

Company name	Appeninn Vagyonkezelő Holding Nyrt. ¹
Company address	1022 Budapest, Bég utca 3-5.
Sector classification	Asset management (real estate management)
Accounting system of the report	IFRS
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Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság² (HU-1022 Budapest, Bég utca 3-5., company registration number: 01-10-046538 – hereinafter referred to as: Appeninn Plc. or Company) as the issuer of the securities admitted to the regulated market prepares and publishes its semi-annual report for 2022 in the present document.

¹ Appeninn Vagyonkezelő Holding Nyrt. – in English: Appeninn Asset Management Holding Plc.

² Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság – in English: Appeninn Asset Management Holding Public Company Limited by Shares

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APPENINN PLC. BOARD OF DIRECTORS REPORT

In the first half of 2022, the Company and the subsidiary companies included in the consolidation and owned by thereof (hereinafter referred to as: Appeninn Group or Group) retained its existing real estate portfolio in the office and retail segments. Average occupancy increased by 2 percent, while the direct collateral value increased by 5 percent.

In order to improve cost-efficiency, the facility management activity was outsourced completely, and simultaneously, Appeninn Üzemeltető Zrt.³ – which used to be part of the company group – was sold.

In accordance with the business strategy of Appeninn Group published in February 2022, from its tourism real estate development projects it sold Dreamland Holding Zrt.⁴ and its subsidiaries, as well as PRO-MOT Hungária Kft.⁵, and also Hellnarik Hospitality Kft.⁶, which was sold after the date of the annual account, but before the publication thereof.

The developments at Solum-Invest Kft.⁷ – which owns the port in Balatonfüred – continued according to the plans, and there was significant progress with respect to stage of completion.

Improving profitability indicators

Appeninn Group's revenue-generating ability shows an improvement compared to the same period of the previous year. The Group closed the first half-year of 2022 with EUR 4,113 thousand in sales revenues, compared to EUR 5,044 thousand achieved during the same period of the previous year; at the same time, the EBIDTA (earnings before interest, taxes, depreciation, and amortisation) showed HUF 17,489 thousand in profits, compared to the EUR 3,947 thousand in losses of the same period of the previous year. The effect of the foreign exchange rate attributable to the value of the revenue-generating real estate, as well as the profit or loss of the subsidiaries sold had a crucial role in the EBITDA growth, however, with respect to the core portfolio solely, the EBDITA is still positive, with EUR 1,547 thousand in profits.

The main contributor compared to the previous year's change in profitability indicators, along with exchange rate effects and divestitures, were the increase in occupancy and the improvement in rental conditions. The profit after tax shows EUR 13,175 thousand in profits, compared to the EUR 4,026 thousand in losses achieved in the first half of 2021.

³ Appeninn Üzemeltető Zrt. – in English: Appeninn Facility Management Plc.

⁴ Dreamland Holding Zrt.— in English: Dreamland Holding Plc.

⁵ PRO-MOT Hungária Kft. – in English: PRO-MOT Hungária Ltd.

⁶ Hellnarik Hospitality Kft. – in English: Hellnarik Hospitality Ltd.

⁷ Solum-Invest Kft. – in English: Solum-Invest Ltd.

Active portfolio management

The objective of the Company Group continues to be the active and high-level management of the existing office and commercial portfolio, in the interest of which the facility management activity was outsourced to a crucial operator of the Hungarian market, In-Management Kft.⁸

Simultaneously with the transformation of the facility management activity, the review of the real estate, the assessment of the necessary modernisations and investments, as well as the rethinking of the individual business concepts, considering in particular the individual profitability of their management, has commenced. In order to increase the long-term effectiveness of the Company, it is essential to improve the energy efficiency of both the current and the future core portfolios, which could generate significant savings for both the partners and the Company.

Growth strategy

The objective of future acquisitions is to diversify the portfolio, and to achieve yield during a sustainable operation, as well as ensuring the ability to generate cash flow steadily for the Appeninn Group.

The funds released by the sale of the tourism development portfolio will allow both the energetics development of the existing core portfolio and the acquisition of elements that fit into business strategy published in 2022, and the entry into the Middle East and South European markets. The Company wants to select and schedule the transaction targets while managing the current increased market and financing risks – generated by the inflation, the Russia-Ukraine war, the increased energy costs, the higher financing costs and the combined consequences thereof – in a complex manner. In the rapidly changing financing and interest environment, our fixed-interest, long-term liabilities – such as the Bond Funding for Growth Scheme bonds – constitute significant advantages and risk-mitigating factors.

Shareholder value creation

Regarding Appeninn Plc., the main means for shareholder value creation is to ensure the professional maintenance activity, to optimize the historical value related to acquisitions, to perform own development projects successfully, to realize above market average yield, and to apply favourable financing resources and hereby to rise further the gross asset value and profitability. The sale of the development projects currently owned by it, and the optimal use of the financial assets available and received, the realisation of acquisitions in the CEE and the

⁸ In-Management Kft. – in English: In-Management Ltd.

SEE regions, as well as the active management of the office portfolio could all contribute to this.

The Company is committed to a transparent and cost-efficient organisational structure, through which the operative functioning becomes more efficient and competitive.

Capital market judgement

Within the framework of the analysis and market-making program related to middle-capitalized shares of Budapest Stock Exchange, Concorde Értékpapír Zrt.⁹ did not disclose any analysis on Appeninn Holding with respect to the period under review. The value per share was below own equity value in the recent period (on 31 December 2021: HUF 582,- on 30 June 2022: HUF 668,-).

The Management of the Company attributes the new corporate and bond ratings published in April by an independent rating agency under the NKP¹⁰ bond programme to the overall risk perception of tourism investments caused by the volatility risk growth, hence the impact of the sale thereof, predictably, may be experienced in the share price as well. With regard to both the profitability indicators and the external funding structure the Company is committed to comply with the criteria set by the independent credit rating agency and to ensure that the corporate and the bond ratings at least reach the level reach upon the issue.

Appeninn Plc.

Board of Directors

⁹ Concorde Értékpapír Zrt. – in English: Concorde Securities Plc.

¹⁰ NKP – in English: Bond Funding for Growth Scheme

MAIN ASPECTS OF THE COMPILATION OF THE INTERIM FINANCIAL REPORT FOR THE YEAR 2022

Appeninn Plc. compiled its consolidated report (hereinafter referred to as: Report) for the first half of 2022 year. The hereof Report shall include the consolidated management report for the first six months of 2022 in respect to the Appeninn Group, and, respectively, the compiled consolidated balance sheet and consolidated statement of comprehensive income, and the related evaluations drafted in accordance with the International Financial Reporting Standards (hereinafter referred to as: IFRS) for the period under review. The employed accounting principles included in the report are in compliance with the employed accounting policies as of the comparative period. The standard applicable on a compulsory basis did not have significant effect on the consolidated financial report of the Appeninn Group.

The currency of the Report is EUR.

Herein interim financial statements were not audited by an independent auditor. The interim consolidated financial statements were adopted by the Board of Directors of the Company. The interim financial statements have been prepared in accordance with the International Financial Accounting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations formulated by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

	30 June 2022	30 June 2022
	EUR	EUR
Property rental revenue	4 113 334	5 044 351
Direct costs of property rental	(776 077)	(1 198 103)
Direct contribution from rental activities	3 337 257	3 846 248
Administrative expenses	(690 499)	(570 592)
Staff costs	(715 692)	(769 582)
Other revenues / (expenditures)	(61 839)	27 653
Profit (and loss) on sale of subsidiaries and investments	6 889 595	-
Profit and loss from sale of investment properties	-	-
Profit and loss from revaluation of revenue-generating investment properties	8 730 108	(6 387 343)
Maintaining investment properties (Capex)	-	(93 661)
Loss realised, claimed on equity	-	-
Gross operational profit and loss (EBITDA)**	17 488 930	(3 947 277)
Depreciation and amortisation	(126 620)	(99 709)
Other (expenditure) / revenue of financial transactions	(1 836 735)	437 563
Balance of interest revenue and (expenditures)	(1 511 575)	(908 088)
Profit before taxation	14 014 000	(4 517 511)
Income taxes	(838 741)	490 670
Profit after taxation	13 175 259	- 4 026 841
Other comprehensive income		
Exchange rate differences arisen from currency translation of activities	(5 410 736)	2 976 108
Other comprehensive income of the current year, less with taxation	(5 410 736)	2 976 108
COMPREHENSIVE INCOME OF THE CURRENT YEAR IN TOTAL	7 764 523	- 1 050 733
From profit after taxation:		
Share of non-controlling interests	(50 710)	(778 801)
Share of the Company owners	13 225 968	(3 248 041)
From total comprehensive income:		
Share of non-controlling interests	(50 710)	(778 801)
Share of the Company owners	7 815 233	(271 933)
Base income per share in EUR cent	27.81	-8.50
Diluted income per share in EUR cent	27.81	-8.50

Balance sheet	30 June 2022	31 December 2021
Assets	EUR	EUR
Revenue-generating investment properties	124 484 218	185 662 961
Tangible assets	21 741	223 035
Right-of-use asset	1 531 676	3 530 247
Deferred tax assets	23 716	756 071
Equity in associate company	-	39 701
Goodwill	73 110	4 353 991
Over-the-year receivables	322 713	346 982
Invested assets in total	126 457 174	194 912 988
Inventories	157 495	7 934 901
Trade receivables	1 148 835	492 449
Other short-term receivables	2 084 306	6 040 096
Short-term loans granted	1 098 522	1 161 005
Accruals	631 049	741 635
Income tax receivables	52 676	23 729
Assets held for sale	36 953	-
Cash and cash equivalents	61 090 297	24 857 395
Current assets in total	66 300 133	41 251 210
Assets in total	192 757 307	236 164 198

Balance sheet	30 June 2022	31 December 2021
Equity and liabilities	EUR	EUR
Issued share capital	15 217 006	15 217 006
Repurchased own shares	-1 171	-1 171
Reserves	25 645 230	25 645 230
Reserves for conversion	-16 562 226	-11 151 490
Retained earnings	57 581 354	44 355 386
Equity share of Company shareholders	81 880 193	74 064 961
Non-controlling interests	61 589	112 306
Equity and reserves in total	81 941 782	74 177 267
Long-term bank credits and leasing liabilities	30 339 489	48 007 602
Bond obligations	51 623 685	54 557 445
Deposits paid by tenants	1 276 787	1 286 727
Long-term affiliated liabilities	-	4 603 285
Deferred tax liabilities	5 454 437	5 472 228
Long-term liabilities in total	88 694 398	113 927 287
Short-term bank credits and leasing liabilities	827 665	932 373
Other short-term liabilities	14 515 892	21 266 228
Short-term affiliated liabilities	-	955 566
Liabilities for trade creditors and other accounts	5 525 564	9 812 260
Taxes and duties liabilities	348 169	486 513
Income tax liabilities	-	229 225
Accrued liabilities and provisions	903 837	14 377 479
Short-term liabilities in total	22 121 127	48 059 644
Liabilities in total	110 815 525	161 986 931
Equity and liabilities in total	192 757 307	236 164 198

Cash Flow	30 June 2022	30 June 2021
	EUR	EUR
Profit before taxation	14 014 000	(4 517 511)
Profit and loss from revaluation of revenue-generating investment properties	(8 730 108)	6 387 343
Change in reserves for conversion	(5 410 736)	2 976 108
Year-end currency revaluation not realised	1 836 735	608 426
Depreciation	126 620	99 709
Negative goodwill	-	(199 106)
Deferred tax liabilities	(392 425)	634 000
Profit (and loss) on sale of subsidiaries	(6 889 595)	-
Interest revenues	(2 568 737)	(122 688)
Interest expenditure	4 080 312	1 030 776
Changes in receivables and other current assets	35 555 803	(679 779)
Change in deferred charges	(553 553)	(168 477)
Change in inventories	(157 495)	(542 321)
Change in liabilities and accruals	18 330 675	5 860 930
Change in deposits paid by tenants	(9 940)	(99 227)
Income tax paid	132 109	(143 330)
Net cash flow from business activity	49 363 665	11 124 853
Investment expenditures of properties	-	(93 661)
Purchase of tangible assets	-	4 608
Revenue of equity sale	2 423 205	-
Purchase of investment properties	(101)	(16 188 684)
Net cash flow from investment activities	2 423 104	(16 277 737)
Change in loans granted	62 483	325
Increase of credits, leases and loans	1 219	4 154 811
Credit repayment	(5 520 650)	-
Interest expenditure	(4 080 312)	(1 030 776)
Interest revenues	2 568 737	122 688
Net cash flow from financial activities	(6 968 523)	3 247 048
Change in liquid assets	44 818 245	(1 905 836)
Liquid assets balances:		
Liquid assets at the beginning of the year	16 272 052	22 063 065
Yearend liquid assets	61 090 297	20 157 229

Changes in own equity (data in EUR)	Issued share capital	Reserves	Repurchased own shares	Reserves for conversion	Retained earnings	Share of the Company owners	Non-controlling interests	Total own equity
Balance on 1 January 2021	15 217 006	25 645 230	(1 171)	(10 113 074)	47 358 839	78 106 830	2 888 383	80 995 213
Comprehensive income of the current year								
Comprehensive income of the current year	-	-	-	2 976 108	(3 248 041)	(271 933)	(778 801)	(1 050 734)
Transactions with the owners	-	-	-	-	-	-	-	-
Purchase of subsidiary						-		-
Transaction with external owner, with control retained						-		-
Balance on 30 June 2021	15 217 006	25 645 230	(1 171)	(7 136 966)	44 110 799	77 834 898	2 109 582	79 944 480
Comprehensive income of the current year								
Comprehensive income of the current year	-	-	-	(3 251 362)	244 588	(3 006 774)	(1 997 464)	(5 004 238)
Transactions with the owners	-	-	-	-	-	-	188	188
Purchase of subsidiary						-	188	188
Transaction with external owner, with control retained						-	-	-
Balance on 31 December 2021	15 217 006	25 645 230	(1 171)	(10 388 328)	44 355 386	74 828 123	112 306	74 940 429
Balance on 1 January 2022	15 217 006	25 645 230	(1 171)	(11 151 490)	44 355 386	74 064 961	112 306	74 177 267
Comprehensive income of the current year								
Comprehensive income of the current year	-	-	-	(5 410 736)	13 225 968	7 815 232	(50 710)	7 764 523
Transactions with the owners	-	-	-	-	-	-	(7)	(7)
Purchase of subsidiary						-	(7)	(7)
Transaction with external owner, with control retained				-	-	-	-	-
Balance on 30 June 2022	15 217 006	25 645 230	(1 171)	(16 562 226)	57 581 354	81 880 193	61 589	81 941 782

MANAGEMENT REPORT

History of the Appeninn Group

Appeninn Plc. was established in 2009, and the trading of the shares at Budapest Stock Exchange was initiated as of 02 July 2010. Since 2011, the shares have been traded in PREMIUM category, and since April 2012, the Company has been the member of BUX index, and even was entered into regional CECE index.

Since drafting the strategy, the Appeninn Group shall concentrate on such acquired assets which are related niche segments of low-price upon generating big profit by means of professional maintenance with higher investment aims for middle- or even long-term. The Company shall primarily hold office buildings in the capital, but also bought logistics properties and commercial real estates all over the country. In the course of the last years, the Appeninn Group has enhanced its properties portfolio.

In the first half of 2022, the Appeninn Group continued the tourism developments already started earlier, and through the sale of business shares, it realized the results of earlier developments. During the first half of 2022, the Dreamland Group, PRO-MOT Hungária Kft. and Appeninn Üzemeltető Kft. were sold, the result of which also appears in the higher profit after tax of the first six months of 2022.

KEY ITEMS OF THE FIRST SIX MONTHS FOR 2022 OF THE CORPORATE GROUP

Key data - consolidated	30 June 2022	30 June 2021
	EUR	EUR
Consolidated statement of comprehensive income		
Property rental revenue	4 113 334	5 044 351
Direct contribution from rental activities	3 337 257	3 846 248
EBITDA	17 488 930	(3,947,277)
EBIT	17 362 310	(4 046 986)
Profit after taxation of the current year	13 175 259	(4 026 841)
	30 June 2022	31 December 2021
	EUR	EUR

Assets, liabilities and equity:

Revenue-generating investment properties	124 484 218	185 662 961
Long-term liabilities in total	88 694 398	113 927 287
Current assets in total	66 300 133	41 251 210
Short-term liabilities in total	22 121 127	48 059 644
Equity share of Company shareholders	81 880 193	74 064 961

SUMMARY OF ACHIEVEMENTS

The most significant achievement of the first half of 2022 is the realisation of the sale of subsidiaries of the Group, the Dreamland Group and PRO-MOT Hungária Kft. The realized profit of the two sales increased the consolidated profit after tax significantly.

In the assessment of the six-month financial performance of the Company Group, it must be taken into consideration that the consolidated comprehensive profit and loss report still includes the profit and loss of the subsidiaries, at the same time, these are not shown in the consolidated balance sheet, since the control over of the subsidiaries ceased by 30 June 2022 as a result of the sale.

The IFRS consolidated sales revenue of Appeninn Plc. was EUR 4.1 million, which is less compared to the same period of the last year.

The main reasons behind the lower sales revenue level were the following:

- the business share and real estate revenues of M2C, which was sold last year, were already not included in the consolidated data,

- no rent revenue was generated during the development of the port, which is part of the development portfolio, and
- a key tenant has been using the facility management services directly from the service provider from the second half of the last year, therefore the value of that is no longer included in the revenues and the direct costs.

The consolidated profit indicators of the company group have improved significantly. The profit after tax of the Group is EUR 13.2 million, which is much more favourable than the EUR 4 million in losses of the previous year, meanwhile, the EBIDTA is positive EUR 17.5 million compared to the EUR 3.9 million in losses before amortisation and depreciation achieved in the first half of 2021. Several one-time factors, therefore the sale of business share mentioned above and the exchange rate changes, had a crucial role in the development of the profitability indicators.

The consolidated profit after tax was especially affected by the large-scale changes in the foreign exchange rates in the first half of 2022 as well, which increased the EBIDTA level significantly. Profit and loss item of revenue-generating real estate properties revaluation – in the absence of interim appraisal – is exclusively impacted by EUR/HUF exchange rate fluctuation resulting from the difference between currency evaluation and registration. The exchange loss of the total amount of the non-Forint credits is also fundamentally a consequence of the records currency and the functional currency. This distorts the overall picture of the actual economic performance primarily due to the non-Forint-based revenue structure, since it will actually be realised depending on the later revenue levels, which depend on the current exchange rate.

The following table shows the profit of the Group, broken down to the performance of the companies that belonged to the company group on 30 June 2022, as well as the one-time items (arising from the sale of the subsidiaries and the revaluation of the revenue-generating real estate):

	values in EUR
Profit after tax of those remained in the Corporate Group	-518 520
Profit after tax of subsidiary companies sold	-955 074
Profit after tax realized on subsidiary companies sold.	6 889 595
Exchange gain of revenue-generating real estate properties	8 730 108
Deferred tax liabilities impact	-970 850
Consolidated profit after tax	13 175 259
Own equity exchange rate impact (OCI)	-5 410 736
Total comprehensive income	7 764 523

In addition to the above analysis, we emphasize that the profit after tax of the companies that remained in the Group is EUR -518,520 of loss, of which EUR -1,834,740 is the not realized exchange rate loss of the total amount of the foreign currency credits.

Core business profit after tax analysis:

	<u>data in EUR</u>
EBIT	1 527 090
Net loss on exchange	-1 834 740
Interest paid	-361 421
Deferred and actual tax	150 551
Profit after tax in total	-518 520

The detailed description of the profit after tax shows that the profit or loss of the core portfolio remaining in the company group and without the exchange rate loss is EUR 1,316,220 of profit.

FINANCIAL DATA – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

Real estate leasing and management activity profit and loss

The direct hedge ratio of the Appeninn Group increased by 5% compared to the same period of the last year, while the nominal amount of the direct hedge decreased simultaneously. The 18% decrease of the revenues from direct leasing arises primarily from the factors mentioned above:

- the tenants purchase certain services directly from the service providers, therefore these are no longer included in the revenues and the costs this year.
- the sales revenue related to the port in Balatonfüred will be realized after 30 June 2022 only, due to the date the occupancy permit would be granted.
- As a result of the sale of M2C Kft.¹¹ owned by Bertex Kft.¹², the rent revenues of the real estate in Montevideo Street are already not included in the 2022 sales revenue.

With respect to the core real estate portfolio, the increase in sales revenues results from the 2% increase in the occupancy and the indexation of the rents. The reasons behind the decrease in the direct costs are the first-cost decrease due to the direct use of services, and the consideration nominated typically in Forint of the services used and the utility fees.

The direct hedge is EUR 3,337 thousand, which although is 13% less than the same period of the last year in terms of absolute amount, but it constitutes growth proportionally.

The administrative costs increased by approximately 21% as a result of the costs of the companies in the development portfolio and the cost related to the sale of the companies, while the change in the staff costs results from the organisational reorganisation started by the Group.

Financing and financial profit and loss

The interest payment liabilities of the Bond Funding for Growth Scheme bonds, bank credits and other liabilities base of the Company Group amounted to EUR 1,511,575, out of thereof amount EUR 933,148 was accounted for the Bond Funding for Growth Scheme bonds interest expense. The negative result between the income and expenditure on financial operations is due to the revaluation of euro-denominated loans, which is due to the difference in the accounting and presentation currency, Appeninn Plc. and its subsidiary companies book their accounts in Hungarian Forint, whereas the presentation currency of the half year and the annual reports are in EUR.

The profit after tax of the of the Group is a profit of EUR 13,175 thousand.

¹¹ M2C Kft. – in English: M2C Ltd.

¹² Bertex Kft. – in English: Bertex Ltd.

The consolidated profit after tax of Appeninn Group

The profit per share issued and listed on average was EUR 27.81 of profit in 2022, compared to EUR 8.5 of loss in the same period of 2021. The shift in the earnings per share indicator showed an increased compared to the value calculated a year earlier, driven primarily by the currency impact of the real estate portfolio and the profit and loss of the subsidiary companies sold.

Subsidiaries

Appeninn Üzemeltető Kft., PRO-MOT Hungária Kft., and Dreamland Holding Zrt. and its subsidiaries were sold in the first half of 2022. The profit of the sale was EUR 6,889,595.

Appeninn Project-EGRV Korlátolt Felelősségű Társaság¹³ on 15 June 2022, founded two Serbian single-member limited liability companies, Leverton doo Beograd (registered office: Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070 Novi Beograd), and Imanpa doo Beograd (registered office: Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070 Novi Beograd).

FINANCIAL DATA – CONSOLIDATED BALANCE SHEET

The Corporate Group accounted 192 757 EUR in thousands for the balance sheet total as of 30 June 2022. The decrease in balance sheet total arises mainly from the derecognition of the assets and liabilities of the subsidiaries sold.

1. Composition of assets

1.1. Over-the-year assets –Revenue-generating investment properties

The estimated total value of investment properties of the Appeninn Group measured 124 484 EUR in thousands as at the reporting day. The portfolio of the revenue-generating investment properties assets of the Appeninn Group involved 37 properties in the first half of 2022, and, moreover, 1 development area is accounted for the properties of the Appeninn Group.

Tourist developments started in 2022 have been continued upon high volume: investments related to the port in Balatonfüred and the hotel increased the value of the properties with the amount of 6 364 EUR in thousands.

The value of the real estate of the Company Group decreased due to sale exclusively, the real estate owned by the subsidiaries sold were removed from the balance sheet of the Group.

¹³ Appeninn Project-EGRV Korlátolt Felelősségű Társaság – in English: Appeninn Project-EGRV Limited Liability Company

The following table breaks down the changes between the balance sheet value as of 31 December 2021 and the balance sheet value as of 30 June 2022, per real estate and in Euros:

Real estate properties name and address	31 December 2021	Recapitalisation	Sale	30 June 2022
1149 Budapest, Várna u. 12-14.	2 200 000			2 200 000
1047 Budapest, Schweidel utca 3.	2 800 000			2 800 000
1023 Budapest, Bég u. 3-5.	10 600 000			10 600 000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3 400 000			3 400 000
1094 Budapest, Páva utca 8.	5 100 000			5 100 000
1015 Budapest, Hattyú utca 14.	14 200 000			14 200 000
H-1118 Budapest, Kelenhegyi út 43.	5 100 000			5 100 000
1133 Budapest, Visegrád u. 110-112.	5 100 000			5 100 000
18 SPAR üzlet	22 380 000			22 380 000
6000 Kecskemét, Kiskőrösi utca 30.	4 200 000			4 200 000
1082 Budapest, Üllői út 48.	20 400 000			20 400 000
1147 Budapest, Egyenes u. 4.	700 000			700 000
1105 Budapest, Bánya utca	2 400 000			2 400 000
1023 Budapest, Felhévizi u. 24.	1 500 000			1 500 000
1139 Budapest, Frangepán u. 19.	3 100 000			3 100 000
1105 Budapest, Bánya utca	340 000			340 000
3525 Miskolc, Szűcs Sámuel u. 5.	2 600 000			2 600 000
H-8171 Balatonvilágos, Aligai út 1.	12 730 000		(12 730 000)	-
1013 Budapest, Pauler utca 2.	1 700 000			1 700 000
Lepence, Strandfürdő Visegrád	900 000		(900 000)	-
Port and Hotel Balatonfüred	10 300 000	6 364 218		16 664 218
Grand Hotel Tokaj, Tokaj Csurgó-völgy	16 300 000		(16 300 000)	-
Active Tourist Center, Tokaj Csurgó-völgy	1 400 000		(1 400 000)	-
BALALAND Family Hotel & Resort és Familypark, Szántód	34 300 000		(34 300 000)	-
Csárda és Rév Szántód	1 050 000		(1 050 000)	-
Tokaj Kelep	862 961		(862 961)	-
Real estate property in total	185 662 961	6 364 218	(67 542 961)	124 484 218

1.2. Over the year assets – Right-of-use asset

The rights-of-use amount to EUR 1,532 thousand. The 57% decrease compared to last year's year-end EUR 3,530 thousand arises from the depreciation and derecognition of the rights-of-use of Appeninn Plc. and Solum-Invest Kft., as well as from the effect of the exchange rate change. Simultaneously with the derecognition of the right-of-use of the Plc., the related long-term leasing obligations also decreased by the same amount.

1.3. Over-the-year assets – Goodwill

The decrease of the value of the goodwill results from the derecognition of the subsidiaries sold.

data in EUR	for the half year ending on 30 June 2022	for the business year ending on 31 December 2021
The Acquisition of Dreamland Group	-	4 280 881
Solum-Invest Kft.	73 110	73 110
Total	73 110	4 353 991

1.4. Current assets – Trade and other receivables

The trade receivables amounted to EUR 1,148 thousand, the substantial increase of which compared to last year's year-end EUR 492 thousand is owed to the fact that the claims against Appenninn Üzemeltető Zrt. – which was sold this year – were derecognised, and on the reporting date of the annual account these claims are already considered as claims against independent parties.

Other receivables amounted to EUR 2,084 thousand on 30 June 2022, compared to EUR 6,040 thousand at the end of 2021. The decrease results primarily from the derecognition of the claims of the subsidiaries sold, although the value of claims would be lower even without such claims, since value of the other receivable as of 31 December 2021 would have been EUR 2,461 thousand without the subsidiaries sold.

1.5. Current assets - Inventories, cash

The inventories value of EUR 157 thousand in current assets show 81% decrease compared to the end of last year. The decrease results primarily from the derecognition of the inventories of the subsidiaries sold.

The increase in cash originated primarily from the sales price received from the subsidiaries sold and the state subsidies received by Solum-Invest Kft.

2. Composition of resources

2.1. Long- and short-term bank loan liabilities, issued corporate bonds

The amount of long-term bank credits decreased from EUR 48,008 thousand to EUR 30,339 thousand. The primary reason behind the decrease is the derecognition of the bank credits of

the subsidiaries sold and the long-term leasing liabilities of the Plc., without which the long-term bank credits as of 31 December 2021 would have amounted to EUR 31,043 thousand.

The amount of short-term bank credits did not change significantly, the decrease from EUR 932 thousand to EUR 828 thousand is owed mainly to the exchange rate effect, since the subsidiaries sold typically had no short-term bank credits.

The decrease of the denominated bond portfolio issued in Hungarian Forints within the framework of NKP central bank program in 2019 was due to the exchange rate effect, which dropped from 54 557 EUR in thousands to 51 624 EUR in thousands, exclusively as a result of the exchange rate change.

The value of indebtedness indicator is, exclusively calculated for external resources, 16.17 percentage, while the total value of external indebtedness indicator is 42.95 percentage upon the inclusion of NKP into the bond portfolio.

2.2. *Non-controlling interest*

The amount of non-controlling interests decreased significantly, since exclusively the 49% minority shareholding in Solum-Invest Zrt. is shown here on 30 June 2022.

2.3. *Long and short-term affiliated liabilities*

The amount of long-term affiliated liabilities decreased from EUR 4,603 thousand to zero, since through the sale of PRO-MOT Hungária Kft., the liability owed to Lexan Aliga Kft.¹⁴ was removed from the consolidated balance sheet. As a result of the sale of PRO-MOT Hungária Kft., the amount of short-term affiliated liabilities also decreased from EUR 956 thousand to zero, since the short-term liabilities of Lexan Aliga Kft. and Szepard Kft.¹⁵ were no longer included in the consolidated balance sheet.

2.4. *Deferred tax liabilities*

Tax and deferred tax liabilities do not indicate significant change compared to the end of last year, while as of 30 June 2022, the amount of deferred tax liabilities is 5 454 EUR in thousands and thereof amount in relation to tax liabilities accounts 5 472 EUR in thousands on 31 December 2021. However, the derecognition of the deferred tax liabilities of the subsidiaries sold caused decrease in the balance, since without the subsidiaries sold, the amount would have been EUR 4,936 thousand on 31 December 2021, at the same time, the balance was increased by the amount of the deferred tax liability claimed for the profit of the value of the revenue-generating real estate arising from the foreign currency exchange rate increase.

2.5. *Trade creditors*

¹⁴ Lexan Aliga Kft. – in English: Lexan Aliga Ltd.

¹⁵ Szepard Kft. – in English: Szepard Ltd.

The amount of liabilities owed to the trade creditors was EUR 5,526 thousand on 30 June 2022, compared to EUR 9,812 thousand as of 31 December 2021, which shows a significant decrease. However, the amount of trade creditors increases substantially with respect to those companies that fell under the scope of consolidation on 30 June 2022, since without the subsidiaries sold, the trade creditors would have amounted to EUR 3,496 thousand on 31 December 2021. The growth, compared to the end of last year, was primarily due to the planning and construction costs related to the new developments.

2.6. *Other short-term liabilities*

Other short-term liabilities amounted to EUR 14,516 thousand on 30 June 2022, compared to EUR 21,266 thousand on 31 December 2021. The decrease is owed to the subsidiaries owed, since without the other short-term liabilities of the subsidiaries sold, the amount would have been EUR 9,819 thousand on 31 December 2021, at the same time, some increase also appears as a result of the subsidy advances received.

2.7. *Accrued liabilities*

The accrues liabilities amounted to EUR 904 thousand. The decrease which is great compared to last year' year-end figure both proportionally and in absolute value results primarily from the derecognition of the accrued liabilities of the subsidiaries sold.

3. EQUITY STRUCTURE OF THE CORPORATE GROUP

The amount of equity of the shareholders of the company measured 81 880 EUR in thousands in total, while the amount of non-controlling interest was 62 EUR in thousands as of 30 June 2022.

Regarding the first half of 2022, there was not dividend approved.

4. CORPORATE GROUP CASH-FLOW

The cash of the Appenin Group increased by EUR 44,818 thousand, which originates primarily from the sales price received from the subsidiaries sold and the state subsidies received by Solum-Invest Kft.

5. EVENTS FOLLOWING THE PERIOD UNDER REVIEW

The Group sold its minority shareholding held in Hellnarik Hospitality Kft. after the date of the annual account, but before the publication thereof.

No other significant event occurred after the period under review.

6. INDICATORS OF PERFORMANCE MEASUREMENT

	data in EUR		
	30 June 2022	30 June 2021	Change (percentage)
Revenue-generating investment properties	124 484 218	188 628 684	-34.01%
Direct contribution from rental activities	3 337 257	3 846 248	-13.23%
Profit after tax	13 175 259	(4 026 841)	427.19%
EBITDA	17 488 930	(3 947 277)	543.06%
Own equity	81 941 782	77 834 898	5.28%
ROE	16.08%	-5.17%	21.25%
ROA	6.84%	-1.76%	8.60%
Indebtedness ratio	42.95%	53.00%	-10.05%

DESCRIPTION OF THE REAL ESTATE MARKET ENVIRONMENT AND SECTOR IN HUNGARY

Macroeconomic expectations

The domestic economy grew beyond earlier expectations, by 7.1 percent in 2021, and the growth dynamic still continued in the first quarter (8.2% year/year) and in the second quarter it is still 6.5% year/year. At the same time, the growth is expected to slow down by 2022 (3.5 – 5% year/year), which will continue further in 2023 (2-3% year/year). This year, primarily the internal demand items appearing mainly in the first half of the year – primarily the private consumption due to the one-time income transfer – contribute to the growth, while the net export holds back the expansion. The increase in the private consumption is essentially positive from the point of the retail sector, nevertheless, the increasing inflation and the decreasing dynamic of the real income have substantial holding back effect, which will impact the second half of the year as well.

In case of the SME sector, the ever-increasing costs (energy, labour, raw materials) could result in decreasing investments, the deterioration of corporate profitability, and thereby in cost optimisation, while on the lessee side, these lead to decreasing demand. The Russian-Ukrainian war continues to result uncertainty, and the difficulties that affect the international production chains persist.

The external demand in 2023 could be even lower than expected previously, which has a negative effect on the domestic export. In addition to the external market processes, internal factors are also expected to hold back the economic growth of the next year. Looking ahead,

the phasing out of the one-time income transfers provided to the households, the holding back of the state investments and the increasing corporate costs could adversely affect the economic activity.

Office market

In 2021, the investments affected the office market primarily, with an 82% ratio, in the amount of EUR 960 million, therefore it is evident that activity has increased in the office market as well, as the epidemic gradually slowed down and as home office work decreased. During the first quarter of 2022, investments of EUR 0.19 billion were realised, which is basically the same as the same period of the previous year, and the office market had a 40% share therein.

During 2021, Hungarian investors represented a substantial part, 70% of the investments, the other 30% of investments came to our country from the Czech Republic and Germany. According to the projections of CBRE, domestic investments will continue to be substantial in 2022.

In the first quarter of 2022, a 5.25% prime yield – which is the same as in the last quarter of 2021 – could be realised, which could already be an early sign of returning to the pre-COVID times. Further decrease can be expected in the coming period, however, drastic change in the yield level cannot be expected yet, since numerous uncertainty factors can be identified (e.g. the spread of hybrid work, the economic effects of the Russian-Ukrainian war, etc.) in this segment, which could affect the development of the demand, while the supply is expanding further by the developments that have already been started.

The vacancy rate increased in the first quarter of 2022, it stands at 9.2%, which represents a 0.1 percentage point increase per quarter and per annum. In the first quarter of 2022, the most saturated sub-market was North Buda with its 5.6% vacancy rate, while the Agglomeration continues to have the highest vacancy rate (31%). The increasing supply and the uncertain demand jointly forecast further increase in vacancy rate in the coming quarters as well.

With respect to new handovers, according to the data of CBRE and CW, nearly 66 885 sqm of new areas had been handed over in the first three months of 2022. According to the expectations, additional 243.000 sqm of office area could be introduced to the market in 2022; 40% of the developments planned for this year are scheduled for the last quarter of the year, therefore in some cases the final handover could be pushed to 2023. Overall, according to CW data, 499 005 sqm of area had been under development in the first quarter of 2022. Based on the information provided by CBRE, the office building costs represent EUR 1 100 to 1 200/sqm until the shell & core build, which represents an approximately 10% increase on an annual basis, and it is still expected to increase.

The average level of the offered rents stagnated in the first quarter of 2022 as well, it continues to be EUR 13.5/sqm/month according to CBRE data. At the end of the quarter, the average offered rent of Category “A” office buildings was around EUR 15.9/sqm/month. The rates are the highest in the central (Central Business District) sub-market, where they can be

up to EUR 24.5/sqm/month, while rates ranging between EUR 15 and 18/sqm/month were registered in the other sub-markets, with the only exception being the agglomeration, where the average was EUR 11/sqm/month. Currently, experts expect the rents to stagnate in 2022 as well, we cannot expect significant changes.

In the first three months of 2022, with the exception of Warsaw and Sofia, vacancy rates increased in all capitals of KKE region, reflecting lower demand and the launch of new buildings due to the buoyant development activity in recent periods. In the first quarter, the lowest vacancy rate remained in Belgrade (5.5 percent) and Prague (8.4 percent), while the highest (16.4 percent) could be noticed in Sofia. In most capitals, the construction of office areas equal to 5 to 7.5% of the existing modern office area was in progress in the region, while Budapest (13.6%) and Sofia (9.1%) show higher ratios. Further increase of the vacancy rate is more likely in the latter capitals in 2022. Stagnation was characteristic for yield levels, the highest yield could be realised in Belgrade (8%), while the lowest in Prague (4.25%). In case of the Category "A" rents, we could experience the lowest in Belgrade (EUR 15 to 17/sqm/month), and the highest in Prague and in Budapest (EUR 24 and 24.5/sqm/month, respectively).

Retail real estate market

Simultaneously with the gradual lifting of the pandemic restrictions during 2021, the turnover of all types of retail units rose continuously in the second quarter, and by July, all types of retail units - except for textiles, clothing, furniture and technical products - reached their average turnovers of 2019.

In the first quarter of 2022, the increasing dynamic of consumption continued. The increase in the pace can be attributed to the significant state transfers (e.g. personal income tax refund) and to the low basis of the last year. The turnover volume of non-food retail trade was 29.7% higher overall in March 2022, on an annual level. The volume of sales quadrupled in textile, clothing and footwear shops, tripled in second-hand goods shops, and increased by 75% in furniture and technical product shops, by 59% in book, computer technology, and other industrial goods shops, by 13% in industrial goods-like mixed retailers, and by 8.3% in shops selling medicine, medical products, and perfume. Simultaneously, after a long time, in March, the volume of mail order and internet retailers - which had an 8.9% of the retail turnover - decreased by 7.3%, which shows the further rise of traditional shopping.

In Hungary, 4.3 million square meters of modern retail real estate were available at the end of the last quarter of 2021, 48% of which are retail parks, 31% are shopping centres, 2% are main streets, and 18% are retail parks. Almost a third (31%) of the total area is concentrated in Budapest. With the opening of Etele Plaza in September, the total area of the Budapest shopping centres is 827 000 sqm, according to the information provided by JLL.

Based on expert consensus, the expected yield of prime shopping centres was around 5.25-6.25%, while C&W announced a level of 5.25% for prime shopping streets, 7% for retail parks, and 6% for prime shopping centres. Yield levels showed stagnation compared to the previous quarter.

In the first quarter of 2022, CBRE expects the yield level of prime shopping centres to be at 6.25% and at 5.5% for prime shopping streets. According to the Central Bank of Hungary report prepared on the basis of CBRE data, the vacancy rate of the primary shopping centres of Budapest is 2 to 8%, which continues to be a very low level. The average vacancy rate of secondary shopping centres in Budapest and of shopping centres in regional cities is usually 6% and 4%, respectively. Compared to the period before the spread of Covid, at the end of 2019 and the beginning of 2020, when the vacancy in the case of Top 5 shopping centres was 1%, in the case of secondary shopping centres it was around 5%, while in the case of shopping centres located in regional centres it was around 4%. Compared to the hereinabove, the vacancy rates increased to a lesser extent by the beginning of 2022 created an opportunity for brands that want to expand to choose between several options, be it relocation or entering the market, and this can refresh the rental demand in the country. Overall, it appears that there was no significant change in vacancy, which could be owed to the fact that the supply essentially did not change, and despite the Covid crisis, we cannot report a significant decrease in tenant demand either. As a result of Covid, the reserves of mainly the small and medium-sized domestic retailers ran out, most of the problems were related to the leasing of the 30 to 50 square meter retail units such businesses typically lease. It is expected that the decrease in consumption due to high inflation typical of this year will affect these businesses the most, so it can be expected that smaller tenants will face additional payment difficulties in the coming period.

In the retail real estate markets of the Central and Eastern European region, the development activity is aimed primarily at the renovation and expansion of existing shopping centres, as well as on the construction of smaller business parks. Retail trade shows signs of increased liquidity in Central and Eastern Europe, the volume of investments shows an upwards trend, which is reflected in the stagnation of yields, and - for example, in Romania - in the decline of yields. Overall, the retail sector accounted for nearly 36% of the investments of the region in the first quarter of this year, which clearly shows the growing willingness to invest in the sector. In the first three months of 2022, in the case of shopping centres, the highest yield level could be realised in Serbia (8%), the lowest in Poland (5.3%). Both countries of the region were characterised by stagnation in the past quarters. In the case of retail park yields, 5% yield could be achieved in the Czech Republic, and a 7% yield in several countries of the region (Poland, Slovakia, Romania, Hungary.). The exception is Serbia, where a yield of 8.5% was typical for this sub-segment. In the first quarter of 2022, retail rents remained relatively stable throughout the region, in the case of shopping centres, the highest rents could be realised in the Czech Republic (EUR 142/sqm/month), and the lowest in Bulgaria and Serbia (EUR 34/sqm/month). In the case of retail parks, the highest rents could be realised in Hungary and Romania (EUR 12/sqm/month).

Hotels market

As a result of the domestic measures taken to prevent the spread of the coronavirus epidemic and the gradual, partial lifting of international travel restrictions, both the domestic and foreign demand continued to improve in 2021. The number of hotel nights increased by 11.3%

nationally and by 31.9% in Budapest compared to 2020, but they were 55.2% and 70.7% less than the nights registered in 2019, respectively. The number of foreign guest nights was 71.7% lower nationally and 75.1% lower in Budapest compared to 2019. Despite the extreme decline experienced in Budapest, 58% of all foreign guest nights were registered in the hotels of the capital in 2021.

Unlike 2021, 2022 already started without epidemiological restrictions in the domestic and in the international hotel industry. As air travel started again and vaccination rates increased, inbound tourism began to become more and more substantial in the hotel industry, however, due to the Russian-Ukrainian war and inflation, the demand slowed down. It can be noted as an advantage that the number of hotel nights between January and May 2022 increased by +404% compared to the same period of 2021, which however is still lower than the figures of 2019. In May 2022, the total gross turnover of domestic hotels was HUF 37.5 billion, which is 212% more than last year, but is 16% less than the income of May 2019. The ongoing hotel developments will result in significant handovers in the coming periods as well: nearly 2 500 hotel rooms are under construction, which are planned to be handed over in 2022, with 60% of them located in Budapest.

Main risk factors

The Appenninn Group holds significant properties portfolio financed by bank credits and loans. Thereof activity is exposed to the general economic situation, in particular to the property price, mortgage market and changes in the lease charges level. The management is constantly monitoring the market developments and has started to develop alternative scenarios. Currently, the following main risk factors can be defined on the revenue and the cost sides, affecting profitability:

- The persistently weak EUR/HUF exchange rate is an increased cost factor for tenants, which may cause payment and liquidity difficulties for some tenants, especially in addition to high operation, utilities and employment (wage) expenses.
- In the retail segment, due to the ever-increasing inflation, the growth rate of real income is expected to decrease even further, which could also lead to a decline in turnover dynamics in the second half of 2022 and in 2023. In January to December 2021, net earnings increased by 8.4%, which was accompanied by 5.1% inflation, and this took away more than half of the earnings increase.
- The interest rate increase combined with the rising inflation will make financing more expensive in the future, primarily in case of Forint loans.
- Due to rising raw material prices and increasingly more expensive financing, further increase in construction, development and design costs can be forecast.
- In the case of the office market, the effects of Covid (the spread of home office and hybrid work) still persist, which causes lower tenant demand, which could be accompanied by the increase in tenant cost specified above.
- In the hotel market, the reoccurring increase in the number of foreign guests – which decreased as a result of the epidemic – could be set back by the Russian-Ukrainian war

in 2022. Meanwhile, the number of domestic guests may be limited by the declining dynamic of real wages.

In the case of the hotel and tourism segment, the sale of the development portfolio eliminates the future exposure of the group to tourism, as well as the risks resulting from such exposure.

Foreign-based investment loans of the Appeninn Group is denominated in EUR. The Appeninn Group places strong emphasis on the consistency between lease charges income calculated in EUR and financing. Some part of the operational costs, like wages and salaries, re-invoiced utility fees, fees for experts, and budgetary burdens are typically calculated in Hungarian Forints. Due to the weakening of the Forint over the last period, the exchange rate risk is constantly monitored by the Appeninn Group, and in order to mitigate the currency risk in the balance sheet, derivative instruments – depending on the risk classification - are available to the Company. The Forint-based, fixed interest rate financing source of the Company (Bond Funding for Growth Scheme) provides protection against rising interest rates currently prevalent in the credit market.

Source: CBRE, Cushman&Wakefield, MNB, JLL, MSZÉSZ, HCSO (in English: Hungarian Central Statistical Office)

SHARE OF CONSOLIDATED COMPANIES AND CONTROLLED INTEREST

Name of the subsidiary	Parent company	Capital ownership and voting ratio	
		30 June 2022	31 December 2021
Appeninn BLT Kft. ¹⁶	Appeninn Plc.	100%	100%
Appeninn E-Office Vagyonkezelő Zrt. ¹⁷	Appeninn Plc.	100%	100%
Hellnarik Hospitality Kft.	Curlington Ingatlanfejlesztési Kft.	24%	24%
Appeninn Project-EGRV Kft. ¹⁸	Appeninn Plc.	100%	100%
Appeninn Project-MSKC Kft. ¹⁹	Appeninn Plc.	100%	100%
Appeninn Property Vagyonkezelő Zrt. ²⁰	Appeninn Plc.	100%	100%
Appeninn Üzemeltető Zrt. ²¹	Appeninn Plc.	-	100%
Appeninn-Bp 1047 Zrt. ²²	Appeninn Plc.	100%	100%
Appen-Retail Kft. ²³	Appeninn Property Vagyonkezelő Zrt.	100%	100%
Bertex Ingatlanforgalmazó Zrt. ²⁴	Appeninn Plc.	100%	100%
Curlington Ingatlanfejlesztési Kft. ²⁵	Appeninn Plc.	100%	100%
Felhévíz-Appen Kft. ²⁶	Appeninn Property Vagyonkezelő Zrt.	100%	100%
Sectura Ingatlankezelő Kft. ²⁷	Szent László téri Szolgáltatóház Kft.	100%	100%
Szent László téri Szolgáltatóház Kft. ²⁸	Appeninn Plc.	100%	100%
PRO-MOT Hungária Ingatlanfejlesztő Kft. ²⁹	Appeninn BLT Kft.	-	74.99%
Alagút Investment Kft. ³⁰	Appeninn Plc.	100%	100%
Solum-Invest Kft.	Appeninn Plc.	51%	51%
Dreamland Holding Zrt.	Appeninn Plc.	-	75%
DLHG Invest Kft. ³¹	Dreamland Holding Zrt.	-	75%

¹⁶ Appeninn BLT Kft. – in English: Appeninn BLT Ltd.

¹⁷ Appeninn E-Office Vagyonkezelő Zrt. – in English: Appeninn E-Office Asset Management Plc.

¹⁸ Appeninn Project-EGRV Kft. – in English: Appeninn Project-EGRV Ltd.

¹⁹ Appeninn Project-MSKC Kft. – in English: Appeninn Project-MSKC Ltd.

²⁰ Appeninn Property Vagyonkezelő Zrt. – in English: Appeninn Property Asset Management Private Limited Company)

²¹ Appeninn Üzemeltető Zrt. – in English: Appeninn Maintenance Private Limited Company

²² Appeninn-Bp 1047 Zrt. – in English: Appeninn-Bp 1047 Plc.

²³ Appen-Retail Kft. – in English: Appen-Retail Ltd.

²⁴ Bertex Ingatlanforgalmazó Zrt. – in English: Bertex Real Property Sales Plc.

²⁵ Curlington Ingatlanfejlesztési Kft. – in English: Curlington Real Property Development Ltd.

²⁶ Felhévíz-Appen Kft. – in English: Felhévíz-Appen Ltd.

²⁷ Sectura Ingatlankezelő Kft. – in English: Secture Real Property Management Private Limited Liability Company

²⁸ Szent László téri Szolgáltatóház Kft. – in English: Szent László téri Szolgáltatóház Ltd.

²⁹ PRO-MOT Hungária Ingatlanfejlesztő Kft. – in English: PRO-MOT Hungária Property Developer Private Limited Liability Company

³⁰ Alagút Investment Kft. – in English: Alagút Investment Ltd.

³¹ DLHG Invest Kft. – in English: DLHG Invest Ltd.

Szántód BalaLand Family Kft. ³²	DLHG Invest Kft.	-	75%
Tokaj Csurgó Völgy Kft. ³³	DLHG Invest Kft.	-	75%
Tokaj Kelep Zrt. ³⁴	TATK Kft.	-	75%
SZRH Kft. ³⁵	DLHG Invest Kft.	-	75%
TATK Kft. ³⁶	DLHG Invest Kft.	-	75%
Visegrád Lepence Völgy Strandfürdő Kft. ³⁷	DLHG Invest Kft.	-	75%
Leveron doo Beograd	Appeninn Project-EGRV Kft.	100%	-
Imanpa doo Beograd	Appeninn Project-EGRV Kft.	100%	-

³² Szántód BalaLand Family Kft. – in English: Szántód BalaLand Family Ltd.

³³ Tokaj Csurgó Völgy Kft. – in English: Tokaj Csurgó Völgy Ltd.

³⁴ Tokaj Kelep Zrt. – in English: Tokaj Kelep Plc.

³⁵ SZRH Kft. – in English: SZRH Ltd.

³⁶ TATK Kft. – in English: TATK Ltd.

³⁷ Visegrád Lepence Völgy Strandfürdő Kft. – in English: Visegrád Lepence Völgy Strandfürdő Ltd.

INDIVIDUAL FINANCIAL STATEMENT OF APPENINN PLC.

Balance sheet	30 June 2022	31 December 2021
Assets	thousand HUF	thousand HUF
Revenue-generating investment properties	9 760 050	9 077 400
Tangible assets	8 626	9 396
Right-of-use asset	66 648	106 125
Lease receivables	128 036	128 036
Participations	6 861 608	8 406 608
Invested assets in total	16 824 968	17 727 565
Trade receivables	302 484	24 976
Other short-term receivables	620 694	112 568
Receivables through affiliated parties	12 376 789	19 117 168
Short-term loans granted	435 839	428 411
Accruals	153 854	22 986
Cash and cash equivalents	11 291 077	3 110 938
Current assets in total	25 180 736	22 817 047
Assets in total	42 005 704	40 544 612

Balance sheet	30 June 2022	31 December 2021
Equity and liabilities	thousand HUF	thousand HUF
Issued share capital	4 737 142	4 737 142
Repurchased own shares	-1 114	-1 114
Reserves	8 095 844	8 095 844
Retained earnings	6 440 530	5 228 320
Equity and reserves in total	19 272 402	18 060 192
Deposits paid by tenants	218 592	218 592
Lease liabilities	178 491	216 426
Self-issued bond obligations	20 481 697	20 131 697
Long-term affiliated liabilities	0	-
Deferred tax liabilities	424 184	342 992
Long-term liabilities in total	21 302 964	20 909 708
Short-term bank credits and leasing liabilities	103 522	92 050
Other short-term liabilities	25 392	21 969
Short-term affiliated liabilities	1 279 721	1 325 681
Liabilities for trade creditors and other accounts	20 363	55 814
Taxes and duties liabilities	0	67 203
Income tax liabilities	0	1 828
Deferred charges	1 338	10 165
Short-term liabilities in total	1 430 337	1 574 711
Liabilities in total	22 733 301	22 484 419
Equity and liabilities in total	42 005 704	40 544 612

Consolidated statement of comprehensive income	30 June 2022	30 June 2021
	thousand HUF	thousand HUF
Property rental revenue	330 942	451 759
Direct costs of property rental	(35 964)	(157 347)
Direct contribution from rental activities	294 978	294 412
Service fees from subsidiaries	126 125	125 988
Administrative expenses, service fees, wages	(205 841)	(196 457)
Other revenues / (expenditures)	1 492	1 546
Profit (and loss) on sale of subsidiaries and investments profit (and loss)	11 000	-
Profit and loss from revaluation of revenue-generating investment properties	682 650	(322 812)
Maintaining investment properties (Capex)	-	-
Gross operational profit and loss (EBITDA)**	910 404	(97 322)
Depreciation and amortisation	(19 648)	(25 340)
Other (expenditure) / revenue of financial transactions	417 691	(198 647)
Balance of interest revenue and (expenditures)	(8 517)	(27 472)
Profit before taxation	1 299 930	(348 782)
Income taxes	(87 720)	9 856
Income of the current year	1 212 210	- 338 926
Other comprehensive income		
Exchange rate differences arisen from currency translation of activities	-	-
Other comprehensive income of the current year, less with taxation	-	-
COMPREHENSIVE INCOME OF THE CURRENT YEAR IN TOTAL	1 212 210	- 338 926

Cash Flow	30 June 2022 thousand HUF	30 June 2021 thousand HUF
Profit before taxation	1 299 930	-348 782
Profit and loss from revaluation of revenue-generating investment properties	(682 650)	322 812
Depreciation	19 648	25 340
Profit (and loss) on sale of subsidiaries	(11 000)	-
Reversal of impairment		(270 940)
Interest revenues	(351 344)	(325 866)
Interest expenditure	359 861	353 338
Changes in receivables and other current assets	(893 781)	(124 592)
Change in liabilities and accruals	275 347	292 681
Income tax paid	(87 720)	9 856
Net cash flow from business activity	-71 709	-66 152
Purchase of participations	-	-
Sale of participations	1 556 000	270 939
Purchase of tangible assets	(2 122)	(26 344)
Sale (purchase) of investment properties	(0)	0
Loan for affiliated parties	6 740 379	(325 805)
Net cash flow from investment activities	8 294 257	(81 209)
Dividend payment	-	-
Repayment of self-issued bond	-	-
Change in loans granted	(7 428)	-
Increase of credits, leases and loans	(26 464)	0
Own share purchase	-	-
Own share sale	-	-
Interest expenditure	(359 861)	(353 338)
Exchange rate difference	-	-
Interest revenues	351 344	325 866
Net cash flow from financial activities	(42 408)	(27 472)
Change in liquid assets	8 180 140	(174 833)
Liquid assets balances:		
Liquid assets at the beginning of the year	3 110 938	521 694
Yearend liquid assets	11 291 077	346 861

Changes in own equity (data in thousand HUF)	Issued share capital	Reserves	Repurchased own shares	Retained earnings	Total own equity
Balance on 1 January 2021	4 737 142	8 095 844	(1 114)	4 559 932	17 391 804
Comprehensive income of the current year					
Income of the current year				668 388	668 388
Transactions with the owners	-	-	-	-	-
Own share purchase					-
Own share disposal					-
Transfer					-
Dividend					-
Capital increase					-
Balance on 31 December 2021	4 737 142	8 095 844	(1 114)	5 228 320	18 060 192
Balance on 1 January 2022	4 737 142	8 095 844	(1 114)	5 228 320	18 060 192
Comprehensive income of the current year					
Income of the current year				1 212 210	1 212 210
Transactions with the owners	-	-	-	-	-
Own share purchase					-
Own share disposal					-
Transfer					-
Dividend					-
Capital increase	-	-			-
Balance on 30 June 2022	4 737 142	8 095 844	(1 114)	6 440 530	19 272 402

GENERAL DATA ON THE ISSUER

Company name: Appeninn Vagyonkezelő Holding Nyrt.

Corporate form: public listed company

Seat of business: 1022 Budapest, Bég utca 3-5.

Company registration number: Cg. 01-10-046538

Tax number: 11683991-2-41

Statistical number: 11683991-6810-114-01

Date of foundation: 07 December 2009

Share capital: 4 737 142 HUF in thousands

Stock exchange listing date: 2 July 2010

INFORMATION ON SHARES

Type of shares: registered equity share, dematerialized

Nominal value of the shares: 100 HUF/quantity

Number of shares: 54 024 518 quantity

ISIN-code of the shares: HU0000102132

Repurchased own shares: 1 848 quantity

INTRODUCTION OF SHAREHOLDERS HOLDING MORE THAN 5% SHARE

Name	Nationality ¹	Business ²	Quantity (quantity)	Equity (%)	Voting right (%) ³
Avellino Holding Zrt. ³⁸	B	T	11 369 141	24.00%	24.00%
Sequor Holding Zrt. ³⁹	B	T	11 297 291	23.84%	23.84%
OTP Ingatlanbefektetési Alap ⁴⁰	B	T	2 410 372	5.09%	5.09%

³⁸ Avellino Holding Zrt. – in English: Avellino Holding Plc.

³⁹ Sequor Holding Zrt. – in English: Sequor Holding Plc.

⁴⁰ OTP Ingatlanbefektetési Alap –in English: OTP Property Investment Fund

1 Domestic (B). Foreign (K) 2 Custodian (L). Public finances (Á). International Development Institution (F). Institutional (I). Business Association (T) Private (M). Employee, executive officer (D) 3 Voting right ensuring participation in decision-making upon the general meeting of the Issuer

As at 30 June 2022, equity share of the Company consisted of 47 371 419 quantity of dematerialized equity shares at the nominal value of 100,-HUF, out of which 1 848 quantity is owned by the Company.

OFFICERS

On 30 June 2022, the executive officers of Appenin Plc. were as follows:

Directorate:

Kertai Zsolt László (president)
Dr. Illés Tibor Endre
Szathmáriné Szűcs Györgyi Magdolna
Nemes István Róbert
Dr. Hegelsberger Zoltán

Audit Committee:

Kertai Zsolt László
Nemes István Róbert
Dr. Hegelsberger Zoltán

DECLARATION ON THE AUDIT RELATED TO THE DATA INCLUDED IN THE REPORT

The data in the Report are consolidated, and were compiled in line with the IFRS standards effective as of 1 January 2022, and are not audited by an independent auditor.

MAJOR EVENTS OF THE PERIOD IN CHRONOLOGICAL ORDER

1 August 2022

Dr Bihari Tamás initiated the termination of his employment as CEO by mutual agreement, and, in view of this, the Board of Directors of the Company, by resolution of 1 August 2022, elected Szathmáriné Szűcs Györgyi Magdolna, member of the Board of Directors of the Company, as the new CEO of the Company as of the same date.

02 July 2022

Sequor acquired from Zinventive the ownership of 8 684 268 quantity of dematerialized ordinary shares issued by the Company. With regard to the sale and purchase of the shares, the number of Appeninn voting shares directly owned by Sequor increased to 11 297 291 quantity, thus increasing the equity of Sequor to 23.84% in the Company thus crossing the limit value of 20% as specified in Subsection 3 of Section 61 of the Act CXX of 2001 on Capital Market, while the equity of Zinventive dropped below 5% threshold as set forth in Subsection 3 of Section 61 of the Act of CXX of 2001 on Capital Market.

The closing of the sale and purchase transaction announced in the extraordinary information published by the Issuer on 25 April 2022 , with regard to the shareholding representing 24% of the ordinary shares of Hellnarik Hospitality Korlátolt Felelősségű Társaság⁴¹ (registered office: 1025 Budapest, Csévi út 11/B.; company registration number: 01-09-387468, hereinafter referred to as: “Target Company”), under the Issuer’s direct minority shareholding, took place on 29 July 2022, SZIGÉPSZERK Építőipari és Szolgáltató Korlátolt Felelősségű Társaság⁴² (registered office: 2038 Sósút, Bólyai János utca 15., company registration number: 13-09-148552) has acquired the ownership of the shareholding representing 24% of the ordinary shares of the Target Company, under the Issuer’s direct minority shareholding.

30 June 2022

Pursuant to the sales contract aimed at the acquisition of the business share representing 74.99% of the primary stake in PRO-MOT HUNGÁRIA Korlátolt Felelősségű Társaság⁴³ (registered office: 8171 Balatonvilágos, Aligai u. 1.; hereinafter referred to as: “PRO-MOT HUNGÁRIA Kft.”), under the indirect majority shareholding of the Issuer, by BAYER Property Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság⁴⁴ (registered office: 2038 Sósút, Bolyai János utca 15.; company registration number: 13-10-041948), the transfer of shareholding of the business share took place on 30 June 2022.

⁴¹ Hellnarik Hospitality Korlátolt Felelősségű Társaság – in English: Hellnarik Hospitality Limited Liability Company

⁴² SZIGÉPSZERK Építőipari és Szolgáltató Korlátolt Felelősségű Társaság – in English: SZIGÉPSZERK Construction and Services Limited Liability Company

⁴³ PRO-MOT HUNGÁRIA Korlátolt Felelősségű Társaság – in English: PRO-MOT Hungária Limited Liability Company

⁴⁴ BAYER Property Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság – in English: BAYER Property Real Estate Development Private Limited Company

29 June 2022

Under the share sales contract concluded between the Issuer, as seller, and Dreamland Investment Holding Korlátolt Felelősségű Társaság⁴⁵ (registered office: 1026 Budapest, Pasaréti út 122-124., hereinafter referred to as: “Dreamland Investment Holding Kft.”), as buyer, on this day, that is, 29 June 2022, Dreamland Investment Holding Kft. acquired the share package of Dreamland Holding Zártkörűen Működő Részvénytársaság⁴⁶ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.; hereinafter referred to as: “Dreamland Holding Zrt.”), under the indirect majority shareholding of the Issuer, representing 75% of its share capital (hereinafter referred to as: the “Transaction”). As the result of the Transaction, Dreamland Investment Holding Kft. acquired an interest in DLHG Invest Zártkörűen Működő Részvénytársaság⁴⁷ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02, hereinafter referred to as: “DLHG Invest Zrt.”), a 100% shareholding of Deamland Holding Zrt., as well as - Tokaj Csurgó Völgy Ingatlanfejlesztő Korlátolt Felelősségű Társaság⁴⁸ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); - Szántód BalaLand Family Ingatlanfejlesztő Korlátolt Felelősségű Társaság⁴⁹ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); - Visegrád Lepence Völgy Strandfürdő Korlátolt Felelősségű Társaság⁵⁰ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); - Tokaj Kelep Zártkörűen Működő Részvénytársaság (in English: Tokaj Kelep Private Limited Company) (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); - SZRH Szántód Rév Hotel Ingatlanfejlesztő Korlátolt Felelősségű Társaság⁵¹ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); and - TATK Tokaj Aktív Turisztikai Központ Korlátolt Felelősségű Társaság⁵² (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.); under the 100% shareholding of DLHG Invest Zrt.

16 June 2022

Appenin Project-EGRV Korlátolt Felelősségű Társaság (in English: Appenin Project-EGRV Limited Liability Company) (registered office: 1118 Budapest, Kelenhegyi út 43. B. ép. V. em.1., company registration number:01-10-045752; tax number: 14050132-2-43, hereinafter referred to as: the “Company”), under the direct shareholding of the Issuer, on this day, that

⁴⁵ Dreamland Investment Holding Korlátolt Felelősségű Társaság – in English: Dreamland Investment Holding Limited Liability Company

⁴⁶ Dreamland Holding Zártkörűen Működő Részvénytársaság – in English: Dreamland Holding Private Limited Company

⁴⁷ DLHG Invest Zártkörűen Működő Részvénytársaság – in English: DLHG Invest Private Limited Company

⁴⁸ Tokaj Csurgó Völgy Ingatlanfejlesztő Korlátolt Felelősségű Társaság – in English: Tokaj Csurgó Völgy Property Developer Limited Liability Company

⁴⁹ Szántód BalaLand Family Ingatlanfejlesztő Korlátolt Felelősségű Társaság – in English: Szántód BalaLand Family Property Developer Limited Liability Company

⁵⁰ Visegrád Lepence Völgy Strandfürdő Korlátolt Felelősségű Társaság – in English: Visegrád Lepence Völgy Strandfürdő Limited Liability Company

⁵¹ SZRH Szántód Rév Hotel Ingatlanfejlesztő Korlátolt Felelősségű Társaság – in English: SZRH Szántód Rév Hotel Property Developer Limited Liability Company

⁵² TATK Tokaj Aktív Turisztikai Központ Korlátolt Felelősségű Társaság – in English: Tokaj Aktív Tourist Center Limited Liability Company

is, on 15 June 2022, founded two Serbian single-member limited liability companies, Leverton doo Beograd (registered office: Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070 Novi Beograd), and Imanpa doo Beograd (registered office: Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070 Novi Beograd).

14 June 2022

Under the loan agreement entered into between Visegrád Lepence Völgy Strandfürdő Kft. (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.), under the Issuer's direct, majority shareholding, as the debtor, and GRÁNIT Bank Zártkörűen Működő Részvénytársaság⁵³ (registered office: 1095 Budapest, Lechner Ödön fasor 8.; hereinafter referred to as: "GRÁNIT Bank Zrt."), as the lender, on this day, that is 14 June 2022 (hereinafter referred to as: the "Loan Agreement"), GRÁNIT Bank Zrt. will grant a loan of up to HUF 1 000 000 000, that is, one billion Forints, to Visegrád Lepence Völgy Strandfürdő Kft. for the partial financing of the investment project Lepence Strand- és Élmenyfürdő⁵⁴ developed by the project company.

13 June 2022

DREAMLAND Holding Zrt. (registered office: 1022 Budapest, Bimbó út 7. fszt. A02), under its direct, majority shareholding, Tokaj Csupgó Völgy Korlátolt Felelősségű Társaság⁵⁵ (registered office: 1022 Budapest, Bimbó út 7. fszt. A02.), under its indirect, exclusive shareholding, Tokaj Aktív Turisztikai Központ Kft.⁵⁶ and Szántód BalaLand Family Kft. have entered into a long-term agreement with Accor Hotel Services Magyarország Kft.⁵⁷ for the operation of the developments under construction. Based on the agreements, with regard to the operation of the developments under construction, an operational system in compliance with 5-star brand requirements will be established, in which Accor Hotel Services Magyarország Kft. will provide management services to both the owner and the operating companies.

7 June 2022

The Company Registry Court of Budapest-Capital Regional Court registered the property in Budapest 1022 Budapest, Bég u. 3-5 as both the office of central administration and registered office of the Issuer.

20 May 2022

According to the notice of Sequor Holding Zártkörűen Működő Részvénytársaság⁵⁸ (company registration number: 01-10-141794; registered office: 1021 Budapest, Hárshegyi út 5-7. A. ép. 3. em. 33., tax number: 27789955-2-41; hereinafter referred to as: "Sequor") delivered to the Company on 20 May 2022, on 19 May 2022, Sequor acquired the ownership of 2 613 023 quantity of dematerialized ordinary shares issued by the Company (hereinafter referred to as: the "Shares"). With regard to the sale of the shares, the number of voting Shares directly held by Sequor will increase from 0, i.e. zero shares, to 2,613,023, i.e. two million six hundred and

⁵³ GRÁNIT Bank Zártkörűen Működő Részvénytársaság – in English: GRÁNIT Bank Private Limited Company

⁵⁴ Lepence Strand- és Élmenyfürdő – in English: Lepence Spa and Aqua Park

⁵⁵ Tokaj Csupgó Völgy Korlátolt Felelősségű Társaság – in English: Tokaj Csupgó Völgy Limited Liability Company

⁵⁶ Tokaj Aktív Turisztikai Központ Kft. – in English: Tokaj Active Tourist Centre Ltd.

⁵⁷ Accor Hotel Services Magyarország Kft. – in English: Accor Hotel Services Hungary Ltd.

⁵⁸ Sequor Holding Zártkörűen Működő Részvénytársaság – in English: Sequor Holding Private Limited Company

thirteen thousand and twenty-three shares, thus Sequor's stake in the Company will increase from 0% to 5.51%, thus exceeding the 5% threshold pursuant to Section 61(3) of Act CXX of 2001 on Capital Markets.

12 May 2022

The following companies that the Issuer has interest in, included in the consolidation:

- Appeninn E-Office Zrt.⁵⁹ (registered office: 1026 Budapest, Pasaréti út 122-124.; company registration number: 01-10-047783);
 - Bertex Zrt.⁶⁰ (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-10-045752);
 - Appeninn-Bp 1047. Zrt. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-10-047160);
 - Appeninn Property Vagyonkezelő Zrt. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-10-048362);
 - FELHÉVÍZ-APPEN Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-285651);
 - APPEN-RETAIL Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-292725);
 - CURLINGTON Kft.⁶¹ (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-728951);
 - Szent László Téri Szolgáltató Ház Kft.⁶² (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-947093);
 - SECTURA Ingatlankezelő Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-297215);
 - Appeninn Project-EGRV Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-325578);
 - Appeninn Project-MSKC Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-325579);
 - Appeninn BLT Kft. (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-326114);
 - Alagút Investments Kft.⁶³ (registered office: 1118 Budapest, Kelenhegyi út 43. B ép. 5. em. 1.; company registration number: 01-09-305161)
- will be audited for the financial years 2022-2024 by Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság ⁶⁴ (registered office: 1132 Budapest, Váci út 20.; company registration number: 01-09-267553), with Bartha Zsuzsanna Éva (residential address: 5900 Orosháza, Rákóczi út. 25.) as the personally responsible auditor.

The Issuer has decided to move the registered office of the Issuer and Appeninn E-Office Zrt., Bertex Zrt., Appeninn-Bp 1047. Zrt., Appeninn Property Vagyonkezelő Zrt., FELHÉVÍZ-APPEN Kft., APPEN-RETAIL Kft., Curlington Kft., Szent László Téri Szolgáltató Ház Kft., SECTURA

⁵⁹ Appeninn E-Office Zrt. – in English: Appeninn E-Office Plc.

⁶⁰ Bertex Zrt. – in English: Bertex Plc.

⁶¹ CURLINGTON Kft. - in English: Curlington Ltd.

⁶² Szent László Téri Szolgáltató Ház Kft. – in English: Szent László Square Servicing House Ltd.

⁶³ Alagút Investments Kft. – in English: Alagút Investments Ltd.

⁶⁴ Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság – in English: Ernst & Young Audit Limited Liability Company

Ingatlankezelő Kft., Appeninn Project-EGRV Kft., Appeninn Project-MSKC Kft., Appeninn BLT Kft. and Alagút Investments Kft., directly owned by the Issuer, to 1023 Budapest, Bég u. 3-5. szám, with effect from 1 June 2022; at the same time, to cease its operations at 118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1. szám, and 1026 Budapest, Pasaréti út 122-124.

6 May 2022

Zágonyi Ádám, the chief executive officer of certain subsidiaries owned by the Issuer, listed below, has resigned from his position as chief executive officer. The Board of Directors of the Company has decided today, that is, on 06 May 2022, to elect, with regard to the subsidiaries under the exclusive ownership of the Company, Szatmáriné Szűcs Györgyi Magdolna as the CEO of

- Appeninn E-Office Zrt.,
- Bertex Zrt.,
- Appeninn-Bp 1047 Zrt., and
- Appeninn Property Vagyonkezelő Zrt., with independent power of representation.

The Board of Directors of the Issuer has further decided to elect Szathmáriné Szűcs Györgyi Magdolna the managing director of the companies

- FELHÉVÍZ-APPEN Kft.,
- APPEN-RETAIL Kft.,
- Curlington Kft.,
- Szent László Téri Szolgáltató Ház Kft.
- SECTURA Ingatlankezelő Kft.,
- Appeninn Project-EGRV Kft.,
- Appeninn Project-MSKC Kft.,
- Appeninn BLT Kft. and
- Alagút Investments Kft. (in English: Alagút Investments Ltd.), with independent power of representation, with effect from 06 May 2022.

On 06 May 2022, the Board of Directors of the Issuer has elected member of the Board of Directors Kertai Zsolt as Chairman of the Board of Directors.

4 May 2022

The Issuer has signed a share purchase agreement with Sajti András, private individual, for the sale and purchase of the share package representing 100% of the share capital of Appeninn Üzemeltető Zártkörűen Működő Részvénytársaság⁶⁵ (registered office: 1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1.; company registration number: 01-10-047055; hereinafter referred to as: “Appeninn Management Plc.”), under the sole direct ownership of the Issuer (hereinafter referred to as: the “Transaction”). As a result of the Transaction, on this day, that is on 4 May 2022, Sajti András, a private individual, has acquired the share package representing 100% of the share capital of Appeninn Management Plc. In order to achieve the objectives set out in its business strategy, as amended on 10 February 2022, targeting the reduction of operating costs, in parallel with the Transaction, the Issuer and the subsidiaries under the direct and indirect ownership of the Issuer terminated their existing operating agreements with Appeninn Management Plc. for the operation of certain elements of the

⁶⁵ Appeninn Üzemeltető Zártkörűen Működő Részvénytársaság – in English: Appeninn Management Private Limited Company

Issuer's real estate portfolio. The above-mentioned companies have concluded an operating agreement with In-Management Kft. (in English: In-Management Ltd.) (registered office: 1043 Budapest, Aradi utca 16-20.) which belongs to the Indotek Group for the performance of the operation of the real estates under more favourable contractual conditions.

29 April 2022

The General Meeting of the Issuer, upon the ordinary general meeting held on 29 April 2022, elected Dr Illés Tibor Endre and Szathmáriné Szűcs Györgyi Magdolna to be the members of the Board of Directors of the Issuer.

By the resolution issued by the General Meeting of the Issuer as at 29 April 2022, , from the adjournment of the annual ordinary general meeting held on 29 April 2022 to 31 May 2024 for a specified term, on the designation of Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság (seat of business: 1132 Budapest, Váci út 20.; company registration number: Cg.:01-09-267553), as the auditor of the Issuer, with that the auditor personally responsible is Bartha Zsuzsanna Éva (residential address: 5900 Orosháza, Rákóczi út. 25.).

The General Meeting and the Directorate of the Appeninn Group signed and published its consolidated and individual IFRS reports for the year 2021.

25 April 2022

On 25 April 2022, the Issuer has signed a business share sale and purchase agreement with SZIGÉPSZERK Építőipari és Szolgáltató Korlátolt Felelősségű Társaság⁶⁶ (registered office: 2038 Sós-kút, Ipari Park, Bólyai János utca 5.) in respect of the sale of the Issuer's existing business share representing 24% of the primary stake in Hellnarik Hospitality Korlátolt Felelősségű Társaság (registered office: 1025 Budapest, Csévi út 11/B.; hereinafter referred to as: "Hellnarik Hospitality Kft."). The Parties intend to close the transaction within 2 months of signing of the contract.

19 April 2022

Pursuant to the amendment of the sponsorship agreement concluded on this day, that is on 19 April 2022, between Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zártkörűen Működő Részvénytársaság⁶⁷ (registered office:: 1037 Budapest, Bokor utca 23-25., hereinafter referred to as: the "Sponsor") and Solum-Invest Ingatlanfejlesztő és Üzemeltető Korlátolt Felelősségű Társaság⁶⁸ (registered office: 8230 Balatonfüred, Zákonyi Ferenc utca 8.; hereinafter referred to as: "Solum-Invest Ltd."), under the direct majority ownership of the Issuer, on the basis of the positive assessment of the application of Solum-Invest Ltd., the Sponsor will provide Solum-Invest Ltd. with additional funding of 764,990,736,-HUF for the implementation of the project entitled „Balatonfüred Sailing Centre Accommodation Development”.

30 March 2022

⁶⁶ SZIGÉPSZERK Építőipari és Szolgáltató Korlátolt Felelősségű Társaság – in English: SZIGÉPSZERK Construction and Services Limited Liability Company

⁶⁷ Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zártkörűen Működő Részvénytársaság – in English: Kisfaludy2030 Tourist Development Non-profit Private Limited Company

⁶⁸ Solum-Invest Ingatlanfejlesztő és Üzemeltető Korlátolt Felelősségű Társaság – in English: Solum-Invest Property Development and Operation Limited Liability Company

Under the loan agreements concluded on 30 March 2022 between Solum-Invest Ingatlanfejlesztő és Üzemeltető Korlátolt Felelősségű Társaság (registered office: 8230 Balatonfüred, Zákonyi Ferenc utca 8.; hereinafter referred to as: "Solum-Invest Kft."), under the direct majority ownership of the Issuer, as debtor, the Issuer, as guarantor, and Takarékbank Zártkörűen Működő Részvénytársaság⁶⁹ (registered office: 1117 Budapest, Magyar Tudósok körútja 9. G. ép.; hereinafter referred to as "Takarékbank Zrt."), as lender (hereinafter referred to as: the "Loan Agreements"), Takarékbank Zrt. grants loans to Solum-Invest Kft. in the maximum amount of HUF 7 999 999 999.

The purposes of the Loan Agreements are:

a) the partial financing of the implementation of the Balatonfüred sailing marina, hotel****, apartment and business premises in Balatonfüred to be built on the property registered under topographical lot number Balatonfüred inner area 80/4 (the "Project"), in the maximum amount of HUF 7 499 999 999; b) a loan agreement to be concluded for the maximum amount of HUF 500 000 000, for the purpose of VAT financing related to the Project.

17 March 2022

On 17 March 2022, Appeninn BLT Korlátolt Felelősségű Társaság⁷⁰ (registered office: 1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1.; company registration number: 01-09-326114; hereinafter referred to as: "Appeninn BLT Kft."), under the exclusive direct ownership of the Issuer, has signed a business share sale and purchase agreement with BAYER Property Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság (registered office: 2038 Sósút, Bolyai János utca 15.; company registration number: 13-10-041948) in respect of the sale of Appeninn BLT Kft. existing business share representing 74.99 % of the primary stake in PROMOT HUNGÁRIA Kft. (registered office: 8171 Balatonvilágos, Aligai u. 1.). The Parties intend to close the transaction within 4 months of signing of the contract.

3 March 2022

By its decision adopted on 1 March 2022, Magyar Nemzeti Bank⁷¹ revoked the business licence of Sberbank Magyarország Zrt.⁷² (registered office: 1088 Budapest, Rákóczi út 1-3.; hereinafter referred to as: "Sberbank Magyarország") and initiated the winding-up proceedings of the company. The decision affects certain payment accounts of DREAMLAND Holding Zrt. (registered office: 1022 Budapest, Bimbó út 7. fszt. A02), under the direct majority ownership of the Issuer, and the project companies under the indirect ownership thereof, held with Sberbank Magyarország, furthermore, the loan agreement between Sberbank Magyarország and Tokaj Csurgó Völgy Korlátolt Felelősségű Társaság (registered office: 1022 Budapest, Bimbó út 7, fszt. A02.).

The companies concerned are continuously reviewing the situation resulting from the winding up of Sberbank Magyarország and will take the necessary decisions accordingly, acting as responsible owners.

⁶⁹ Takarékbank Zártkörűen Működő Részvénytársaság – in English: Takarékbank Private Limited Company

⁷⁰ Appeninn BLT Korlátolt Felelősségű Társaság – in English: Appeninn BLT Limited Liability Company

⁷¹ Magyar Nemzeti Bank – in English: Hungarian National Bank

⁷² Sberbank Magyarország Zrt. – in English: Sberbank Hungary Plc.

The provision does not impede the scheduling of development projects in the portfolio of DREAMLAND Holding Zrt. and their implementation will continue as planned.

2 March 2022

Scope Ratings GmbH (registered office: Lennéstrasse 5. D-10785 Berlin, hereinafter referred to as: the “Credit Rating Agency”) has carried out the monitoring of the Issuer’s bonds “APPENINN 2029/1” issued under the Bond Funding for Growth Scheme of MNB⁷³. The Credit Rating Agency’s monitoring review does not constitute a credit rating action.

Credit Rating Agency's monitoring report is based on the key figures included in the Issuer’s latest 2021 semi-annual report published on 30 September 2021 and the data included in the Issuer’s previous strategy, in place during 2021 and focussed only on this one. In its monitoring report published on 2 March 2022, the Credit Rating Agency assesses the Issuer’s business risk profile as unchanged. Credit Rating Agency also maintained its view on Issuer’s financial risk profile but foresees that the 2021 strategy will have an adverse effect. The English-language version of the Credit Rating Agency’s report is available on the Credit Rating Agency’s website by clicking on the link below:

<https://www.scoperatings.com/#!search/research/detail/170331EN>

10 February 2022

The Issuer published its modified strategy.

THE APPENINN GROUP’S DECLARATION ON LIABILITY

We, the undersigned, shall hereby declare, that, in line with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), and upon having taken all reasonable care to ensure, compiled the herein Report providing real and reliable picture on the assets, liabilities, financial status and profit and loss of Appeninn Plc. and its enterprises included in the consolidation. Furthermore, the Report shall present a fair view on the status, development and performance of Appeninn Plc. and its enterprises involved in the herein consolidations upon introducing the main risks and uncertainty factors.

An independent audit report on this Interim financial report has not been drafted.

Dated as of 10 September 2022 in Budapest

Kertai Zsolt László

**Chairperson of the Board of
Directors**

**Szathmáriné Szűcs Györgyi
Magdolna**

Chief Executive Officer

⁷³ MNB – in English: the Hungarian National Bank

Appeninn Vagyonkezelő Holding Nyrt.