HUF 206 million, a significant share of it (HUF 201 million) is stated in the books of NEO Property Services Zrt.

The local business tax rate is 2%; however, Government Decree 639/2020 (of 22 December), mitigating the economic difficulties caused by the COVID-19 pandemic, makes it possible for SMEs to pay 1% local business tax in 2021. As far as the members of the Group are concerned, Moon Facility Zrt., 4 Stripe Zrt. and VÁR-Logisztika Zrt. are entitled to pay a reduced tax rate.

The tax authorities regularly inspect the members of the Group. Since there may be disputes with regard to the interpretation of the taxation rule applicable to the individual transactions, later on the tax authority may change, during its proceeding, the tax balances shown in the financial statements.

Tax expenditures may be deduced from the accounting profit or loss as follows:

Designation	31.12.2022	31.12.2021
Profit or loss before tax	1326	885
Theoretical tax (by 9%)	119	80
Impact of tax adjustments on income tax	87	220
Actual income tax	206	300
Local business tax	153	134
Deferred tax	**(36)**	**(22)**
Tax indicated in the income statement	**323**	**300**

*Essential elements between the tax base adjustments:

- adjustment for the recognition of impairment loss
- impact of provisioning and reversal of provisions
- difference between impairment losses recognised according to the Accounting Act and the Tax Code
- adjustment related to costs other than costs incurred in the interest of the business
- adjustment related to cancelled and written-off receivables

All the figures are stated in HUF million unless otherwise indicated.

6. Supplementary notes to the balance sheet

6.1. Value of customer relations

Upon the inclusion of NEO Property Services Zrt., the Group identified the previously unstated intangible assets and separated them from the initial difference, in accordance with the rules of IFRS 3. In this regard, the Group identified the customer relations and determined their value with the involvement of an external expert, by deducting it from its cash-generating capacity.

Gross value	**Customer list**
Balance at 31 December, 2021	**12 794**
Categorisation on acquisition	**0**
Purchase	**0**
Balance at 31 December, 2022	**12 794**
0	
Depreciation	**Customer list**
Balance at 31 December, 2021	**(491)**
Categorisation on acquisition	**-**
Depreciation recognised	**(582)**
Balance at 31 December, 2022	**(1 073)**
Net value	**Customer list**
Balance at 31 December, 2021	**12 303**
Balance at 31 December, 2022	**11 721**

The recoverable value of intangible assets was last tested by the Group by 31 December 2022. In that period, it did not identify any circumstance which would suggest depreciation.

6.2. Goodwill

The value of goodwill did not change in 2022.

The Parent Company owns 51% of NEO Property Services Zrt. through Elitur Invest Zrt.

The purchase price is paid in cash which is given in consideration for the AKKO Invest Plc. shares. In the course of the acquisitions of business shares, it was not the entire purchase price which was settled, therefore the Group generated liabilities amounting to MHUF 4,830.

All the figures are stated in HUF million unless otherwise indicated.

Goodwill amount – related to the individual subsidiaries – on the balance sheet date:

Designation	A PLUS INVEST Zrt.	Acquisition on 26.02.2021 (Elitur+NEO Property Services)
Purchase price	279	24 711
Value of net assets taken over at the date of acquisition	13	7 689
Value of net assets identified at the date of acquisition	266	12 794
Deferred tax impact	-	-
Total net assets	13	13
Goodwill 31.12.2022	**266**	**5 379**

The Group treated the acquisition of NEO Property Services Zrt. and ELITUR Invest Zrt. as a coherent transaction, because the reason for the acquisition of the two companies was to acquire the activity of NEO Property Services Zrt.

The net asset value of the new investments include the pool of contracts with customers (value of customer relations) which has been identified and registered by the Group as intangible assets. Its value at the date of the acquisition is: 12 794 MHUF.

The recoverable amount of the goodwill was tested by the Group on 31 December 2022 and did not identify any circumstance which would indicate any impairment loss.

6.3 Right-of-use assets

Among the right-of-use assets, the Group presents the right-of-use (ROU) assets related to the leased car fleet and the rental rights of office premises, as well as the related depreciation charge.

Liabilities related to the right-of-use are recorded as lease liabilities in accordance with the rules of IFRS 16. The Group took ownership of those assets with the purchase of NEO Property Services Zrt.

Net value of the right-of-use assets on 30.06.2022:

Gross value	ROU passenger cars	ROU property rental	Total
Balance at 31 December, 2021	420	336	756
Impact of exchange rate changes	-	14	14
Amendment due to increase in lease fees	95	7	102
Lease fee amendment due to miscalculation	4	-	4
Conclusion of new contracts	19	-	19
Balance at 31 December 2022	**538**	**357**	**895**

All the figures are stated in HUF million unless otherwise indicated.

Depreciation	ROU passenger cars	ROU property rental	Total
Balance at 31 December, 2021	(163)	(160)	(323)
Depreciation recognised	(158)	(87)	(245)
Balance at 31 December, 2022	**(322)**	**(248)**	**(570)**
Net value at 31 December 2022	**216**	**109**	**325**

Lease liabilities

Designation	Passenger cars	Property rental	Total
Lease debt due within one year	143	88	231
Lease debt due over a year, but within five years	80	25	105
Lease debt due over five years	-	-	-
Total	**223**	**113**	**336**

The changes in lease fees are shown in the table below:

Designation	Passenger cars	Property rental	Total
Total opening lease liabilities	262	181	443
Impact of exchange rate changes	-	13	13
Interim contracting	19	-	19
Amendment due to increase in lease fees	95	7	102
Lease fee amendment due to miscalculation	6	-	6
Payment of lease fees	(159)	(88)	(247)
Outstanding lease liabilities at the end of the year	**223**	**113**	**336**

In the calculation of the lease fees and the right-of-use assets in 2021, duplicate figures were recorded for three registration plates of the car fleet as a consequence of an administrative error. The error was corrected in 2022.

6.4 Other intangible assets

Intangible assets not highlighted elsewhere are made up of licenses and of software purchased and developed by the Group itself.

Gross value	Intangible assets
Balance at 31 December, 2021	**311**
Categorisation on acquisition	**0**
Purchase	**12**
Balance at 31 December, 2022	**323**
Depreciation	**Intangible assets**
Balance at 31 December, 2021	**(282)**

Categorisation on acquisition	-
Depreciation recognised	**(13)**
Balance at 31 December, 2022	**(295)**
Net value	**Intangible assets**
Balance at 31 December, 2021	**29**
Balance at 31 December, 2022	**28**

6.5 Investment properties

The figures related to the properties of the Group on 31 December 2022 are as follows:

Gross value	**Industrial property**	**Residential property**	**Total**
Balance at 31 December, 2021	**2 394**	**2 083**	**4 477**
Impact of exchange rate changes	-	76	**76**
Balance at 31 December, 2022	**2 394**	**2 159**	**4 553**
Depreciation	**Industrial property**	**Residential property**	**Total**
Balance at 31 December, 2021	**(258)**	**(16)**	**(274)**
Depreciation recognised	(80)	(11)	(91)
Balance at 31 December, 2022	**(338)**	**(27)**	**(365)**
Net value	**Industrial property**	**Residential property**	**Total**
Balance at 31 December, 2021	**2 136**	**2 067**	**4 203**
Balance at 31 December, 2022	**2 056**	**2 132**	**4 188**

The group measures investment properties based on the cost model. The depreciation of the properties takes place as described in the summary of the Accounting Policy.

The Group has the following properties:

Owner of the property	Address of property	Classification of property	Plot size (m^2)	Superstructure size (m^2)	Status of utilisation
AKKO Invest Plc.	1133 Budapest, Kárpát utca 50 ground floor	residential property	-	121	Ready for rental
MOON Facility Zrt.	5000 Szolnok, Kombájn utca	industrial property	48 627	3 330	Rented
Vár-Logisztika Zrt.	8800 Nagykanizsa, Vár utca 12.	industrial property	8 223	2 064	Rented
ALQ SAS	18 Avenue, Louis Gallet, Juan-Les-Pins, Antibes, France	residential property	-	1 185	under reconstruction

All the figures are stated in HUF million unless otherwise indicated.

4Stripe Zrt.	2040 Budaörs, Kinizsi 4-6.	industrial property	3 932	3 904	Rented
A PLUS INVEST Zrt.	1121 Budapest, Eötvös út 31.	residential property	2 269	438	under reconstruction

The net value of the properties on 31 December 2022 is shown in the table below:

Designation of the property	Initial cost	Amendment of initial cost due to currency exchange	Accumulated depreciation	Net value
Office in Kárpát utca	99	-	(14)	85
Industrial property in Szolnok	587	-	(81)	506
Industrial property in Nagykanizsa	419	-	(124)	295
Cyrano Hotel, France	1 872	-	-	1 872
Industrial property in Budaörs	1 388	-	(133)	1 255
Residential property in Eötvös utca in Budapest	188	-	(13)	175
Total	**4 553**	**-**	**(365)**	**4 188**

Last year the net values of the properties were as follows:

Designation of the property	Initial cost	Amendment of initial cost due to currency exchange	Accumulated depreciation	Net value
Office in Kárpát utca	99	-	(6)	93
Industrial property in Szolnok	587	-	(60)	527
Industrial property in Nagykanizsa	419	-	(104)	315
Cyrano Hotel, France	1 796	-	-	1 796
Industrial property in Budaörs	1 388	-	(94)	1 294
Residential property in Eötvös utca in Budapest	188	-	(10)	178
Estimates for the real value of investment properties on 31 December 2022:	**4 477**	**-**	**(274)**	**4 203**

The depreciation, as well as the conversion to HUF of the value of Hotel Cyrano recognised in EUR brought further changes in value.

All the figures are stated in HUF million unless otherwise indicated.

Estimates concerning the fair value of the properties on the record date:

Designation	**Fair value estimates 31.12.2022**
Flat in Kárpát utca	107
Industrial property in Szolnok	639
Industrial property in Nagykanizsa	608
Cyrano Hotel, France	1 646
Industrial property in Budaörs	1 429
Residential property in Eötvös utca in Budapest	195
Total	**4 624**

The assets are utilised partially by means of operating lease.

As regards their term, lease contracts include both contracts of unlimited duration and fixed-term contracts.

6.6 Properties

The Group took ownership of those assets with the purchase of NEO Property Services Zrt in 2021. Among the properties, the Group keeps record of transformations, refurbishments performed and activated on rented properties, and of office containers used by the Group itself.

Gross value	**Properties**
Balance at 31 December, 2021	76
Categorisation on acquisition	**-**
Purchase/capitalisation	**1**
Decrease	
Balance at 31 December, 2022	**77**
Depreciation	**Properties**
Balance at 31 December, 2021	**(45)**
Categorisation on acquisition	**-**
Depreciation recognised	**(4)**
Balance at 31 December, 2022	**(49)**
Net value	**Properties**
Balance at 31 December, 2021	**31**
Balance at 31 December, 2022	**28**

6.7 Plant, fixtures and equipment

The figures related to plant, fixtures and equipment for 31 December 2022 are as follows:

All the figures are stated in HUF million unless otherwise indicated.

Gross value	**Plant, fixtures and equipment**
Balance at 31 December, 2021	**569**
Categorisation on acquisition	**-**
Purchase	56
Decrease	(1)
Balance at 31 December, 2022	**624**
Depreciation	**Plant, fixtures and equipment**
Balance at 31 December, 2021	(503)
Categorisation on acquisition	-
Derecognition upon the sales of the asset	-
Depreciation recognised	(53)
Balance at 31 December, 2022	**(555)**
Net value	**Plant, fixtures and equipment**
Balance at 31 December, 2021	**66**
Balance at 31 December, 2022	**69**

The depreciation of the individual assets takes place as described in the summary of the Accounting Policy.

6.8 Trade accounts receivable

Among trade accounts receivable the Group records the unpaid consideration payable by customers for the goods sold or services rendered in the usual course of business plus value added tax.

Designation	**31.12.2022**	**31.12.2021**
Trade accounts receivable	8 670	7 621
Expected credit loss	(11)	(10)
Total	**8 659**	**7 611**

All the figures are stated in HUF million unless otherwise indicated.

6.9 Other receivables and prepayments and accrued income

On the balance sheet date the Group had the following other receivables and prepayments and accrued income:

Designation	31.12.2022	31.12.2021
Other non-income tax receivables	74	61
Advances granted	869	354
Accrual of sales revenue, other interest income, other revenue	1 067	848
Prepaid costs, other interest paid, other expenditures	59	23
Bail granted	8	8
Security deposit granted	1	2
Performance collaterals and guarantees	50	34
Total	**2 128**	**1 330**

In 2021 the Group classified VAT receivables as other non-income tax receivables. Advances granted are composed of advances granted to suppliers and personnel for subsequent recognition. The amount of advances granted to suppliers is Million HUF 865 in the records of the Group.

Revenue accruals include the amount of revenue due for 2022, but not yet invoiced, mainly coming from the property operation line of business. The Group states the costs and expenditures charged to profit or loss, incurred in 2022 but partially belonging to the year after the balance sheet date in the prepaid costs, other interest paid, other expenditures row. Bails, security deposits and collaterals are related to complex property operation services.

6.10 Blocked cash and cash equivalents

The cash account of the parent company include cash and cash equivalents in the amount of MHUF 485 as bail (in the previous year: MHUF 485). These cash and cash equivalents cannot be used, they constitute the collateral of the loan taken out from OTP in order to finance the acquisition of NEO Property Zrt.

In the previous year, the Group presented this amount among the cash and cash equivalents, but this amount had to be re-presented, in view of its nature.

6.11 Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Designation	31.12.2022	31.12.2021
Bank Accounts*	1 330	836
Cash on hand	4	3
Total	**1 334**	**839**

**Re-presented!*

All the figures are stated in HUF million unless otherwise indicated.

The Group has no cash equivalents. The interest received on bank accounts is 0-1%. The fair value of these items is almost the same as their carrying amounts. The ECL recognised for cash and cash equivalents is lower that MHUF 1.

6.12 Subscribed capital

The subscribed capital contains the face value of outstanding shares.

The decision on increasing the share capital is made by the General Meeting based on the proposal of the Governing Board. The decision of the General Meeting is not necessary when the increasing of the share capital takes place within the competence of the Governing Board based on the authorisation of the General Meeting laid down in its decision. The share capital may be reduced based on the decision of the General Meeting.

On 31 December 2022 the subscribed capital was HUF 833,880,000.

The table below shows the nominal value of the Parent Company's outstanding shares:

Designation	**31.12.2022**	**31.12.2021**
Nominal value of shares outstanding on 1 January	834	834
Change during the year	-	-
Total	**834**	**834**

The table below shows the quantity of the Parent Company's outstanding shares:

Designation	**31.12.2022** **(pcs) Nominal value: HUF 25/piece**	**31.12.2021** **(pcs) Nominal value: HUF 25/piece**
Ordinary shares issued	33 355 200	33 355 200
Total	**33 355 200**	**33 355 200**

The Group does not deduct the nominal value of its treasury shares in the balance sheet from the subscribed capital.

Treasury shares are included in this position:

Designation	**31.12.2022**	**31.12.2021**
Total nominal value of shares	834	834
Of which treasury shares (at nominal value)	23	23
Nominal value of outstanding ordinary shares	**811**	**811**

All the figures are stated in HUF million unless otherwise indicated.

6.13 Share premium

Share premium comprises the surplus value paid for the parent company's share and the trading gain on the sale of treasury shares. In 2022, the balance of share premium remained unchanged.

Designation	31.12.2022	31.12.2021
Opening balance	5 480	5 480
Trading gain realised on the sale of treasury shares	-	-
Total	**5 480**	**5 480**

6.14 Treasury shares

The quantity and value of treasury shares are as follows.

Designation	31.12.2022 (pcs)	31.12.2021 (pcs)
Opening balance	937	190
Treasury shares accepted as consideration for the sale of equity stakes	-	747
Treasury shares accepted as consideration for tangible assets	-	-
Changes in shares (pcs)	**937**	**937**
Of which: held by subsidiaries	-	-

Designation	31.12.2022	31.12.2021
Opening balance	(380)	(70)
Treasury shares accepted as consideration for the sale of equity stakes	-	(310)
Treasury shares accepted as consideration for tangible assets	-	-
Changes in treasury shares at carrying amount (with regard to sign)	**(380)**	**(380)**

The signs shown in the table are from equity perspective.

All the figures are stated in HUF million unless otherwise indicated.

6.15 Proprietary transactions

In the proprietary transactions balance sheet row the Group states the value created in equity when acquiring minority interests. The difference is the market value of the consideration for the acquired equity interest and the carrying amount of the non-controlling interest.

Designation	31.12.2022	31.12.2021
Opening balance	(207)	(241)
Derecognition of the difference realised on the acquisition of minority interest in Aquaphor Zrt. - 19.05.2021	-	34
Total	**(207)**	**(207)**

6.16 Accumulated exchange difference

The functional currency of the French subsidiary is euro. Accordingly, the financial statements of the subsidiary must be converted into Hungarian forint. During the conversion assets and liabilities must be converted at the closing euro exchange rate, the profit and loss items at the exchange rate valid on the day of the original transaction, while equity components at historic exchange rate with the proviso that the capital balance of the acquisition date must be held at the exchange rate prevailing on the acquisition date.

Designation	31.12.2022	31.12.2021
Assets at closing exchange rate	1 010	931
Liabilities at closing exchange rate	1 081	980
Equity at historic exchange rate	(59)	(41)
Difference	**(12)**	**(8)**

In view of the significant volatility of the EUR exchange rate in 2022, from financial year 2022 onwards, the Group does not apply the simplification according to which the profit or loss items can be exchanged at an average exchange rate instead of using the actual daily exchange rate.

6.17 Liabilities from loans and borrowings (long- and short-term)

The Group has the following liabilities from loans:

Debtor	Expiry date	Interest rate	31.12.2022	Due within 1 year	Due within 5 year	Due over 5 years
AKKO Invest Plc.	31.03.2036	2,5%	10 848	699	2 974	7 175
VÁR-Logisztika Zrt.	04.11.2024	2,5%	41	18	23	-
4 Stripe Zrt.	29.02.2032	1,9%	462	49	140	273
Total			**11 351**	**766**	**3 137**	**7 448**

All the figures are stated in HUF million unless otherwise indicated.

Vár-Logisztika Zrt. concluded an investment loan contract on 3 July 2018 with Orgovány és Vidéke Takarékszövetekezet “in liq.”. The loan agreement was taken over by Takarékbank Zrt., thus the redemption also takes place by executing payments to the successor financial institution.

Oberbank AG disbursed a loan of EUR 1,250,000 to 4 Stripe Zrt. on 05.03.2020.

In its Decree No. 47/2020 (18.03.2020) on Immediate measures to mitigate the effects of the coronavirus pandemic on the national economy, the Government of Hungary announced a moratorium on principal, interest and fee payments arising from credit and loan contracts. Pursuant to that Decree, the redemption of both loans was suspended until 31 October 2021, when the payment of instalments and interests had to be resumed pursuant to Government Decree No. 536/2021 (of 15 September).

On 26.02.2021, a loan of HUF 12 billion was disbursed by OTP Bank Nyrt. to the Parent Company, which was intended to finance the acquisition of NEO Property Zrt. The blocked cash and cash equivalents (secured by bail) are associated with that loan, and the equity stake in Elitur Invest Zrt. also constitutes a collateral for the bank loan (it is exclusively intended for bail, the collateral does not affect the voting rights and the dividend rights attached to the shares).

The carrying amount of bank loans essentially corresponds to their fair value.

The changes in outstanding loans are shown in the table below:

Designation	**Long term loans**	**Short term loans**
Opening balance	11 301	753
Borrowing during the year AKKO	-	-
Principal instalment	-	(741)
Interest payment in 2022	(300)	(7)
Reclassification due to maturity	(761)	761
Amendment of liabilities	10	-
Year-end revaluation	35	-
Closing	**10 585**	**- 766**

The liability amendment of MHUF 10 is related to the interest payment suspended in the period of the redemption moratorium. The unpaid interest is paid by the Group pro rata temporis during the remaining term, in addition to the original redemption fee.

In addition to bank loans, the Company also has received loans from other undertakings. In the course of 2019, Elitur Invest Zrt. received a long-term loan from WING Zrt., its former parent company. The maturity date of the loan is 31.12.2024, the interest rate is 2% higher than the actual basic interest rate of the central bank.

Compared to 31.12.2021, the loan amount increased with the interest accrued during the financial year.

All the figures are stated in HUF million unless otherwise indicated.

6.18 Provisions

Provisions are stated in the books of NEO Property Services Zrt., a subsidiary that has been recently included in the Group. The following table presents the relevant items and their changes as at 31.12.2022.

Designation	31.12.2022	31.12.2021
Penalties and claims from contracting	204	213
Guarantee liabilities	113	75
Severance pay	14	2
Litigation	-	1
Total	**331**	**291**

Provisions for penalties, claims and guarantees are due to the activity of the property operation line of business and their volume correspond to normal business.

The evolution of the provisions was the following during the year:

Designation	31.12.2021	Training	Use	31.12.2022
Penalties and claims from contracting	213	125	(134)	204
Guarantee liabilities	75	56	(18)	113
Severance pay	2	14	(2)	14
Litigation	1	0	(1)	0
Total	**291**	**195**	**(155)**	**331**

Proceedings were initiated against one of the subcontractors of NEO Property Zrt, in relation to which the remuneration of the subcontractor was seized by the National Tax and Customs Administration. Based on the assessment of this public limited company and the Group, the creation of provisions is not needed.

6.19 Deferred tax assets and liabilities and subsequently payable taxes

During the reporting period the following deferred tax balances occurred:

Designation	31.12.2022	31.12.2021
Deferred tax assets	-	-
Deferred tax liabilities	1 543	1 579
Deferred tax liability (consolidated net position)	**1 543**	**1 579**

Both current year’s and previous year’s deferred tax positions were recognised applying a tax rate of 9%.

All the figures are stated in HUF million unless otherwise indicated.

Reconciliation of deferred tax:

31.12.2022	**Carrying amounts**	**Tax value**	**Difference**
Intangible assets	28	28	-
Value of customer relations	11 721	-	11 721
Investment properties	4 188	2 149	2 039
Properties	28	28	
Plant, fixtures and equipment	69	69	-
Goodwill	5 645	5 645	-
Trade accounts receivable	8 659	8 670	(11)
Other receivables and prepayments and accrued income	2 128	2 128	-
Cash and cash equivalents	1 334	1 334	-
Long term bank loans	10 585	10 585	-
Short term loans	766	766	-
Provisions made	331	-	331
Trade accounts payable	3 020	3 020	-
Other short-term liabilities and accruals	6 251	6 251	-
Income tax liabilities	49	49	-
Development reserve	-	(3 061)	3 061
	54 803	**37 662**	**17 141**
Total deductible difference			**-**
Total taxable difference			**17 152**
Total deferred tax assets			**-**
Total deferred tax liabilities			**1 543**

The deferred tax balances were netted when they were incurred at the same taxed unit.

Comparative figures for the reconciliation of deferred tax:

31.12.2021	**Carrying amounts**	**Tax value**	**Difference**
Intangible assets	29	29	-
Value of customer relations	12 303	-	12 303
Investment properties	4 203	2 136	2 067
Properties	31	31	-
Plant, fixtures and equipment	65	65	-
Goodwill	5 645	5 645	-
Trade accounts receivable	7 611	7 679	(68)
Other receivables and prepayments and accrued income	1 330	1 330	-
Cash and cash equivalents	839	839	-
Long term bank loans	11 301	11 301	-
Short term loans	746	746	-
Provisions made	176	-	176
Trade accounts payable	3 475	3 475	-
Other short-term liabilities and accruals	8 904	8 904	-

All the figures are stated in HUF million unless otherwise indicated.

Income tax liabilities	54	54	-
Development reserve	-	(3 061)	3 061
	56 712	**39 173**	**17 539**
Total deductible difference			**-**
Total taxable difference			**17 539**
Total deferred tax assets			
Total deferred tax liabilities			**1 579**

6.20 Deferred purchase price of the acquisition

In the course of the acquisitions of business shares in 2021, it was not the entire purchase price which was settled, therefore the Group generated liabilities vis-à-vis the Seller, amounting to MHUF 4,830. The purchase price was stated at non-discounted value.

In the course of the financial year MHUF 301 were redeemed of the liabilities.

Designation	**31.12.2022**
Balance at beginning of the year	4 830
Redemption	(301)
Total	**4 529**

6.21 Trade accounts payable

Trade accounts payable only include items due in the short run, presented at non-discounted value. The fair value of the balance is almost the same as the carrying amount.

Designation	**31.12.2022**	**31.12.2021**
Trade accounts payable	3 020	3 475
Total	**3 020**	**3 475**

The largest balances of trade accounts of the Group at the end of the financial year:

Partner's name	**Balance at 31 December, 2022**
Wini Security Kft	280
BAU-GÉP 2000 KFT.	211
ALTEO Energiakereskedő Zrt.	174
OMS 24 Zrt.	129
Terno Buda Kft.	104
IL-GENERÁL '86 Építőipari Kft.	101
Közműép-Szolnok Kft.	97
GEOTECH Kft.	89
Total	**1 185**

All the figures are stated in HUF million unless otherwise indicated.

6.22 Other short-term liabilities and accruals

This position includes liabilities not connected to suppliers or loans. These mostly include tax balances – other than income tax – wage-related liabilities, accruals and deferred income. The items are stated at non-discounted value, and their fair value corresponds to their carrying amount.

Designation	31.12.2022	31.12.2021
Tax balances	1 219	632
Wage-related items	464	433
Penalty, self-revision and default penalty	31	-
Accrued expenses and expenditures charged to the period before the balance sheet date	4 192	2 307
Accrued income	37	38
Advance payments received from customers	293	623
Security deposit received	12	17
Bail received	2	-
Miscellaneous items	2	24
Total	**6 252**	**4 074**

Within the tax balances, the amount of VAT liabilities nearly doubled compared to the previous year.

The received bail is related to NEO Property Services Zrt.

The distribution of the received bail is as follows:

Designation	31.12.2022
4 Stripe Zrt.	10
VÁR-Logisztika	2
Total	**12**

6.23 Income tax liability

In the income tax liability row the Group states its income tax and local business tax liability.

Designation	31.12.2022	31.12.2021
Liability from corporate income tax	49	46
Receivables from local business tax	-	8
Total	**49**	**54**

All the figures are stated in HUF million unless otherwise indicated.

6.24 Earnings per share (EPS), EBITDA

Ownership ratios on 31 December 2022 by share types:

Designation	Number of shares 31.12.2022	Parent company's profit or loss attributable to shareholders 31.12.2022 (HUF)
Ordinary share	33 355 200	1 003 393 323
Total	**33 355 200**	**1 003 393 323**

Designation	31.12.2022	31.12.2021
Profit or loss attributable to the shareholders of the Group	1 003	578
Parent company's profit or loss attributable to the shareholders after deduction of a fix dividend	1 003	578
Annual profit or loss attributable to ordinary shares	1 003	578
Weighted arithmetic mean of outstanding ordinary shares	32 418 212	32 702 681
Net earnings per share (HUF)	**30,95**	**17,69**
Parent company's profit or loss attributable to holders of ordinary shares upon dilution	1 003	585
Weighted arithmetic mean of diluted ordinary shares	32 418 212	32 702 681
Diluted net earnings per share (HUF)	**30,95**	**17,69**

EBITDA

The Group has decided to also publish the EBITDA index according to the practice in the industry, which is an index not defined in the IFRS: The calculation of the index can be found in the Accounting Policies. The EBITDA is deducted as follows:

	31.12.2022	31.12.2021
Profit or loss before tax	1 326	885
Depreciation	988	715
Elimination of financial revenues and expenditures	289	253
EBITDA	**2 602**	**1 853**

All the figures are stated in HUF million unless otherwise indicated.

6.25 General disclosures related to financial assets and liabilities and fair value hierarchy

Based on IFRS 13, with regard to its assets and liabilities measured at fair value – with a view to increasing consistency and comparability – the Group presents the fair value hierarchy based on a three-level measurement category as follows.

The inputs used for determining the fair value of the asset or liability may be allocated to different levels within the fair value hierarchy. If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement. It requires careful consideration to assess how significant a specific input is to the entire measurement, in the course of which factors applicable to assets or liabilities must be taken into account.

Measurement level 1: quoted, usually stock exchange prices in active markets for homogeneous assets or liabilities that the Group can access at the measurement date.

Measurement level 2: measurement containing inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Measurement level 3: measurement that also uses inputs not directly observable for the asset or liability.

The Group possesses the following financial assets and liabilities:

Financial assets and balances		
Designation	**31.12.2022**	**31.12.2021**
Trade accounts receivable	8 659	7 611
Receivables from other companies	-	-
Other receivables and prepayments and accrued income	2 128	1 330
Blocked cash and cash equivalents	485	485
Cash and cash equivalents	1 334	839
Total	**12 606**	**10 265**
Financial liabilities and balances		
Designation	**31.12.2022**	**31.12.2021**
Bank loans	11 351	12 054
Trade accounts payable	3 020	3 475
Other short-term liabilities	6 252	4 074
Lease liabilities	336	443
Deferred purchase price of the acquisition	4 529	4 830
Total	**25 488**	**24 876**

All the figures are stated in HUF million unless otherwise indicated.

The individual instruments are positioned in the fair value hierarchy as follows:

Designation	31.12.2022			31.12.2021		
	Measurement level 1	Measurement level 2	Measurement level 3	Measurement level 1	Measurement level 2	Measurement level 3
Financial assets						
Trade accounts receivable	-	-	8 659	-	-	7 611
Receivables from other companies						-
Receivables, prepayments and accrued income	-	-	2 128	-	-	1 330
Blocked cash and cash equivalents	485			485		
Cash and cash equivalents	1 334	-	-	839	-	-
Total (assets)	**1 819**	**-**	**10 787**	**1 324**	**-**	**8 941**
Financial liabilities						
Bank loans, leases	-	-	11 351	-	-	12 054
Trade accounts payable	-	-	3 020	-	-	3 475
Other short-term liabilities and accruals	-	-	6 252	-	-	4 074
Lease liabilities			336			443
Deferred purchase price of the acquisition			4 529			4 830
Total (liabilities)	**-**	**-**	**25 488**	**-**	**-**	**24 876**

As no financial instruments recognised at amortised cost were derecognised (only repayment took place), the net profit and loss do not include any value in this regard.

All the figures are stated in HUF million unless otherwise indicated.

7. Other disclosures related to the consolidated financial statements

7.1 Corrections of the errors of the previous period, restatement

In the income statement of 31 December 2021, part of the loan interest recognised by 4 Stripe Zrt. as a subsidiary was not consolidated. The sum of the error is HUF 7 million and concerned the following rows of the income statement:

COMPREHENSIVE INCOME STATEMENT	31.12.2021 audited	Correction of errors	31.12.2021 re-established
Revenue	22 138		22 138
Direct expenditures	(20 066)		(20 066)
Gross profit or loss	**2 072**		**2 072**
Administrative and sales expenditures	(769)		(769)
Other expenditure, net	(172)		(172)
Financial expenditures, net	(253)	(7)	(260)
Income from the sale of subsidiaries	7		7
Profit or loss before tax	**885**	**(7)**	**878**
Income tax expenditure	(300)		(300)
Net profit and loss	**585**	**(7)**	**578**
Share attributable to the owners of the parent company	585		578
Share attributable to non-controlling interest	-		-
Exchange difference	(1)		(1)
Other comprehensive income (after income tax)	**(1)**	**-**	**(1)**
			-
Total comprehensive income	**584**	**(7)**	**577**

Within the balance sheet, the error concerned the “retained earnings” and the “long-term bank loans” line.

In addition to the above, the Group re-presented the amount owned by the Parent Company, blocked as bail. The amount was carried over from the cash and cash equivalents.

ASSETS	31.12.2021 audited	Correction of errors	31.12.2021 re-established
Current assets	**10 265**	-	**10 265**
Trade accounts receivable	7611		**7 611**
Receivables from other companies	-		**0**
Other receivables and prepayments and accrued income	1330		**1 330**
Blocked cash and cash equivalents	-	485	**485**
Cash and cash equivalents	1324	- 485	**839**
Total assets	**32 975**	-	**32 975**

All the figures are stated in HUF million unless otherwise indicated.

7.2 Operating segments

The Parent Company is listed on the stock exchange, and as such segment information must be disclosed on a mandatory basis at least in the consolidated financial statements.

The segments were identified on the basis of the breakdown of activity monitoring by the management and it also took into account the fact that the different segments include almost homogeneous items.

The Group identified the following operating segments on 31 December 2021:

1. Industrial property segment
2. Residential property segment
3. Facility Management line of business
4. ITS line of business
5. Fit-Out line of business

Segments 3 to 5 are related to the property operation service. The pool of contracts related to service provision is stable and long-term.

Facility Management includes activities related to property operation.

The ITS line of business covers the area of technical facility management and the area of infrastructure management.

Within the FIT-out line of business, it performs the design and complete construction related to office buildings and various facilities.

Consolidated income statement by segments on 31 December 2022:

Designation	**Industrial property segment**	**Residential property segment**	**Facility Management line of business**	**Subsegment - total**
Revenue from property lease	98	1	-	99
Revenue from recharged costs	-	1	-	1
Property operation	25	-	16 996	17 021
Sales revenue of the segment	**123**	**2**	**16 996**	**17 121**
Direct expenditures	(126)	(4)	(14 962)	(15 092)
Administrative and sales expenditures	(4)	(68)	(497)	(569)
Other expenditure, net	(10)	(7)	(118)	(135)
Financial expenditures, net	(56)	(203)	-	(259)
Income from the sale of subsidiaries	-	-	-	-
Profit or loss before tax within the segment	**(73)**	**(280)**	**1 419**	**1 066**

Designation	**ITS line of business**	**Fit-Out line of business**	**Not allocated to any segment**	**Total**
Revenue from property lease	-	-	-	**99**

All the figures are stated in HUF million unless otherwise indicated.

Revenue from recharged costs	-	-	-	**1**
Property operation	9 625	1 400	186	**28 232**
Sales revenue of the segment	**9 625**	**1 400**	**186**	**28 332**
Direct expenditures	(8 457)	(1 414)	(685)	**(25 648)**
Administrative and sales expenditures	(282)	(41)	23	**(869)**
Other expenditure, net	(65)	-	-	**(200)**
Financial expenditures, net	-	-	(30)	**(289)**
Income from the sale of subsidiaries	-	-	-	**-**
Profit or loss before tax within the segment	**821**	**(55)**	**(506)**	**1 326**

Consolidated sales revenue and profit or loss by segments on 31 December 2022:

Designation	**Industrial property segment**	**Residential property segment**	**Facility Management line of business**	**Subsegment - total**
Sales revenue from external parties	123	2	16 996	17 121
Intragroup sales revenue	-	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**123**	**2**	**16 996**	**17 121**
				-
Profit or loss of the segment (before tax)	**(73)**	**(280)**	**1 419**	**1 067**

Designation	**ITS line of business**	**Fit-Out line of business**	**Not allocated to any segment**	**Total**
Sales revenue from external parties	9 625	1 400	186	28 332
Intragroup sales revenue	-	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**9 625**	**1 400**	**186**	**28 332**
-				-
Profit or loss of the segment (before tax)	**821**	**(55)**	**(506)**	**1 326**

Reconciliation of sales revenues	**31.12.2022**
Total sales revenues allocated to the segment	28 146
Elimination of intragroup sales revenues	-
Revenues not allocated to any segment	186
Reconciliation of profit or loss	
Profit or loss allocated to the segment	1 832
Profit or loss not allocated to the segment	(506)
	1 326

All the figures are stated in HUF million unless otherwise indicated.

Figures related to State-financed customers	31.12.2022	31.12.2021
Revenue	6	4
Direct material costs	(5)	(3)
Profit or loss	**1**	**1**

The revenue of the Group is generated evenly during the financial year, it has not a seasonal character arising from its activities.

Comparative figures of the Group for 31 December 2021:

Consolidated income statement by segments on 31 December 2021:

Designation	Industrial property segment	Residential property segment	Facility Management line of business	Subsegment - total
Revenue from property lease	116	6	-	122
Revenue from parking space lease	1	-	-	1
Revenue from recharged costs	-	1	-	1
Property operation	-	-	12 496	12 496
Revenue from property sale	-	-	-	-
Sales revenue of the segment	**117**	**7**	**12 496**	**12 620**
Direct expenditures	(113)	(10)	(11 046)	(11 169)
Administrative and sales expenditures	(4)	(103)	(380)	(487)
Other expenditure, net	(9)	(3)	(47)	(59)
Financial expenditures, net	(6)	(239)	-	(245)
Income from the sale of subsidiaries	-	-	-	-
Profit or loss before tax within the segment	**(15)**	**(348)**	**1 023**	**660**

Designation	ITS line of business	Fit-Out line of business	Not allocated to any segment	Total
Revenue from property lease	-	-	-	122
Revenue from parking space lease	-	-	-	1
Revenue from recharged costs	5	-	-	5
Property operation	6 004	2 076	1 432	22 010
Revenue from property sale	-	-	-	-
Sales revenue of the segment	**6 009**	**2 076**	**1 432**	**22 138**
Direct expenditures	(5 117)	(2 011)	(1 768)	(20 066)
Administrative and sales expenditures	(183)	(63)	(35)	(769)
Other expenditure, net	(28)	-	(86)	(172)
Financial expenditures, net	-	-	(16)	(260)
Income from the sale of subsidiaries	-	-	7	7
Profit or loss before tax within the segment	**681**	**2**	**(466)**	**878**

All the figures are stated in HUF million unless otherwise indicated.

Designation	Industrial property segment	Residential property segment	Facility Management line of business	Subsegment - total
Sales revenue from external parties	117	6	12 496	12 620
Intragroup sales revenue	-	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**117**	**6**	**12 496**	**12 620**
				-
Profit or loss of the segment (before tax)	**(15)**	**(348)**	**1 023**	**660**
Designation	**ITS line of business**	**Fit-Out line of business**	**Not allocated to any segment**	**Total**
Sales revenue from external parties	6 009	2 076	1 432	22 138
Intragroup sales revenue	-	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**6 009**	**2 076**	**1 432**	**22 138**
				-
Profit or loss of the segment (before tax)	**681**	**2**	**(466)**	**878**

Consolidated sales revenue and profit or loss by segments on 31 December 2021:

Reconciliation of sales revenues	**31.12.2021**
Total sales revenues allocated to the segment	20 706
Elimination of intragroup sales revenues	-
Revenues not allocated to any segment	1 432
Reconciliation of profit or loss	
Profit or loss allocated to the segment	1 343
Profit or loss not allocated to the segment	(466)
	878

The Group omits the presentation of the segments' assets and liabilities, since CODMs do not monitor that on a continuous basis.

7.3 Transactions with related parties

The transactions and balances between the Parent Company and its subsidiaries – being the related parties of the Group – are eliminated for the purposes of consolidation, and thus they are not presented in this section. The Company had no business relation with other related party outside the scope of consolidation.

The members of the Governing Board and of the Audit Committee are related parties. The members of the Governing Board received the following remuneration during the financial year.

Designation	Governing Board	Audit Committee	Total
Wages	4	-	4
Benefits	2	-	2
Total	**6**	**-**	**6**

Emoluments and wages were recognised as part of the allowances.

All the figures are stated in HUF million unless otherwise indicated.

7.4 Dividend paid by the subsidiaries

In 2022, NEO Property Services Zrt. paid MHUF 1,511 to its owners in the form of dividend, of which it paid MHUF 385 to AKKO Invest Plc. and MHUF 1,126 to Elitur Invest Zrt. These dividends were filtered in the consolidated financial statements.

7.5 Description of risks and sensitivity analysis

In the course of the management of the assets entrusted to it, the Group acted in a manner that ensured value maximisation for the owners. In doing so, it follows the following criteria:

- it seeks to ensure the continued operation of the Group in all circumstances;
- it seeks to establish an optimal capital-to-loan ratio in order to keep the capital cost at an appropriate level.

The capital structure corresponds to the industry average, no quantified capital-to-loan ratio was set as a target by the Group. The statutory minimum subscribed capital requirement for the Group is THUF20,000. No specific rules apply to the management of its capital.

Through its activities the Group is exposed to risks relating to the changes of market and financial conditions. These changes may have an impact on the profit as well as on the value of the assets and liabilities. The purpose of financial risk management is to continuously mitigate risks through operative and financing measures.

Market risk

The Group pursues activity also in foreign currency, which carries the risks arising from the change in foreign exchange rates. The foreign currency transactions appear primarily through the transactions carried out with the Group’s French subsidiary, i.e. ALQ SAS. The functional currency of the ALQ SAS is euro.

Interest rate risk is the risk that future cash flows from certain financial assets and liabilities may fluctuate due to the changes in market interest rates.

The Group identified interest rate risk as its current risk.

Impact of the change in interest expenditure on profit or loss.

Designation	Figures of the reporting year	Interest rate change of 1 percentage point	Interest rate change of 5 percentage points	Interest rate change of 10 percentage points
Profit or loss before tax	1 326	1 213	759	191
Interest expenditure	347	461	915	1 482
Amount of interest-bearing liabilities	11 351	11 351	11 351	11 351
Bank loans	11 351	11 351	11 351	11 351
Average interest rate	3,06%	4,06%	8,06%	13,06%
Interest rate change		32,71%	163,56%	327,12%
Impact of the change in interest expenditure on profit or loss.		**-8,56%**	**-42,80%**	**-85,59%**

Based on the foregoing:

- A 1% change in the average interest rate would result in a change of 8.56 % in net profit or loss,

All the figures are stated in HUF million unless otherwise indicated.

- A 5% change in the average interest rate would result in a change of 42.8 % in net profit or loss,
- A 10% change in the average interest rate would result in a change of 85.59 % in net profit or loss.

Impact of the change in interest income on profit or loss.

Designation	Figures of the reporting year	Interest rate change of 1 percentage point	Interest rate change of 5 percentage points	Interest rate change of 10 percentage points
Profit or loss before tax	1 326	1 361	1 428	1 562
Interest income	11	24	91	224
Current year value of interest-bearing assets	1 334	1 334	1 334	1 334
Cash and cash equivalents	1 334	1 334	1 334	1 334
Average interest rate	0,825%	1,825%	6,825%	16,825%
Interest rate change		121,27%	727,64%	1940,36%
Change in profit or loss		2,66%	7,69%	17,75%
Elasticity		**2,20%**	**1,06%**	**0,91%**

- A 1% change in the average interest rate would result in a change of 2.66 % in net profit or loss,
- A 5% change in the average interest rate would result in a change of 7.69 % in net profit or loss,
- A 10% change in the average interest rate would result in a change of 17.75 % in net profit or loss.

Credit risk

Credit risk is the risk that a debtor defaults on its contractual obligations, which may cause a financial loss to the Group.

The credit risk analysis shows the following positions:

	31.12.2022	31.12.2021
Overdue trade accounts receivable	8 345	6 914
< 30 days	283	616
31–60 days	17	71
61–90 days	3	1
91 <	10	9
Total	**8 659**	**7 611**

The accounts receivable over 30 days decreased compared to 2021.

There is no specific practice for the management of credit risk, the company manages risk-related cases on an individual basis in the course of continuous monitoring.

All the figures are stated in HUF million unless otherwise indicated.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations. The management of liquidity risk falls within the competence of the Governing Board. The Group manages its liquidity risk by keeping a proper level of reserves and stand-by borrowing facilities, by continuously monitoring its planned and actual cash flow figures as well as by reconciling the maturity dates of financial assets and liabilities.

The liquidity analysis shows the following maturity dates:

31 December, 2022	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Cash and cash equivalents	1 334	-	-	-	1 334
Blocked cash and cash equivalents	-	-	-	485	485
Receivables from other companies	-	-	-	-	-
Other receivables and prepayments and accrued income	-	2 128	-	-	2 128
Trade accounts receivable	-	8 659	-	-	8 659
Income tax receivable	-	-	-	-	-
Intangible assets	-	-	-	11 749	11 749
Goodwill	-	-	-	5 645	5 645
Investment properties	-	-	-	4 188	4 188
Properties	-	-	-	28	28
Plant, fixtures and equipment	-	-	-	69	69
Right-of-use assets	-	-	-	325	325
Financial receivables	**1 334**	**10 787**	**-**	**22 490**	**34 611**

31 December, 2022	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Tax and other short-term liabilities	-	6 301	-	-	6 300
Trade accounts payable	-	3 020	-	-	3 020
Deferred tax	-	1 543	-	-	1 543
Provisions	-	331			331
Bank loans	-	766	3 137	7 448	11 351
Long term loan	-	-	298	-	298
Lease liabilities	-	231	105	-	336
Deferred purchase price of the acquisition	-	-	4 529	-	4 529
Equity	-	-	-	6 902	6 902
Financial liabilities	**-**	**12 192**	**8 069**	**14 350**	**34 611**
Cumulative position	**1 334**	**(1 405)**	**(8 069)**	**8 140**	**(0)**

The comparative figures are shown in the table below:

All the figures are stated in HUF million unless otherwise indicated.

31 December, 2021	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Cash and cash equivalents	839	-	-	-	839
Blocked cash and cash equivalents	-	-	-	485	485
Receivables from other companies	-	-	-	-	0
Other receivables and prepayments and accrued income	-	1 330	-	-	1 330
Trade accounts receivable	-	7 611	-	-	7 611
Income tax receivable	-	-	-	-	0
Intangible assets	-	-	-	12 332	12 332
Goodwill	-	-	-	5 645	5 645
Investment properties	-	-	-	4 203	4 203
Properties	-	-	-	31	31
Plant, fixtures and equipment	-	-	-	66	66
Right-of-use assets	-	-	-	433	433
Financial receivables	**839**	**8 941**	**0**	**22 195**	**32 975**

31 December, 2021	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Tax and other short-term liabilities	-	4 128	-	-	4 128
Trade accounts payable	-	3 475	-	-	3 475
Deferred tax	-	1 579	-	-	1 579
Provisions	-	291			291
Bank loans	-	753	3107	8 194	12 047
Long term loan	-	-	272	-	272
Lease liabilities	-	214	229	-	443
Deferred purchase price of the acquisition	-	-	4830	-	4 830
Equity	-	-	-	5 903	5 903
Financial liabilities	**0**	**10 440**	**8 438**	**14 097**	**32 975**
Cumulative position	**839**	**(1 499)**	**(8 438)**	**9 098**	**-**

Risks related to the spread of the COVID-19 virus

In order to prevent the spread of the coronavirus pandemic numerous restrictive measures have been implemented in Hungary as well during the last financial years, which also impacted the legal relations of property rental. In 2022, most of the restrictions were removed.

In this period, there was no significant impact for the Group any more. The Group continues to analyse the impacts of the pandemic. In doing so, it gives priority to the examination of the impact of labour supply, of the supply chain and of market solvency. At present, the Group does not expect to have any significant impact either; however, the potential diseases may have an impact on the work processes of the Group.

Disclosures related to the war between Russia and the Ukraine

All the figures are stated in HUF million unless otherwise indicated.

The management examined whether the war between Russia and the Ukraine, started at the end of February 2022, had an impact on the course of business of the Group and did not identify any fact which would significantly increase the financial situation of the Group.

7.6 Disclosures due to interests in other entities

The Group has only subsidiaries. It has no associated undertakings or joint ventures.

The Group does not have to face any restriction with regard to any of its enterprises that would affect access to the net assets, to the result or to the cash flow.

The Group has no consolidated or non-consolidated interests where control cannot be established on the basis of the voting rights or where the voting rights do not serve the management of relevant activities leading to control (structured entities).

No members of the Group qualify as investment companies, and they have no share in such. All enterprises publish their separate financial statements according to their relevant laws.

7.7 Material events after the reporting period; dividend proposed

The Group did not identify any event after the balance sheet date which would have an amending impact on the numerical sections of the statements according to IAS 10. The Governing Board of the Parent Company does not recommend the payment of dividends simultaneously to the adoption of the statements for business year 2022.

7.8 Statements

The Consolidated Financial Statements, which have been prepared in accordance with the applicable accounting standards and to the best of our ability, give a true and fair view of the assets, liabilities, financial position and profit or loss, status, development and performance of AKKO Invest Plc. and of its undertakings included in the consolidation, describing the key risks and uncertainties.

7.9 Authorisation of the publication of the financial statements

Akko Invest Plc. has authorised the publication of the Group's consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for 2022 by the Governing Board and the Audit Committee on 4 April 2023.

Budapest, 04 April 2023

on behalf of AKKO Invest Plc.

………………………………………	………………………………………
Zoltán Prutkay	Imre Attila Horváth
chairman of the Governing Board	vice-chairman of the Governing Board

Separate Financial Statements of

AKKO INVEST

Public Limited Company

for the financial year ending on 31 December 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

All the figures are stated in HUF million unless otherwise indicated.

Separate comprehensive income statement for the period of 365 days that ended on 31 December 2022

COMPREHENSIVE INCOME STATEMENT	Explanatory notes	01.01.2022 - 2022.12.31.	01.01.2021 - 2021.12.31.
Revenue	(3.1)	-	5
Direct expenditures	(3.2)	-	(4)
Gross profit or loss		**-**	**1**
Administrative and sales expenditures	(3.3)	(50)	(90)
Financial expenditures, net	(3.4)	64	118
Gain or loss on disposal of subsidiary		-	15
Profit or loss before tax		**14**	**44**
Income tax expenditure	(3.5)	(1)	(8)
Net profit and loss		**13**	**36**
Other comprehensive income (after income tax)		**-**	**-**
Total comprehensive income		**13**	**36**

The Statement of Comprehensive Income contains the items with regard to sign!
The Notes to Financial Statements form integral part of the Financial Statements.
References in brackets refer to Section 3 of the Separate Financial Statements.

All the figures are stated in HUF million unless otherwise indicated.

Separate Balance Sheet
for 31 December 2022

ASSETS	Explanatory notes	31.12.2022	31.12.2021 re-established
Non-current assets		**20 989**	**20 997**
Investment properties	(4.1)	85	93
Long-term investments in subsidiaries	(4.2)	20 904	20 904
Current assets		**2 255**	**2 115**
Other receivables and prepayments and accrued income	(4.3)	34	32
Receivables from subsidiaries	(4.4)	1 732	1 595
Blocked cash and cash equivalents	(4.5)	485	485
Cash and cash equivalents	(4.6)	4	3
Total assets		**23 244**	**23 112**

EQUITY AND LIABILITIES		2022.12.31.	2021.12.31.
Equity		**5 606**	**5 593**
Subscribed capital (the nominal value of the shares is HUF 25/piece)	(4.7)	834	834
Share premium	(4.8)	5 480	5 480
Retained earnings	(4.9)	(328)	(341)
Treasury shares	(4.10)	(380)	(380)
Long-term liabilities		**14 954**	**15 952**
Long term bank loans	(4.11)	10 149	10 847
Deferred tax liabilities and subsequently payable taxes	(4.12)	276	275
Deferred purchase price of the acquisition	(4.13)	4 529	4 830
Short-term liabilities		**2 684**	**1 567**
Short term loans	(4.11)	699	682
Other short-term liabilities and accruals	(4.14)	1	13
Short-term liabilities from subsidiaries	(4.13)	1 983	871
Income tax liabilities	(4.15)	1	1
Equity and liabilities		**23 244**	**23 112**

The Notes to Financial Statements form integral part of the Financial Statements.
References in brackets refer to Section 4 of the Separate Financial Statements.

All the figures are stated in HUF million unless otherwise indicated.

Separate Cash Flow Statement
for 365 days ending on 31 December 2022

Designation	Comments	01.01.2022 - 2022.12.31.	01.01.2021 - 2021.12.31. re-established
Profit or loss before tax		14	44
Net interest expenditure	(3.4)	422	-
Non-cash items:			
Depreciation	(4.1)	8	3
Sale settled by share transfer		-	(310)
Interest income	(3.4)	(18)	(7)
Credit loss charged to profit or loss	(3.4)	1	-
Non-cash items – Total		***(9)***	***(314)***
Net changes in items recognised among current assets	(4.3)	(2)	-
Changes in short term liabilities	(4.14)	(12)	(12)
Total net changes in working capital		***(14)***	***(12)***
Interest paid		(422)	-
Income tax paid		-	-
Net cash flow from operating activities		**(9)**	**(282)**
Loans granted – disbursement/+ repayment		(138)	245
Acquisition of shares		-	(13 670)
Repayment of the purchase price of equity interests	(4.13)	(301)	-
Revenue from the sale of shares		-	1 798
Financially settled interests		18	7
Net cash flow from investment activities		**(421)**	**(11 620)**
Borrowing	(4.13)	1 256	12 871
Loan repayment	(4.11;4.13)	(825)	(471)
Bail granted	(4.5)	-	(485)
Net cash flow from financing activities		**431**	**11 915**
Credit loss recognised in respect of liquid assets	(3.4)	-	(8)
Profit/loss impact of exchange loss	(3.4)	-	(11)

continued on next page

All the figures are stated in HUF million unless otherwise indicated.

Continued from previous page

Change in liquid assets		**1**	**(6)**
Cash and cash equivalents at the beginning of the year	(4.6)	3	9
Cash and cash equivalents at the end of the year	(4.6)	4	3

The cash flow statement contains the items with regard to sign.

The Notes to Financial Statements form integral part of the Financial Statements.

All the figures are stated in HUF million unless otherwise indicated.

Separate Statement of Changes in Equity
for 365 days ending on 31 December 2022Hiba! Érvénytelen csatolás.

Designation	Subscribed capital	Share premium	Retained earnings	Treasury shares	Total
Comments	*(4.7)*	*(4.8)*	*(4.9)*	*(4.10)*	
31.12.2020	**834**	**5 480**	**(377)**	**(70)**	**5 867**
Comprehensive income for the year	-	-	36	-	36
Repurchase of treasury share 21.12.2020	-	-	-	(310)	(310)
31.12.2021	**834**	**5 480**	**(341)**	**(380)**	**5 593**
Comprehensive income for the year	-	-	13	-	13
Repurchase of treasury share	-	-	-		-
31.12.2022	**834**	**5 480**	**(328)**	**(380)**	**5 606**

The Statement of Changes in Equity contains the items with regard to sign.

The Notes to Financial Statements form integral part of the Financial Statements

1. Key elements of the accounting policy; basis of preparation of financial statements

1.1 Basis of the preparation of financial statements and the entity's ability to continue as a going concern

Declaration on conformity with the IFRSs

The management declares that the independent financial statements have been prepared in conformity with the International Financial Reporting Standards that were adopted by the European Union. The management made this declaration in the knowledge of its liability.

Contents of the financial statements

These financial statements present the assets, performance and financial position of AKKO Invest Plc. The Plc., as parent company, also prepares consolidated financial statements, which present the assets, performance and the financial position of the parent company and its enterprises involved in the consolidation (together: Group). The separate financial statements of the Company and the financial statements of the Group are prepared, approved and published by the Parent Company's management.

Basis of preparing the financial statements; applied set of rules and the underlying presumptions; evaluation philosophy

The financial statements have been prepared based on the International Financial Reporting Standards (IFRS) created by the International Accounting Standard Board (IASB).

The IFRS include the IFRS, the IAS, the IFRIC and SIC interpretations developed by the IFRS Interpretation Committee. The Company applied the IFRS in the form as those were adopted by the European Union.

The Company's management established that the going concern assumption is appropriate, i.e. there is no sign implying that the Plc. will terminate or significantly curtail its operations within the foreseeable future, i.e. beyond one year.

The Company generally measures its assets at historical cost, except for the situations where based on IFRS the given element must be measured at fair value. In the financial statements, the financial instruments held for trading had to be measured at fair value.

Accounting policies related to the preparation of separate financial statements

Presentation of the financial statements

The Company publishes separate financial statements (hereinafter: financial statements). The financial statements comprise the following parts:

- separate balance sheet;
- separate comprehensive income statement;
- separate statement of changes in equity;
- separate cash flow statement;

- notes to the separate financial statements.

Essential decisions related to the presentation

The Company decided to include the comprehensive income statement in a separate statement in such a way that it presents the items connected to other comprehensive income in the same statement after the net profit (loss) for the period.

The Company publishes the separate financial statements in Hungarian forint. This is the presentation currency. The separate financial statements cover one calendar year. The balance sheet date of the separate financial statements is the last day of the calendar year, i.e. 31 December, in each year.

In accordance with the stock exchange requirements, the Company prepares interim group financial statements semi-annually. The interim financial statements shall be governed by the rules of IAS 34, which do not include all disclosures prescribed by IAS 1 and contain the figures in condensed form.

The separate financial statements contain comparative figures, except when a period must be restated or the accounting policy had to be changed. In this case we also present the opening balance sheet values of the comparative period.

When for the purposes of presentation it is necessary to reclassify an item (e.g. due to a new line in the financial statements) the Company adjusts the previous year's figures so as to ensure comparability.

Accounting policies related to the income statement

Sales revenues

The Company recognises its sales revenues in accordance with the rules of IFRS 15 (effective from 2018) – Recognition of revenue from contracts with customers.

The IFRS 15 Standard created a uniform model to be applied to revenues from contracts. The Standard contains to revenue recognition rules, among others, for revenues falling within the IFRS 9 Financial Instruments Standard and for revenues falling within the IFRS 16 Leases Standard.

The five-step model helps define when revenues must be recognised and in what amount:

1. Based on the Standard, a contract is created when the following conditions are satisfied:

- The parties have accepted the contract and are committed to fulfilling it;
- The rights of the parties can be clearly determined based on it;
- The contract offers economic benefits;
- It is probable that the seller will receive the consideration for the goods delivered/services performed, even if it applies legal instruments to collect it.
- In the case of contract amendment it must be examined how its content has changed, since there may be cases when the amendment is to be interpreted as an independent, separate contract.

2. Identification of performance obligations: When concluding the contract, the Company shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either

a) distinct goods or services (or a package of goods or services); or

b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

3. Determining the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

4. Allocation of the transaction price to individual obligations: The seller must distribute the transaction price among the individual obligations. When no separate prices can be allocated to the individual obligations, an estimation shall be applied for the distribution, in accordance with the method accepted by the Standard.

5. Revenue recognition: The revenue may be recognised when the control over the purchased goods or services devolves from the seller on the buyer. This may take place during a definite period or at a specified time. The control devolves on the buyer when as a result of that the buyer is able to control the use of the assets and is entitled to collect the benefits deriving from the assets.

The Company measures and examines its contracts with customers individually, and applies the 5-step model under the Standard to the concluded contracts.

The Company does not state as part of the sales revenues the items collected on behalf of third parties and to be transferred, since the Company obtains no control over such items. The value added tax appears as such item at the Company.

Operating expenditures

As a result of the Company’s current activity, it breaks down the expenditures as follows:

- direct expenditures: the expenditures directly related to the sales revenue, with the proviso that if an item is to be recognised on a net basis (e.g. profit realised on property sales), it will not be charged to expenditures but rather it will reduce revenues.
- administrative expenditures: these include the items that are meant to support the Company’s operation, but may not be directly related to the sales revenue (e.g. accounting fees, insurance, etc.).
- sales expenditures: expenditure connected to publication, advertising and PR activities.

Other revenues and expenditures

The Company states the consideration for sales not classifiable as sales revenue and all other revenues that cannot be regarded as financial income or items increasing other comprehensive income among other revenues.

Other expenditures are expenditures that are indirectly related to the operation and do not qualify as financial expenditure or do not reduce other comprehensive income. The Company states other revenues and other expenditures on a net basis on the main page of the income statement, but it details the components of it in the notes to financial statements.

Financial revenues and expenditures

The Company presents primarily the interest expenditures (as one of the burdens of its own funding) in the financial profit (loss) position.

According to the rules of the impairment model, introduced by the IFRS 9 Financial Instruments Standard, impairments are also stated here.

The Company states the exchange rate difference of foreign currency items (unless it is part of the other comprehensive income based on the IAS 21 Effects of Changes in Foreign Exchange Rates Standard) in the financial profit or loss.

The Company states financial profit or loss in the income statements on a net basis.

Income tax expenditure

The income tax expenditure is the sum of the actual and deferred income tax and the local business tax.

Other comprehensive income

Other comprehensive income comprises the items (including amendments due to reclassification) that are not stated in the income statement as part of the profit or loss of the reference period, but belong to the Company's returns or expenditures in the broad sense.

Accounting policies related to the balance sheet; presentation and measurement of assets and liabilities

Investment properties

Investment properties include those properties that the Company has typically purchased for the purpose of realising profit on the lease or appreciation of the property, without utilising it or bearing the business risk of it. These properties (typically office buildings, warehouses and factory buildings) are not used for own purposes in the longer run and the Company does not plan to sell them in the near future.

The Company treats investment properties according to the cost model, i.e. these properties are recognised at cost after deducting any accumulated depreciation and impairment losses.

The cost of the properties comprise the following elements:

- purchase cost (the costs of acquiring the property, including also tax payments if they can be linked to the property);
- property reconstruction costs, which includes the items incurred due to the reconstruction for the anticipated sale;
- other costs directly related to the property, if the direct relationship can be proven.

The Company classifies investment properties as industrial property or residential property.

The Company recognises depreciation on the investment properties measured using the cost model, assuming a useful life of 20 years, considering this type of properties.

The reclassification of investment properties – since the Company uses the cost model – must be executed by reclassification between the balance sheet lines.

Plant, fixtures and equipment

The Company states plant, fixtures and equipment at cost reduced by accumulated depreciation and impairment losses.

Cost includes the purchase prices less discounts, including customs duties and other non-reclaimable taxes, and all costs necessary for the operation of the asset at the specific place in the specific manner.

The estimated costs of dismounting and removal of the asset and of the remediation of the location also form part of the costs, if provisions must be recognised for the liabilities in accordance with the requirements of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

If the asset is of significant value, it must be examined whether it can be decomposed into components. The components must be assessed separately for the purposes of depreciation.

The costs incurred in connection with assets in use are stated as assets, if they fulfil the condition of capitalisation or additional capitalisation as assets. Maintenance and repair cost are recognised as cost when incurred. The Company also states the costs of major inspections as assets, as a separate component.

The depreciation of assets is recognised in accordance with the straight-line method. The Company depreciates the acquisition value of the assets from the date when it is taken into use, during the useful life of the assets.

Typical useful life of assets:

Plant and equipment	3-7 years
Office equipment, fittings	5 years
Properties	20-50 years

When the assets are scrapped, the cost and the accumulated depreciation are derecognised. When the asset is sold, the cost and the accumulated depreciation are derecognised, while any profit or loss is stated in the net profit or loss (among other items).

In the case of assets in respect of which depreciation is recognised, in all cases when any event or change in circumstances imply that their carrying amount would not recover, we examine if any impairment has occurred.

The impairment loss is the difference between the asset’s carrying amount and its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets

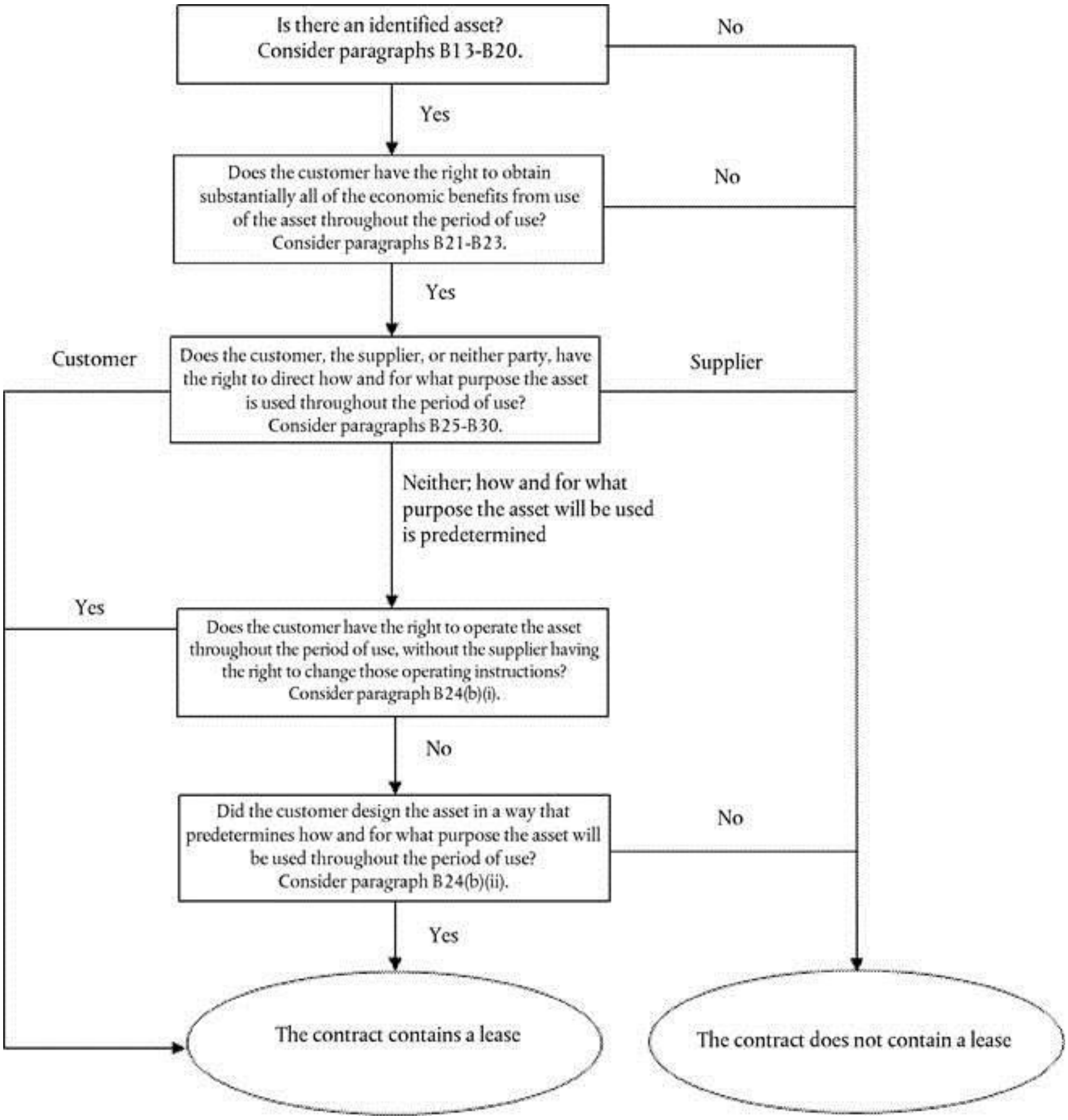
The Company states intangible assets at cost reduced by accumulated depreciation and impairment losses. During the expected life we recognise depreciation based on the straight-line method.

Leases

Identification of lease

A contract qualifies as a lease contract or contains lease if this contract transfers the right to use the underlying asset – for a specific period – against fee payment. Then the lessee may collect the profit arising from the asset usage and may make decisions on the usage. It does not qualify as a lease, when the company concludes a rental agreement for an asset, but the underlying asset is controlled not in the interest of the company (e.g. company car transferred for personal use).

To identify the lease, the Company applies the process chart under paragraph B31 of Appendix B of the IFRS 16 Standard:



1. *Chart Classification of lease contract IFRS 16.B31*

The Company concluded rental contracts for vehicles and property. Having assessed the contracts the Company concluded that they contain no lease.

Recognition at the lessee

On the commencement day the lessee must recognise a right-of-use asset and lease liability.

Recognition exceptions

If the Company qualifies as a lessee under IFRS 16 with regard to a contract, the general rules of the Standard will not be applied to leases related to short-term assets (less than 12 months) and to low-value underlying assets, but the lease payments are charged to profit, in a divided manner.

Measurement of the right-of-use asset

The Company recognises its assets used under lease as right-of-use assets in the balance sheet. The right-of-use assets are measured under the cost model, primarily setting out from the contractual term upon accounting for depreciation. The Company tests the right-of-use assets for impairment under the IAS 36 rules. The business organisation recognises the right-of-use assets together with the asset group where the underlying asset belongs to. The right-of-use assets are separated in the notes to financial statements.

The lessor must classify the leases either as operating lease or financial lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Recognition at the lessor

At the commencement date the lessor must derecognise in the balance sheet the assets held within the framework of financial lease and must present the leasing fee receivables at the present value of the cash flows from the lease (net investment in lease).

The Company recognises the present value of cash flows from financial lease as a lease investment. Upon calculating the present value, the Company uses the incremental interest rate related to lease. The Company determines the ECL for the lease receivables based on the simplified approach.

The lessor must recognise in the income statement the lease payments from operating lease either through the straight-line method or through another systematic method in a manner that the leased asset is further on recognised and depreciated in the balance sheet.

The Company regards any scheme as financial lease (as a lessor) if

- the underlying asset is transferred to the lessee at the end of the lease term;
- the lessee has the right to acquire the ownership of the underlying asset at the end of the term and exercise of this right is probable;
- the lease term (together with the proved extension periods) exceeds three-quarters of the residual economic life of the underlying asset;
- the overall present value of the lease payments reaches 90% of the fair value of the underlying asset;
- the underlying asset pertaining to the leasing is special.

If the lease term is indefinite, the term must be defined based on the estimated enforceable period.

Assets held for sale and discontinuing operations

Non-current assets, the carrying amount of which will be recovered through a forthcoming sales transaction rather than through continuing use, shall be classified as held for sale. Disposal groups, comprising assets and closely related liabilities to be disposed of later on in a single transaction (e.g. a subsidiary to be sold), are also held for sale.

This classification can be used when it is highly probable that the sale takes place within one year from the classification, and the assets or disposal group are ready for sale also in their current form, activities are in progress to foster sales (e.g. marketing activity) and the asset or disposal group is offered at a reasonable price.

The Company presents its assets held for sale separately in the balance sheet.

Discontinued operations:

The Company presents its activities and subsidiaries that can be separated from the remaining part of the Company as discontinued operations.

In 2021, the sale of its subsidiary – Aquaphor Zrt. – was stated among discontinued operations in the consolidated financial statements.

Borrowing costs

Borrowing costs – if it can be rendered probable that they will result in future economic benefits – are included in the cost of the acquisition, construction or production of assets, the making of which suitable for use or sale necessarily takes a substantial period of time. These assets are referred to as qualifying assets.

The Company commences the capitalisation of borrowing costs for the respective asset, when:

- expenditures have been incurred for the asset
- the implementation of the investment can be rendered probable, the Company has an irrevocable commitment for the implementation

When the asset is ready for use, the capitalisation of borrowing costs must be stopped.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on first-in-first-out ("FIFO") basis. Net realisable value is the estimated selling price of the inventories less the estimated costs of completion and the estimated costs necessary to make the sale.

At present the Company has no inventories allocated to this category.

Investments in subsidiaries

The Company states the subsidiaries to be consolidated in another entity, the associated undertakings and joint ventures to be presented in accordance with the equity method in the balance sheet in a separate row, using the cost model. The Company reduces the value of the investment by the accumulated impairment loss, while the incurred transaction costs increase the value of the investment.

Financial assets and liabilities

In accordance with IFRS 9, the Company applies the following rules:

Classification

Financial assets and liabilities held for sale to realise profit and the derivative instruments belong to financial instruments measured at fair value through profit or loss (FVTPL). (The Company has no such assets and liabilities.)

The debt instruments that satisfy the SPPI test (i.e. the cash flow deriving from them are solely payments of principal and interest) and held to collect contractual cash flows (business model test) belong to the amortised cost (AC) category. This category includes trade and other receivables, and cash holdings.

The debt instruments that satisfy the SPPI test, but are held for the contractual cash flows and for the sale of the instruments belong to the FVTOCI (fair value through other comprehensive income) category. In this case the instrument is stated in the books at fair value, while the fair value difference is recognised in other comprehensive income, accumulated in the appropriated equity reserve. The interest, expected loss and sales profit or loss belonging to the debt instruments is recognised in net profit or loss. Upon the derecognition of the instrument, the accumulated revaluation must be transferred to net profit or loss. The Company has no such assets.

The Company classifies its equity instruments, unless they are held for sale, as FVTOCI, i.e. it measures the instrument at fair value on each balance sheet date (with the provision that in certain cases the cost may also be regarded as fair value), while the difference is recognised in other comprehensive income. When the instrument is derecognised, the accumulated revaluation reserve cannot be transferred to net profit or loss, but the accumulated equity part is transferred to retained earnings.

Other liabilities include financial liabilities that have not been classified as instruments measured at fair value through profit or loss.

Recognition

Financial assets and liabilities are recognised in the Company's books on the settlement date, with the exception of derivative instruments, which are recognised on the trade date. Financial assets or financial liabilities are initially measured at fair value, adding to them (in the case of items that later are not measured at fair value through profit or loss) the transaction costs directly related to the acquisition or issuance of those.

Derecognition

Financial instrument are derecognised when the rights to the cash flows from the financial instruments expire, or the Company transfers, to a substantial degree, all risks and benefits related to the holding of the financial instrument (without retaining any major right).

Measurement

Following the initial recognition, all financial assets or financial liabilities measured at fair value through profit or loss and all assets measured at fair value through other comprehensive income will be measured at fair value. If no quoted market price in an active market is available and the fair value cannot be determined reliably, the Company uses valuation techniques to establish the fair value.

Financial instruments classified as AC, and all financial liabilities not belonging to the fair value through profit or loss category will be stated at amortised cost. Fees and discounts, including the initial transaction costs, are included in the carrying amount of the related instrument and amortised at the instrument's effective interest rate.

Debt instruments – with the exception of items measured at fair value through profit or loss – are recognised in the books at a value reduced by expected impairment loss. Expected impairment loss, allocable to the reporting year, shall be recognised through profit or loss.

The profit or loss on financial instruments or financial liabilities recognised at fair value through profit or loss shall be recognised in the comprehensive income statement (as part of current year's profit or loss, on a net basis) as profit or loss realised on securities.

The yield from the effective interest income of FVTOCI instruments shall be stated in current year's profit or loss in a separate line, in a position different from the expected loss of the instrument (which is recognised in another category of net profit or loss). The valuation gains or losses of such financial instruments shall be recognised in other comprehensive income. The profit or loss realised on the alienation of FVTOCI financial debt instruments shall be recognised in current year's profit or loss, and the formerly accumulated other comprehensive income shall be transferred to net profit and loss.

The profit or loss in respect of financial instruments or other financial liabilities stated as debt instruments shall be recognised using amortisation (profit/loss after tax) in the comprehensive income statement when the financial instrument or liability is derecognised or an impairment loss is recognised in respect of them.

Measurement at fair value

The fair value of financial instruments is the market price quoted at the end of the reporting period, net of transaction costs. If no quoted market price is available, the fair value of the instrument is determined by valuation models or discounted cash flow techniques.

When applying discounted cash flow techniques, the estimated future cash flow is based on the Company's economic estimates, while the discount rate is a market rate that applies to a similar instrument on the balance sheet date under similar terms and conditions. When applying valuation models, the figures are based on market valuations performed at the end of the reporting period.

Level 1: The figures used for the valuation are based on publicly available quoted prices (no further information is necessary for the valuation).

Level 2: The figures used for the valuation of assets with no quoted price can be observed indirectly or directly.

Level 3: The estimation of the fair value of derivatives not traded on the stock exchange is based on the amount that the Company would receive based on the usual business terms and conditions upon the expiry of the contract at the end of the reporting period, considering the prevailing market conditions and the parties' current creditworthiness.

Measurement of amortised cost

The amortised cost of a financial asset or financial liability is the value of the financial asset or financial liability at the initial recognition less principal repayments, increased or decreased by the accumulated amortisation of the difference between the initial value and the value at maturity calculated by the effective interest rate method, and reduced by the write-off due to the impairment or irrecoverability of the financial instrument.

The effective interest rate is the rate that precisely discounts the estimated future cash payments or income during the expected life of the financial instrument or – as the case may be – for a shorter period to the net carrying amount of the financial instrument or financial liability. When calculating the effective interest rate, the Company estimates the cash flow considering all contractual conditions of the financial instrument, but ignoring future credit losses.

Impairment of financial assets (expected impairment)

Provisions must be recognised for the expected impairment of the debt instruments belonging to the AC and FVTOCI category. The expected impairment can be described as the cash flow not realisable during the life of the instrument. The expected impairment loss can be derived from the following factors:

- exposure at default (EAD);
- loss given default (LGD);
- probability of default (PD) for the relevant period.

When presenting financial instruments, the expected loss must be calculated for 12 months using 12-month PD, which means the probability of the counterparty's becoming insolvent within 12 months (Stage 1). The ECL so determined must be recognised without directly reducing the assets as a counter-asset item (provision). The gross value of the asset (calculated net of ECL) does not change.

If the credit quality of the asset deteriorates it must be reclassified to Stage 2, for which provisions must be recognised for lifetime impairment through net profit or loss without directly reducing the value of the asset.

If the asset becomes impaired, it must be reclassified to Stage 3, where the lifetime loss reduces directly the value of the asset.

If the credit quality of the asset improves, the asset must be reclassified from Stage 3 to Stage 2, or from Stage 2 to Stage 1.

The Company regards an asset as non-performing if the contractual cash flows have been past due for at least 90 days. However, using market information, based on special considerations, an asset may be declared as non-performing earlier as well.

The Company presumed deterioration in credit quality if the contractual cash flow is past due over 30 days.

The following signs may imply deterioration in credit quality or impairment:

- market figures
- change in the economic environment
- external rating figures
- comparative figures
- risk managers' findings
- providing the debtor with respite

- willingness to pay

In the case of certain smaller receivable balances the ECL is determined on a collective basis. For trade accounts receivable the simplified ECL model must be used, which means that lifetime impairment must be recognised immediately and it is not necessary to monitor credit quality continuously.

In the case of the simplified approach, the Company usually uses the following ECL ratios:

Past due	ECL %
Less than 90 days	1%
91– 180 days	50%
over 180 days	100% or individual assessment

If the volume of ECL decreases, the decrease must be recognised through profit or loss, by reducing the corresponding expenditure.

Trade accounts receivable

Trade accounts receivable include the unpaid consideration payable by customers for the goods sold or services rendered in the usual course of business plus value added tax. These amounts are expected to be received within one year (or within the usual operating cycle, if it is longer), and thus they are classified as current assets. Trade accounts receivable are stated at invoiced value, which initially essentially correspond to their fair value. The Company uses the simplified approach to determine the ECL.

Receivables from subsidiaries

According to the main rule, receivables from subsidiaries must be classified as AC. Those receivables are stated here that derive from loans disbursed or were received by the Company through assignment.

Other receivables and prepayments and accrued income

These receivables include payment claims not belonging to other receivables. They are measured in the same way as trade accounts receivable. Prepayments and accrued income are also stated in this balance sheet position.

Blocked cash and cash equivalents

The Company recognises separately the blocked cash and cash equivalents, which constitute loan collaterals, and does not list them among cash and cash equivalents, but assesses them in the same manner as cash.

Cash and cash equivalents

Cash includes cash on hand, bank deposits and other liquid deposits and securities the original maturity of which is not longer than three months and risk of changes in value is negligible (not including overdrafts, but in the cash flow statement the overdraft must be stated under cash equivalents). The balance of cash accounts at brokers must be also treated as cash equivalent.

Should any impairment occur at a cash item, it must be recognised through net profit and loss. ECL must be recognised for these assets as well.

Subscribed capital

The subscribed capital contains the sum of the nominal values of the shares issued by the Company.

Share premium

Share premium includes the funds exceeding the nominal value of the issued shares. The transaction costs related to equity issuance reduce the share premium. The Company states the profit realised on the sales of treasury shares as share premium.

Retained earnings

Retained earnings contain the dividends accumulated but unpaid.

Dividends

In the financial statements, the Company states the dividends payable as liabilities, simultaneously reducing retained earnings, in the period when the owners approved the dividends.

Treasury shares

If the Company buys its own equity, the consideration paid and the incremental costs are stated as treasury shares as items reducing equity, in a separate line with negative sign, until such time as the shares are withdrawn or resold. When the Company sells these shares later on, it increases the equity, since the profit or loss realised on the sales directly impacts equity (increases the share premium when it is a profit, or reduces the retained earnings when it is a loss). Transactions related to treasury shares must be posted on the transaction date.

Trade accounts payable, other liabilities, accruals and deferred income

Trade accounts payable and other liabilities, accruals and deferred income are recognised at fair value, which is usually the same as the nominal value. In subsequent periods they are stated at amortised cost determined using the effective interest rate method.

Income tax liability and asset, deferred tax liabilities and assets

The Company performs the assessment of whether the given tax type qualifies as income tax for all types of statutory taxes based on the requirements of IAS 12 Income taxes.

The income tax presented in the comprehensive income statement represents the current and deferred tax for the respective period. Deferred tax is stated in the current year's profit or loss, except when it is connected to items stated in other comprehensive income. Then the deferred tax is also stated there.

The Company recognises deferred tax for the temporary differences between the statutory value of the assets and liabilities under the laws governing the tax qualifying as income tax and their carrying amount, based on the balance sheet method. The stated value of the deferred tax is based on the expected method of realising or settling the carrying amount of the assets and liabilities, subject to applying the tax rate effective or essentially effective at the end of the reporting period.

The tax for the period in question is the tax payable on the taxable income of the given year, subject to applying the tax rates effective at the end of the reporting period and applying previous year's adjustment.

Deferred tax receivables may be stated only up to the amount of the taxable profit likely to be available in the future.

Other taxes, not qualifying as income tax, are stated separately from the income taxes in the comprehensive income statement.

General accounting policies related to cash flow

The Company builds its cash flow statement on the indirect method up to the operating cash flow. The investment and financing cash flows are prepared using the direct method. The Company presents interest paid in the operating cash flow, and dividends paid in the financing cash flow.

2. Significant estimates used in preparing the financial statements and other sources of uncertainties

With respect to the application of the Company's accounting policies, the management has to make decisions, estimates and assumptions as to the carrying amount of the assets and liabilities that cannot be clearly determined from other sources.

The estimates and related assumptions are based on past experiences and other factors that are considered relevant. The actual results may be different than these estimates. The estimates and the assumptions on which they are based must be reviewed continuously.

The estimates that are in line with the IFRS and valid at the time of the changeover to IFRS must be consistent with the estimates prepared for the same figures in accordance with the previous accounting regulations except when there is clear evidence that those estimates had been erroneous.

The modifications of accounting estimates must be recognised in the period when the modification was made if the modification only affects this period, or in the period when the modification was made and the periods after that if the modification affects the period under review as well as the future.

The management of the Company must review the accounting estimates of the following areas at least annually:

- estimates related to the useful life, residual value and dismounting obligation of tangible assets,
- estimates related to rate of return calculations for inventories;
- estimates related to the measurement of receivables, particularly to ECL

The revision of the accounting estimates may be necessitated by:

- legislative changes,
- changes in the economic environment,
- changes in the operation and processes of the Company

All the figures are stated in HUF million unless otherwise indicated.

3.Supplementary notes to the Comprehensive Income Statement

3.1 Revenue

Sales revenues comprises the following items:

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
Revenue from property lease	-	5
Total	**-**	**5**

In 2021, the Company generated revenue on the rental of an existing property located at 1133 Budapest, Kárpát u 50. In 2022, rental was suspended, the property is currently available for rent.

3.2 Direct operating expenditures

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
Depreciation	-	(3)
Other material costs	-	(1)
Total	**-**	**(4)**

Direct expenditures are expenditures that can be allocated beyond doubt to the revenue generating item when they are incurred. Due to the revenue amount in 2022, direct expenditures amount to zero in the reporting year.

3.3 Administrative and sales expenditures

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
Rental fees	(4)	(3)
Miscellaneous expenses	-	(1)
Depreciation	(8)	-
Translation fees	(1)	(1)
IT services	(1)	-
Fee for bookkeeping services	(9)	(10)
Fee for financial services	(7)	(9)
Personnel costs	(12)	(31)
Consultancy and analysis fees	(7)	(9)

All the figures are stated in HUF million unless otherwise indicated.

Lawyer and legal fees	(1)	(26)
Total	**(50)**	**(90)**

In 2022, depreciation is recognised by the Company among the administrative expenditures.

Rents include the rent for the property serving as headquarters for the Company. The rental agreements do not qualify as lease contracts.

The significant amount of lawyer and legal fees in 2021 is justified by the acquisitions in 2021: the acquisition of the 49% equity interest of NEO Property Services Zrt. and the 100% business share of Elitur Invest Zrt. With this operation, NEO Property Zrt. became the property of AKKO Invest Plc. (in 100%), because Elitur Invest Zrt. holds 51% of the shares of NEO Property Services Zrt.

Personnel costs were adjusted in 2022 with the amount of personnel costs that were erroneously recognised in 2021. The actual payroll costs and the associated contributions amounted to HUF 22 million in 2022. The erroneously recognised personnel costs amounted to HUF 11 million. In 2022, the actual increase of the personnel costs was HUF 1 million compared to 2021.

3.4 Financial revenues and expenditures

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
Interest received from Bank	1	-
Interest paid to Bank	(286)	(254)
Revaluation of foreign currency assets and liabilities, exchange difference at conversion	83	8
Interest received from related companies	17	7
Interest paid to related companies	(136)	(11)
Dividend income	385	360
Impairment of ECL financial assets	-	8
Total (with regard to sign)	**64**	**118**

3.5 Income tax expenditure

This expenditure position comprises the following tax items:

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
Corporate income tax	-	(8)
Deferred tax expenditure/income	(1)	-
Local business tax	-	-
Total (with regard to sign)	**(1)**	**(8)**

The Company presents the corporate income tax and local business tax among income tax expenditures. The corporate income tax rate was 9% during the year. The local business tax rate was 2%.

The tax authorities regularly inspect the Company. Since there may be disputes with regard to the interpretation of the taxation rule applicable to the individual transactions, later on the tax authority may change, during its proceeding, the tax balances shown in the financial statements.

Tax expenditures may be deduced from the accounting profit or loss as follows:

Designation	31.12.2022	31.12.2021
Profit or loss before tax	14	44
Theoretical tax (by 9%)	1	4
Impact of tax adjustments on income tax	1	4
Actual income tax	-	8
Local business tax	-	-
Deferred tax	1	-
Tax indicated in the income statement	**1**	**8**

*Essential elements between the tax base adjustments:

- difference between impairment losses recognised according to the Accounting Act and the Tax Code
- tax base reducing item due to the dividend received

All the figures are stated in HUF million unless otherwise indicated.

4. Supplementary notes to the balance sheet

4.1 Investment properties

Gross value	Investment properties
Balance at 31 December, 2021	**99**
Purchase	-
Disposals	-
Balance at 31 December, 2022	**99**

Depreciation	Investment properties
Balance at 31 December, 2021	**(6)**
Depreciation recognised	(8)
Derecognition upon the sales of the asset	-
Balance at 31 December, 2022	**(14)**

Net value	Investment properties
Balance at 31 December, 2021	**93**
Balance at 31 December, 2022	**85**

Based on IAS 40, the property owned by the Company qualifies as investment property and it is measured based on the cost model. The Company did not intend to use the properties for its own purposes in the longer run. According to the management's estimate, the fair value of the property was MHUF 107.

The Company owns the following properties:

1133 Budapest, Kárpát utca 50.

4.2 Long-term investments in subsidiaries

The Company recognises the value of the existing interests in subsidiaries on this balance sheet position.

All the figures are stated in HUF million unless otherwise indicated.

Designation	For the financial year ending on 31 December 2022	For the financial year ending on 31 December 2021
VÁR-Logisztika Zrt.	215	215
MOON Facility Zrt.	280	280
A PLUS Invest Zrt.	329	329
4 Stripe Zrt.	850	850
ALQ SAS	730	730
Elitur Invest Zrt.	14 000	14 000
NEO Property Services Zrt.	4 500	4 500
Total	**20 904**	**20 904**

The following table provides information on the cost:

Designation	Initial cost	Impairment	Carrying amounts
VÁR-Logisztika Zrt.	597	382	215
MOON Facility Zrt.	280	-	280
A PLUS Invest Zrt.	329	-	329
4 Stripe Zrt.	850	-	850
ALQ SAS	730	-	730
Elitur Invest Zrt.	14 000	-	14 000
NEO Property Services Zrt.	4 500	-	4 500
Total	**21 286**	**382**	**20 904**

The Company uses the cost model for the measurement of investments in subsidiaries.

All investments in subsidiaries were acquired by the Company for cash, with the exception of Vár-Logisztika Zrt. which was acquired through equity swap. In order to establish the cost, the Company has set out from the fair value of the share swapped for the subsidiary.

Impairment had to be recognised for the investment in Vár-Logisztika Zrt, as the fair value of the underlying net assets fell short of the purchase price calculated from the share price at the end of the year. The Company deduced the net asset value from Vár-Logisztika Zrt's earning power. The impairment occurred due to the fact that the fair value of the shares transferred as purchase price rose – relatively abruptly – in the market, and thus the purchase price substantially exceeded the anticipated price. (The Company was unable to influence this process. Under the anticipated share price it would have not been necessary to recognise impairment.) The Company recognised impairment through profit or loss.

The Company established a bail for the entire equity stake, thereby providing a collateral for the loan taken out from OTP intended to finance the acquisition of Neo Property Services Zrt. Bailing does not restrict voting rights and dividend rights.

On 14 April 2022, Neo Property Services Zrt. decided to pay dividends. In its resolution No. 3/2022 (of 14 April 2022), it decided to pay HUF 384,735,000 as dividends. The payment of dividends took place in the reporting year, which was presented by the Company as the result from financial operations.

All the figures are stated in HUF million unless otherwise indicated.

4.3 Other receivables and prepayments and accrued income

Designation	31.12.2022	31.12.2021
Other non-income tax receivables	34	32
Total	**34**	**32**

In 2022 the Company classified VAT receivables and wage contribution receivables as other non-income tax receivables. The fair value of these items is almost the same as their carrying amounts.

4.4 Receivables from subsidiaries

The Company concluded individual loan agreements with its subsidiaries, and – within the framework of assignment contracts – it "took over" the subsidiaries' receivables in lieu of cash, as a result of which the member companies then in need of cash received funds from the Parent Company possessing cash.

On the balance sheet date the Company has in its books the following loan receivables increased by interest:

Designation	31.12.2022	31.12.2021
VÁR-Logisztika Zrt.	13	5
MOON Facility Zrt.	222	215
A PLUS INVEST Zrt.	187	180
4 Stripe Zrt.	246	225
ALQ SAS	1 072	977
Expected Credit Loss (ECL)	(8)	(7)
Total	**1 732**	**1 595**

The items received through assignment are non-interest bearing. The interest on the items provided as loans is usually the central bank base rate plus 1.5 percentage points. The fair value of these items is almost the same as their carrying amounts.

In the course of 2022, MHUF 138 were disbursed as principal repayment and MHUF 1 were recognised as expected credit loss.

4.5 Blocked cash and cash equivalents

The cash account of the Company include MHUF 485 as cash and cash equivalents in the form of bail (in the previous year: MHUF 485). These cash and cash equivalents cannot be used, they constitute the collateral of the loan taken out from OTP in order to finance the acquisition of NEO Property Zrt.

In the previous year, the Company presented this amount among the cash and cash equivalents, but this amount had to be re-presented, in view of its nature.

All the figures are stated in HUF million unless otherwise indicated.

4.6 Cash and cash equivalents

Designation	31.12.2022	31.12.2021
Bank Accounts*	4	3
Total	**4**	**3**

**Re-presented!*

The Company has no cash equivalents. The interest received on bank accounts is 0-1%. The fair value of these items is almost the same as their carrying amounts. The ECL recognised for cash and cash equivalents is lower that MHUF 1.

4.7 Subscribed capital

The subscribed capital of the Company contains the face value of outstanding shares.

The decision on increasing the share capital is made by the General Meeting based on the proposal of the Governing Board. The decision of the General Meeting is not necessary when the increasing of the share capital takes place within the competence of the Governing Board based on the authorisation of the General Meeting laid down in its decision. The share capital may be reduced based on the decision of the General Meeting.

On 31 December 2022 the subscribed capital was HUF 833,880,000.

The table below shows the nominal value of the Company's outstanding shares:

Designation	31.12.2022	31.12.2021
Nominal value of shares outstanding on 1 January	834	834
Total	**834**	**834**

The table below shows the quantity of the Company's outstanding shares:

Designation	31.12.2022 (pcs) Nominal value: HUF 25/piece	31.12.2021 (pcs) Nominal value: HUF 25/piece
Ordinary shares issued	33 355 200	33 355 200
Total	**33 355 200**	**33 355 200**

The table below includes the nominal value of outstanding ordinary shares and the nominal value of treasury shares held:

Designation	31.12.2022	31.12.2021
Total nominal value of shares	834	834
Of which treasury shares (at nominal value)	23	23
Nominal value of outstanding ordinary shares	**811**	**811**

All the figures are stated in HUF million unless otherwise indicated.

4.8 Share premium

The share premium comprises the amount received over the nominal value when issuing the shares and the gain or loss realised upon the sales of treasury shares. The share premium did not change during the reporting period.

4.9 Retained earnings

On 31 December 2022 retained earnings amounted to MHUF - 328 (accumulated loss). The Company appropriates MHUF 3,061 as development reserve from the retained earnings. The source of the development reserve is the adjusted pre-tax profit or loss (Section 18/B of the Corporate Income Tax Act), which also includes the gain or loss realised on the sales of treasury shares, stated by the Company in the share premium.

4.10 Treasury shares

The quantity and nominal value of treasury shares are as follows.

Designation	31.12.2022 (pcs)	31.12.2021 (pcs)
Opening balance	936 988	190 000
Treasury shares accepted as consideration for the sale of equity stakes	-	746 988
Changes in shares (pcs)	**936 988**	**936 988**

Designation	31.12.2022	31.12.2021
Opening balance	23	-
Treasury shares accepted as consideration for the sale of equity stakes	-	23
Treasury shares at nominal value HUF 25/piece (with regard to sign)	**23**	**23**

The table above shows the sign based on the impacts on equity. The Company treated the gain or loss realised on the sale of treasury shares as adjustment to equity. The gain was stated in the share premium.

4.11 Bank loans

The Company contracted a long-term loan of HUF 12 billion from OTP Bank Nyrt., the loan was disbursed and paid to the sellers on 26 February 2021 in consideration for the business shares of NEO Property Services Zrt. and Elitur Invest Zrt.

The blocked cash and cash equivalents (secured by bail) are associated with that loan, and the equity stake in Elitur Invest Zrt. also constitutes a collateral for the bank loan (it is exclusively intended for bail, the collateral does not affect the voting rights and the dividend rights attached to the shares).

All the figures are stated in HUF million unless otherwise indicated.

The loan and its interest is payable on a quarterly basis. The amount of capital due on 31.12.2022, as well as the short- and long-term items are presented in the following table:

Creditor	Expiry date	Interest rate	31.12.2022	Due within 1 year	Due within 5 year	Due over 5 years
OTP Bank	31.03.2036	2,5%	10 848	699	2 974	7 175

The collateral of the loan is provided by the bailed funds, on the one hand, and by the equity stake in Elitur Invest Zrt., on the other hand.

In 2022, MHUF 681 were disbursed as principal repayment.

4.12 Deferred tax liabilities and subsequently payable taxes

During the reporting period the following deferred tax balances occurred:

Designation	31.12.2022	31.12.2021
Deferred tax liabilities	276	275
Total	**276**	**275**

Reconciliation and source of deferred tax:

Designation	Carrying amounts	Tax value	Difference
Investment property	85	85	-
Long-term investments in subsidiaries	20 904	20 904	-
Other receivables and prepayments and accrued income	34	34	-
Cash and cash equivalents, blocked cash	489	489	-
Receivables from subsidiaries and other related parties	1 732	1 731	1
Other short-term liabilities and accruals	4 530	4 530	-
Development reserve recognised	-	(3 061)	3 061
Total	**27 774**	**24 712**	**3 061**

Total deductible difference	**-**
Total taxable difference	**3 061**

Total deferred tax assets	**-**
Total deferred tax liabilities	**276**

All the figures are stated in HUF million unless otherwise indicated.

4.13 Deferred purchase price of the acquisition and other short-term loans from subsidiaries

In the course of the acquisitions of business shares in 2021, it was not the entire purchase price which was settled, therefore the Group generated liabilities vis-à-vis the Seller, amounting to MHUF 4,830 which it intends to pay and settle from the dividends of NEO Property Services Zrt. In 2022, the liabilities decreased by MHUF 301, on the balance sheet date they amounted to MHUF 4,529. The purchase price was stated at non-discounted value.

The other short-term loans from subsidiaries are payable to ELITUR Zrt. The amount of the liabilities increased by interest is MHUF 1,983 (in the previous year: MHUF 871).

In 2022, MHUF 1,256 were borrowed and MHUF 144 were disbursed as principal repayment.

4.14 Other short-term liabilities

This position includes liabilities not connected to suppliers or loans. These mostly include tax balances – other than income tax – wage-related liabilities, accruals and deferred income. The items are stated at non-discounted value, and their fair value corresponds to their carrying amount.

Designation	31.12.2022	31.12.2021
Wage-related items	1	13
Total	**1**	**13**

4.15 Income tax liabilities

This position contains only income tax debt.

Designation	31.12.2022	31.12.2021
Current year's income tax liabilities	1	1
Total	**1**	**1**

Income tax liabilities include liabilities arising from income tax and local business tax.

4.16 Fair value hierarchy of financial assets and liabilities

Based on IFRS 13, with regard to its assets and liabilities measured at fair value – with a view to increasing consistency and comparability – the Company presents the fair value hierarchy based on a three-level measurement category as follows.

The inputs used for determining the fair value of the asset or liability may be allocated to different levels within the fair value hierarchy. If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement. It requires careful consideration to assess how significant a specific input is to the entire measurement, in the course of which factors applicable to assets or liabilities must be taken into account.

All the figures are stated in HUF million unless otherwise indicated.

Measurement level 1: quoted, usually stock exchange prices in active markets for homogeneous assets or liabilities that the Company can access at the measurement date.

Measurement level 2: measurement containing inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Measurement level 3: measurement that also uses inputs not directly observable for the asset or liability.

The Company possesses the following financial assets and liabilities:

Financial assets and balances		
Designation	**31.12.2022**	**31.12.2021**
Other receivables and prepayments and accrued income	34	32
Cash and cash equivalents	4	3
Blocked cash and cash equivalents	485	485
Receivables from subsidiaries	1 732	1 595
Total	**2 255**	**2 115**

Financial liabilities and balances		
Designation	**31.12.2022**	**31.12.2021**
Bank loans	10 848	11 529
Deferred purchase price of the acquisition	4 529	4 830
Short-term liabilities from subsidiaries	1 983	871
Other short-term liabilities and accruals	1	13
Total	**17 361**	**17 243**

The individual instruments are positioned in the fair value hierarchy as follows:

Designation	31.12.2022			31.12.2021		
	Measurement level 1	Measurement level 2	Measurement level 3	Measurement level 1	Measurement level 2	Measurement level 3
Financial assets	-	-	-	-	-	-
Receivables from related companies	-	-	1 732	-	-	1 595
Other receivables and prepayments and accrued income.	-	-	34	-	-	32
Blocked cash and cash equivalents	485			485		

All the figures are stated in HUF million unless otherwise indicated.

Cash and cash equivalents	4	-	-	3	-	-
Total (assets)	**489**	**-**	**1 766**	**488**	**-**	**1 627**
Financial liabilities	-	-	-	-	-	-
Bank loans			10 848			11 529
Deferred purchase price of the acquisition			4 529			4 830
Short-term liabilities from subsidiaries			1 983			871
Other liabilities	-	-	1	-	-	13
Total (liabilities)	**-**	**-**	**17 361**	**-**	**-**	**17 243**

As no financial instruments recognised at amortised cost were derecognised (only repayment took place), the net profit and loss do not include any value in this regard.

5 Other disclosures

5.1 Transactions with related parties

The details of the transactions between the Company and other related parties are described below. The key managers of the Company also qualify as related parties.

The Company's subsidiaries qualify as affiliated companies. Information on the balances outstanding vis-à-vis these parties are provided in Note 4.6 and 4.16 to the financial statements. The Company had no business relation with other related party outside the scope of consolidation.

The members of the Governing Board and of the Audit Committee are related parties. The members of the Governing Board received the following remuneration during the financial year.

Designation	Governing Board	Audit Committee	Total
Wages	4	-	4
Benefits	2	-	2
Total	**6**	**-**	**6**

Emoluments and wages were recognised as part of the allowances.

5.2 Dividends paid

In 2022, the Company did not pay any dividends, and the Governing Board does not propose to the General Meeting the calculation and the payment of dividends for 2023 either.

5.3 Description of risks and sensitivity analysis

Through its activities the Company is exposed to risks relating to the changes in market and financial conditions. These changes may have an impact on the profit as well as on the value of the assets and liabilities. The purpose of financial risk management is to continuously mitigate risks through operative and financing measures.

All the figures are stated in HUF million unless otherwise indicated.

Market risk

The Company pursues activity also in foreign currency, which carried the risks arising from the change in foreign exchange rates. The foreign currency transactions appear primarily through the transactions carried out with the Company's French subsidiary, i.e. ALQ SAS. The functional currency of the ALQ SAS is euro.

Interest rate risk is the risk that future cash flows from certain financial assets and liabilities may fluctuate due to the changes in market interest rates. The Company dynamically analyses its interest rate exposure and calculates the impact of defined interest rate fluctuations on profit or loss by simulating different scenarios.

The Company identified interest rate risk as its current risk. At present relevant change is caused by the change in interest revenues.

Impact of the change in interest income on profit or loss.

	Figures of the reporting year	Interest rate change of 1 percentage point	Interest rate change of 5 percentage points	Interest rate change of 10 percentage points
Net profit and loss	13	30	117	290
Interest income	17	34	121	294
Current year value of interest-bearing assets	1 732	1 732	1 732	1 732
Receivables from subsidiaries	1 732	1 732	1 732	1 732
Average interest rate	0,982%	1,982%	6,982%	16,982%
Interest rate change		101,9%	611,3%	1630,1%
Change in profit or loss		**133,23%**	**799,38%**	**2131,69%**
Elasticity		**130,77%**	**130,77%**	**130,77%**

Based on the analysis the following conclusions may be drawn:

- A 1% change in the average interest rate would result in a change of 133.23 % in net profit or loss.
- A 5% change in the average interest rate would result in a change of 799.38 % in net profit or loss.
- A 10% change in the average interest rate would result in a change of 2131.69 % in net profit or loss.

Credit risk

Credit risk is the risk that a debtor defaults on its contractual obligations, which may cause a financial loss to the Company.

The credit risk assessment focused on the analysis of trade receivables whose balance was HUF zero on 31 December 2022.

There is no specific practice for the management of credit risk, the company manages risk-related cases on an individual basis in the course of continuous monitoring.

Liquidity risk

All the figures are stated in HUF million unless otherwise indicated.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The management of liquidity risk falls within the competence of the Governing Board. The Company manages its liquidity risk by keeping a proper level of reserves and stand-by borrowing facilities, by continuously monitoring its planned and actual cash flow figures as well as by reconciling the maturity dates of financial assets and liabilities.

The liquidity analysis shows the following maturity dates:

31.12.2022	Expired	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total	Of which: interest
Cash and cash equivalents	-	4	-	-	4	-
Blocked cash and cash equivalents				485	485	
Loan granted to subsidiaries and other affiliated companies	-	1 732	-		1 732	
Investment properties	-	-		85	85	
Investment in subsidiaries	-	-	-	20 904	20 904	
Other receivables and prepayments and accrued income	-	34	-	-	34	-
Financial receivables	-	**1 770**	-	**21 474**	**23 244**	-

31.12.2022	Expired	Due within 1 year	Due within 1-5 years	Due over 5 years or in certain situations	Total	Of which: interest
Tax and other short-term liabilities	-	1	-	-	1	-
Income tax liability	-	1	-	-	1	-
Bank loan	-	699	2 974	7 175	10 848	-
Short-term liabilities from subsidiaries	-	1 983	-	-	1 983	-
Deferred tax	-	-	276	-	276	-
Deferred purchase price of the acquisition	-	-	4 529	-	4 529	-
Equity	-	-	-	5 606	5 606	-
Financial liabilities	-	**2 684**	**7 779**	**12 781**	**23 244**	-
Difference between financial assets and liabilities	-	**(914)**	**(7 779)**	**8 693**	-	-

Previous year's comparative figures:

31.12.2021	Expired	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total	Of which: interest
Cash and cash equivalents	-	3	-	-	3	-
Blocked cash and cash equivalents	-	-	-	485	485	-
Loan granted to subsidiaries and other affiliated companies	-	1 595	-	-	1 595	-
Investment properties	-	-	-	93	93	-
Investment in subsidiaries	-	-	-	20 904	20 904	-
Other receivables and prepayments and accrued income	-	32	-	-	32	-

All the figures are stated in HUF million unless otherwise indicated.

Financial receivables	-	1 630	-	21 482	23 112	-

31.12.2021	Expired	Due within 1 year	Due within 1-5 years	Due over 5 years or in certain situations	Total	Of which: interest
Tax and other short-term liabilities	-	13	-	-	13	-
Income tax liability	-	1	-	-	1	-
Bank loan	-	871	-	-	871	-
Short-term liabilities from subsidiaries	-	682	2 900	7 947	11 529	-
Deferred tax	-	-	275	-	275	-
Deferred purchase price of the acquisition	-	-	4 830	-	4 830	-
Equity	-	-	-	5 593	5 593	-
Financial liabilities	-	1 567	8 005	13 540	23 112	-
Difference between financial assets and liabilities	-	63	(8 005)	7 942	-	-

Risks related to the spread of the COVID-19 virus

In order to prevent the spread of the coronavirus pandemic numerous restrictive measures have been implemented in Hungary as well during the last financial years, which also impacted the legal relations of property rental. In 2022, most of the restrictions were removed. In this period, there was no significant impact for the Company any more.

The Company keeps monitoring the impacts of the pandemic. In doing so, it gives priority to the examination of the impact of labour supply, of the supply chain and of market solvency. At present, the Company does not expect to have any significant impact either; however, the potential diseases may have an impact on the work processes of the Company.

Risks related to the war between Russia and the Ukraine

The management examined whether the war between Russia and the Ukraine, started at the end of February 2022, had an impact on the course of business of the Company and did not identify any fact which would significantly increase the financial situation of the Company.

5.4 Disclosures due to interests in other entities

The Company faced no uncertainty and did not have to decide on any difficult question when considering how to manage its investments.

The Company only has subsidiaries.

The Company does not have to face any restriction with regard to any of its enterprises that would affect access to the net assets, to the result or to the cash flow.

The Company has no consolidated or non-consolidated interests where control cannot be established on the basis of the voting rights or where the voting rights do not serve the management of relevant activities leading to control (structured entities).

No members of the Group qualify as investment companies, and they have no share in such.

All the figures are stated in HUF million unless otherwise indicated.

5.5 Equity reconciliation table

Section 114/B of the Accounting Act prescribes that companies reporting on the basis of IFRS should publish their equity reconciliation table for each period.

The reconciled value of the equity is as follows on 31 December 2022:

Equity according to IFRS	
Equity according to IFRS (difference between assets and liabilities under IFRS)	5 606
+ supplementary contribution received stated under IFRS as liability	-
- supplementary contribution paid stated under IFRS as asset	-
+ cash received to be transferred to capital, when it is deferred income (IFRS)	-
+ value of assets received, when it is deferred income (IFRS)	-
- capital increase generating capital instrument, when it had to be recognised as receivables from shareholders (IFRS)	-
Equity (reconciled)	**5 606**
Based on the reconciliation, the individual components of the equity are as follows:	
Subscribed capital under IFRS	
Subscribed capital stated in the Articles of Association corresponds to the capital registered by the Company Court	834
Subscribed, unpaid capital	
Subscribed, unpaid capital	-
Appropriated reserves	
Supplementary contribution received	
Limit due to treasury share	
Unutilised development reserve, adjusted for deferred tax	2 785
Appropriated reserves	**2 785**
Retained earnings	
Non-distributed profit or loss after tax from previous years under IFRS	(566)
+/- amounts credited or debited to accumulated profit or loss under IFRS	-
- Supplementary contribution paid, stated as asset	-
- Unutilised development reserve, adjusted for deferred tax	(2 785)
+ Closing balance of retained earnings in the year before the transition, adjusted for transition corrections	225
Retained earnings (reconciled)	**(3 126)**
Profit or loss after tax	
After tax profit or loss, Section 114/A point 9 of the Accounting Act	**13**
Revaluation reserve	

All the figures are stated in HUF million unless otherwise indicated.

Accumulated amount of items recognised in other comprehensive income	**-**

Capital reserve	
Reconciled equity	5 606
- Subscribed capital under IFRS	(834)
- Subscribed, unpaid capital	-
- Retained earnings	3 126
– Profit or loss after tax	(13)
– Appropriated reserves	(2 785)
– Revaluation reserve	-
Capital reserves (reconciled)	**5 100**
Equity resulting from the reconciliation:	
Reconciled equity (in accordance with Section 114/B of the Accounting Act)	
Subscribed capital	834
Subscribed, unpaid capital	-
Capital reserve	5 100
Retained earnings	(3 126)
Appropriated reserves	2 785
Revaluation reserve	-
Profit or loss after tax	13
Total equity (reconciled)	**5 606**

Retained earnings available for dividend payment (according to Section 114/B (5)b) of the Accounting Act)

Retained earnings (reconciled)	(3 126)
After tax profit or loss for the year	13
Retained earnings available for dividend payment	**(3 113)**

5.6 Statements

The Separate Financial Statements, which have been prepared in accordance with the applicable accounting standards and to the best of our ability, give a true and fair view of the liabilities, financial position and profit or loss, development and performance of AKKO Invest Plc, describing the key risks and uncertainties.

5.7 Material events after the Reporting Period

The Company identified the following significant events after the balance sheet date. However, as those are not amending events, they have no impact on the numerical sections of the statements.

5.8 Authorisation of the publication of the financial statements

The General Meeting of Akko Invest Plc and its Governing Board and Audit Committee approved the Company's separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for 2022 and authorised the publication of those at its meeting held on 4 April 2023.

Budapest, 04 April 2023

On behalf of AKKO Invest Plc.

……………………………………	……………………………………
Zoltán Prutkay	Imre Attila Horváth
chairman of the Governing Board	vice-chairman of the Governing Board