

Corporate Governance Report

Introduction

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság[1] (registered office: 1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1., company registration number: 01-10-046538, hereinafter referred to as: “Company”), shall report its corporate governance practice employed in the business year 2021 in relation to corporate governance.

The corporate governance principles are to be employed in relation to the subsidiary companies owned by the Company.

[1] in English: Appeninn Asset Management Holding Public Limited Company

1.1 A brief presentation of the operation of the Board of Directors / Governing Board, and the distribution of responsibilities and tasks between the Board of Directors / Governing Board and the management.

The managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, acting as a one-tier management system, and consisting of five natural person members. The members of the Board of Directors shall designate one chairperson among themselves by means of a simple majority.

The provisions concerning the activities of the Board of Directors are governed by the Rules of Procedures of the Board of Directors, which set out in detail

- the duties and powers of the Board of Directors;
- the regularity, order and preparation of the Board of Directors meetings;
- the system of decision-making (in the case of presence in person or by written vote); and
- the rules on conflicts of interest.

The Rules of Procedures of the Board of Directors set out the following main rules of operation.

The order of operation of the Board of Directors:

The Board of Directors meets as required, but at least once every three months. The meeting of the Board of Directors is to be held at a time defined at the previous meeting, in the absence of the hereof, such a meeting is deemed to be convened within 3 months

as of the day of the previous meeting. If the importance and urgency of the matter justifies it, the Chairperson of the Board of Directors may invite the members to make a decision outside the meeting by sending the draft resolution at the same time (decision without a meeting).

The meeting of the Board of Directors is convened by the Chairperson of the Board of Directors, and in the case of obstruction of the Chairperson, two members of the Board of Directors, jointly, shall convene the said meeting.

The meeting shall be announced in writing, at least 8 days prior to the date of the start – indicating the agenda item, the venue and the time – by means of an invitation letter addressed to the members of the Board of Directors, and sent via ordinary post, or fax, or e-mail. Along with the agenda items, the detailed written submissions and draft resolutions making the decision-making possible and related to each agenda item shall be sent respectively.

Any member of the Board of Directors may request the convocation of the Board of Directors in writing, stating the reason and the purpose. In such cases, the Chairperson is obliged to convene the meeting of the Board of Directors within 15 days following the receipt of the aforesaid written request. To the extent that the Chairperson does not perform such request within 5 days following the receipt of the thereof request, then any member of the Board of Directors shall convene the meeting directly. The meeting of the Board of Directors shall be held accordingly, without convocation if all and each member(s) of the Board of Directors are/is present. In their absence,

members of the Board of Directors may attend meetings of the Board of Directors by using voice transmission electronic telecommunications service (telephone) or voice or voice and picture data transmission service (video call) instead of attending in person.

The meeting of the Board of Directors is considered to have a quorum if a minimum of 3 members are present. In the event of passing a decision without a meeting, the quorum shall be determined by taking into account the total number of members of the Board of Directors.

In the case of a decision outside a meeting, only a written proposal for a decision may be adopted. The members of the Board of Directors shall cast their votes in writing (acceptance, rejection, abstention) in the case of decisions taken outside a meeting, together with the original signed instrument, sent by the person authorised to accept delivery. The members of the Board of Directors may also cast their votes in writing in the form of an electronically signed document attached to an e-mail in pdf or e-file format.

The resolutions of the Board of Directors are to be made by a simple majority of the votes, and in the case of a tied vote, the Chairperson of the meeting shall have a casting vote.

The acceptance vote shall unambiguously involve the reference to the decision options potentially included in the draft resolution. The members of the Board of Directors shall exclusively vote on the textual proposals included in the draft resolution. To the extent that the vote contains a condition or a different proposal then the said vote is considered to be a refusal.

With regard to each and all case(s), the members of the Board of Directors shall certify their votes by their votes equivalent with their signature indicated on their certified signature registration card or their signature included on the signature sample countersigned by an attorney-at-law.

To the extent that none of the proposed drafts gains the necessary number of supporting proposals, then the issue shall be included in the agenda item of the subsequent body meeting.

The members of the Board of Directors are to be informed by the Chairperson of the Board of Directors on the results developed in the course of the extraordinary resolution-making within 3 working days following the time limit for votes past due upon sending the minutes on the votes and the resolution made in writing.

Presentation of the division of liabilities and tasks between the Board of Directors and the Management

The General Meeting of the Company held on 14 October 2019 made a decision on establishing the post of the chief executive officer entitled to independent representation and authorized signature rights in the interest of promoting the effective and daily operation of the Company. The aforementioned Chief Executive Officer of the Company is designated by the Board of Directors as of 30 September 2020. The Chief Executive Officer shall hereby perform its tasks upon employment relationship. It is the Board of Directors who is entitled to practice employer's rights over the Chief Executive Officer. The Chief Executive Officer shall also be a member of the Board of Directors.

Decision-making on matters not belonging to the exclusive competence of the General Meeting or the Board of Directors is referred to as the competence of the Chief Executive Officer. The Chief Executive Officer exercises the employer's rights over the employees of the Company. The day-to-day work and organisation of the Company is directed and controlled by the Chief Executive Officer within the framework of the law and the Articles

of Association and in accordance with the decisions of the General Meeting and the Board of Directors.

1.2 An introduction of the Board of Directors / Governing Board, Supervisory Board and management members (for board members, also indicating each member's status of independence), a presentation of the boards structures.

The Board of Directors

The five-member Board of Directors is the Company's managing body. Its powers and duties are set out in the Articles of Association and the Rules of Procedures of the Board of Directors. The independent members of the Board of Directors do not participate in the day-to-day running of the Company. By virtue of the Rules of Procedure the Chairperson of the Board of Directors of the Company is elected by the Board of Directors for an indefinite term of office.

1. Dr. Bihari Tamás – Chairperson of the Board of Directors (as of 30 September 2020), Chief Executive Officer, non-independent member of the Board of Directors
2. Dr. Szabó Nóra – member of the Board of Directors, non-independent member of the Board of Directors (as of 14 October 2019)
3. Dr. Hegelsberger Zoltán – member of the Board of Directors (as of 30 September 2020), independent member of the Board of Directors
4. Kertai Zsolt – member of the Board of Directors (as of 30 September 2020), independent member of the Board of Directors
5. Nemes István Róbert – member of the Board of Directors (as of 30 September 2020), independent member of the Board of Directors

The Audit Committee

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

1. Dr. Hegelsberger Zoltán – member of the Audit Committee (as of 30 September 2020)

2. Nemes István Róbert – member of the Audit Committee (as of 30 September 2020)
3. Kertai Zsolt – member of the Audit Committee (as of 30 September 2020)

The members of the Audit Committee have the necessary expertise to perform their duties duly, and hold the relevant financial and accounting background and experience related to the current subject. In order to perform the aforesaid duties, the Audit Committee shall receive accurate and detailed information about the Auditor's work program; and shall receive a report of the Auditor on issues identified during the audit.

The Members of the Management

1. Dr. Bihari Tamás – Chief Executive Officer (as of 30 September 2020)
2. Zágonyi Ádám – Chief Financial Officer (as of 16 May 2020)
3. Dr. Szabó Nóra - Chief Legal Officer (as of 16 July 2019)
4. Vörös Gábor – Sales Manager (as of 04 September 2020)

1.3 Specifying the number of meetings which the Board of Directors / Governing Board, Supervisory Board and committees held in the given period, completed with attendance rates.

Board of Directors meetings – 2021

In line with the effective rules of procedures of the Board of Directors of the Company, the Board of Directors meets as required, but at least once every three months. In 2021, the Board of Directors met 9 times with a 100% attendance rate. Attendance was in person or by electronic means of communication. The Board of Directors took decisions (in writing) outside the meeting on 23 occasions, also with a 100% attendance rate.

Joint meetings of the Board of Directors – Audit Committee – 2021

The Board of Directors and the Audit Committee held three joint plenary meetings, i.e. 100 % of the members were present.

Meeting of the Audit Committee

The Audit Committee is required by its Rules of Procedures to meet at least twice a year. In addition to the hereinabove, the Audit Committee has held one plenary meeting independently. Attendance was in person or by electronic means of communication. One decision was taken outside the meeting (in writing), also with a 100% attendance rate.

1.4 A presentation of the work done by the Board of Directors / Governing Board, the Supervisory Board and the management as well as the considerations for assessing their individual members. Specifying if the assessment carried out in the given period resulted in any changes.

Assessment of the work performed by the Board of Directors, Supervisory Board

The Company is operating in the form of a one-tier management system listed company; hence no Supervisory Board is operating at the Company, herewith the Board of Directors shall perform both the management and controlling tasks of the Company in accordance with the regulations included in the Articles of Association, rules of procedures of the Company. The Company does not assess the work of the individual board members. The dismissal and the adequacy of the members of the Board of Directors and the Audit Committee are decided by the General Meeting of the Company in accordance with the law at the Annual General Meeting of the Company.

Assessment of the work of the Management

The Chief Executive Officer, elected by the Board of Directors of the Company, performs his/her duties on an employment basis as the Company's chief operating officer. The Board of Directors is entitled to practice employer's rights over the Chief Executive Officer and to determine his/her remuneration. The Company's Remuneration Policy contains provisions for the evaluation of the CEO's performance. On the aforementioned basis, the Chief Executive Officer shall be entitled to receive a premium for performing the targets and set tasks. The conditions of premium are to be defined upon the adoption of the business plan, but not later than within two months following the adoption of the herein business plan. The hereof target shall include the maximum amount of the premium, the task to be performed, and the date of evaluation. The Board of Directors shall be entitled to announce the premium of the Chief Executive Officer and to evaluate the hereof. Evaluation of the tasks and accounting shall be performed as of the day of the approval of the balance sheet closing the business year but not later than within two months following the hereof. To the extent that the tasks defined in advance, or the targets are not performed in 100%, the Board of Directors shall hereby make a decision on the proportionate payment of the premium.

As of 14 October 2019, the assessment in respect of the work of the management and the employees is referred to the competence of the Chief Executive Officer, which is to be defined on the basis of the market values of the given identical position and in accordance with the content of the individual employment contracts. Upon concluding the

employment contracts, the Company took the tasks, the extent of the responsibility of the employee in question, and, respectively, the economic-financial status of the Company into account. With regard to the employees, the Company shall hereby apply the fix and changing components of the benefits as set forth in the relevant rules of the Company.

Regarding the changing component related to the remuneration, the Company shall, in particular, set premium, upon fulfilling the defined conditions, and bonus, on the basis of individual assessment, and respectively shall provide the herein for the employees. The Company shall hereby revise the benefits, and as of the components provided for the employees following the current year as of 31 January, and to the extent that the Company introduces some changes, such changes – unless otherwise provided – are to be effective as of the day of 31 January. The changes introduced are to be affected by the wage data of companies of similar importance classified as a premium category by BSE, and by the general wage policy employed by the Company, and respectively, by the quality of work performed upon widening or narrowing the level of responsibility and liability. Upon stating the amount of the remuneration, the Company shall take the principles of equal treatment, transparency, proportionality, and non-discrimination.

1.5 A report on the operation of each committee, elaborating on the professional background of committee members, the number of and the attendance rate at the meetings held as well as the major topics discussed at the meetings and a presentation of the general operation of each committee. When presenting the operation of the Audit Committee, any decision by the Board of Directors / Governing Board against the proposal of the committee should be mentioned (also including the explanations offered by the Board of Directors / Governing Board). The Company website, where all tasks delegated to the committees and the dates of the members' appointment must be published, should also be mentioned. (If this information is not available on the Company website, it must be included in the Corporate Governance Report.)

There is no other committee in addition to the Audit Committee operating at the Company. The relevant functions are performed by the members of the Board of Directors without forming a formal body. The Company did not establish a separate work organisation and internal auditor activity.

1.6 A description of the system of internal controls, an evaluation of the activities performed in the given period. A report on the efficiency and

effectiveness of the risk management procedures. (Information about where shareholders can access the Board of Directors / Governing Board report on the operation of internal controls.)

The members of the Audit Committee designated from the members of the Board of Directors shall perform the internal auditor function. In the course of this activity, the Audit Committee assesses individual events based on the risk factors identified by the Company as set out in the Company's risk management guidelines, which are also published on the Company's website, and reports its findings to the Board of Directors. The members of the Audit Committee shall gain unlimited access to the necessary information, document, data, and to the persons involved in the processes under examination.

The decision-making powers of the General Meeting, the Board of Directors, and the Audit Committee are determined by the Articles of Association of the Company and the rules of procedure of the Board of Directors and the Audit Committee, within the framework of the legal provisions in force. The decision-making powers of the employees are determined by their job descriptions.

The Board of Directors shall issue resolutions and make rules within the framework of its management activity. The resolutions are issued on issues affecting the activities, operation, organization of the Company and all or a significant part of its employees. This category also includes instructions defining business, accounting-financial, computer technology, statistical, data provision measures.

1.7 Information on whether the auditor performed any activities not related to auditing.

The task of the auditor designated by the supreme body of the business organization is to perform audit included in the Act on Accounting, and in the course of thereof, above all, to determine whether the report of the business organization compiled in line with the Act on Accounting and the relevant PM decree is in compliance with the legal regulations, moreover, it gives a reliable and real view on the business and financial status, its operational results of the Company.

In the interest of the performance of the tasks in question, the auditor shall inspect the books of the business organization, and shall be informed by the executive officers and the employees of the Company, and, accordingly, the same shall be applied to the bank accounts of the Company, book-keeping, and the contracts.

The statutory auditor of the Company shall be elected by the General Meeting of the Company for a fixed term for a maximum of five years. The Company designated its new auditor, Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság[2] on 14 October 2019 for a fixed term, until 31 May 2022. With regard to 2021, the appointed auditor of the Company did not perform any activities not related to the audit.

[2] in English: Ernst & Young Auditor Private Limited Liability Company

1.8 An overview of the Company's publication policy and its insider trading policy.

Pursuant to the Articles of Association of the Company and the disclosure rules, the Board of Directors, and the persons authorized by thereof are entitled to make declarations on behalf of the Company, and to inform the investors.

The members of the Board of Directors, or the persons authorized by thereof are available for the investors during the business hours of the Company, via telephone, or e-mail.

The accurate availability of the Company (1118 Budapest, Kelenhegyi út 43. B. ép. V. em. 1., tel.: +36 1 346 8869, info@appeninnholding.com) is indicated on the website of the Company (www.appeninnholding.com), and the investors can be informed on thereof at the registered office of the Company.

The business hours of the Company are as follows:

during business days: between 09.00 and 16.00

With respect to the disclosures, the Company shall act in line with the legislation in force, and in accordance with the stock exchange and internal rules.

The Company prepares its information on events relating to the activities of the Company and its subsidiaries, published in the official publication places specified by law, in the cases provided for by the applicable legislation, in compliance with the content requirements specified therein, in such a way that, in accordance with the principle of transparency, all relevant information is simultaneously communicated to financial and capital market participants. Accordingly, the Company discloses reports on its management in the form of half-year reports and annual reports, and, in the cases regulated by the legal regulations and stock exchange rules, it discloses extraordinary information on its website, and on the websites of www.bet.hu, and www.kozzetetelek.hu, and the regulated information is to be sent to an online media editorial staff.

The Company maintains an independent regulation in relation to the trading of insiders. In matters related to insider trading, the Company always acts in accordance with the applicable legislation and stock exchange rules in force. The Company shall keep records on the inside persons, and pay attention to the persons involved, in particular, to the commitments included in the legal regulations and stock exchange rules.

The internal regulator of the Company shall define the scope of the persons having access to the information, thereby ensuring the confidential nature of the information. Moreover, the Company shall regulate the way and content of the disclosure of the regulated information by means of the internal regulator. Accordingly, the Company is entitled to disclose inside information exclusively by means of the way defined in the rules. The Company keeps registration on the persons getting to know the information. The Company shall investigate the circumstance, in respect of each item of information possibly dispatched, that, pursuant to the governing legal regulations, the person getting to know the information whether is entitled to get to know the information or not.

1.9 An overview of the method of exercising shareholder rights.

The share capital of the Company consists of 47,371,419,- quantity, namely forty-seven million-three-hundred-and-seventy-one-thousand-four-hundred-and-nineteen quantity, of equity share at the nominal value of 100,-HUF, namely one-hundred Hungarian Forints, produced by dematerialized mode. Each equity share at the nominal value of 100,-HUF, namely one-hundred Hungarian Forints, shall mean 1, namely one, vote, with that, when establishing the quorum and exercising the subscription (acquisition) priority right of the general meeting, the own shares shall be disregarded.

The rights and commitments attached to the shares are defined in Points III., IV., and V. of the Articles of Association.

The shareholder is entitled to exercise shareholder's rights by, in line with the legal regulations, possessing the depositary and ownership receipt, and following the registration into the share register. The share register of the Company is kept by the Board of Directors. The shareholder shall practice shareholder's rights via a representative. The member of the Board of Directors and the Auditor shall not be a proxy. The authorization shall be issued and submitted to the Company in the form of an authentic instrument or a private document of full probative force.

1.10 A brief presentation of the rules for the conduct of the General Meeting.

The General Meeting shall be convened on a yearly basis at least, not later than 30 April of the said year (ordinary general meeting). The rules of the General Meeting are regulated by the Hungarian Act on Civil Code. The Company shall detail the rules on convocation, conduct, and participation rights in its Articles of Association. In the herein document we refer to Points IV and V of the Articles of Association of the Company, and the Points are not to be repeated in this document.

1.11 Presentation of the issuer's compliance with Section IV. of Act 67 of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts.

Subject to the provisions of Chapter IV of Act LXVII of 2019 on the promotion of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonisation, the Company adopted on 30 September 2020, following the decision of the General Meeting to express its opinion, the remuneration policy of the Company applicable from the financial year 2021 (hereinafter referred to as: the "**Remuneration Policy**").

Pursuant to the provisions of the aforesaid Act and the Remuneration Policy, the Company is required to prepare an annual remuneration report on the fulfillment of the provisions of the Remuneration Policy (hereinafter referred to as the "**Report**"), starting from the financial year 2021. The purpose of the Report is to provide a comprehensive overview of the total remuneration awarded or payable to each director in respect of the 2021 financial year and the extent to which the remuneration practices applied in 2021 complied with the Remuneration Policy for that period. The Company will decide on the adoption of the Report for the first time at the Annual General Meeting of the Company in 2022.

1.12 Other informations

The Company, as part of the Corporate Governance Report, by means of filling thereinunder chart, shall declare that to which extent the defined recommendations (R) and proposals (P) set out in the Corporate Governance Recommendations issued by Budapest Stock Exchange (hereinafter referred to as "Recommendation") are employed in the course of its own corporate governance practice.

Corporate Governance Report (CGR) on compliance with the Corporate Governance Recommendations

The Company, as part of the Corporate Governance Report, by means of filling hereunder chart, shall declare that to which extent the defined recommendations and proposals set out in the Corporate Governance Recommendations issued by Budapest Stock Exchange (hereinafter referred to as: "CGR") are employed in the course of its own corporate governance practice. By reviewing the tables, market players can easily see the extent to which each company's corporate governance practices meet certain requirements of the CGR and easily compare the practices of individual companies.

The level of compliance with the recommendations

The Company shall indicate whether the relevant recommendation is employed or not, and in the event of the answer being in the negative the Company shall provide a short information on the reasons why the given recommendation is not to be employed.

R[3] 1.1.1 Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

[3] R=Recommendation

R 1.1.2 Are the Company's Articles of Association available on the Company's website?

Yes

R 1.1.4 If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

R 1.2.1 Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

R 1.2.2 Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

R 1.2.3 Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

R 1.2.6 The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

Yes

R 1.2.7 For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

No

The managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, acting as a one-tier management system.

R 1.3.3 The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

Yes

R 1.3.4 By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal regulations and BSE requirements? (If no such question arose the answer is: YES)

Yes

R 1.3.5 Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers? (If there was no such event the answer is: YES)

Yes

R 1.3.7 Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or suggestion relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting? (If there was no such submission the answer is: YES)

Yes

R 1.3.8.1 Did the Chairman of the General Meeting use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members? (If there was no election or recall the answer is: YES)

Yes

R 1.3.8.2 For executive officers or Supervisory Board members nominated by shareholders, did the Company disclose the identity of the supporting shareholder(s)? (If there was no supporting shareholder the answer is: YES)

Yes

R 1.3.9 Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way? (If the Articles of Association has not been modified the answer is: YES)

Yes

R 1.3.10 Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

R 1.6.1.1 Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

R 1.6.1.2 Does the Company design its by considering the aspects of disclosure and the information of investors ?

Yes

R 1.6.2.1 Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

Yes

R 1.6.2.2 Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

R 1.6.2.3 Did the Board of Directors/Governing Board assess the efficiency of the publication processes?

Yes

R 1.6.2.4 Did the Company publish the findings of the efficiency assessment of the publication process?

Yes

R 1.6.3 Did the Company publish its annual company event calendar?

Yes

R 1.6.4 Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes

R 1.6.5 Did the Company publish career information about Executive Board / Board of Directors, Supervisory Board and management members in its annual report or on the company website? (If it wasn't published in the current year, but in the year of the election and only in the GM proposals (not on the website), then the answer is: YES)

Yes

R 1.6.6 Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes

R 1.6.8 Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

R 1.6.9.1 Did the Company publish its guidelines relating to the trading of its shares by insiders?

Yes

R 1.6.9.2 Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way? (If the above mentioned senior officers do not have any share the answer is: YES)

Yes

R 1.6.10 Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

R 2.1.1 Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

Yes

R 2.2.1 Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

Yes

R 2.2.2 Does the Company publish the procedure used for nominating Executive Board / Board of Directors members and the principles for determining their remuneration?

Yes

R 2.3.1 Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

No

The managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, acting as a one-tier management system, herewith supervisory board is not operating at the Company.

R 2.4.1.1 Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

R 2.4.1.2 Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

R 2.4.2.1 Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

R 2.4.2.2 Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes

R 2.4.3 Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

R 2.5.1 Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting? (If there was no nomination and election the answer is: YES)

Yes

R 2.5.2 Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

R 2.5.3 Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards? (If there was no newly elected member in the current year: YES)

Yes

R 2.6.1 Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals? (If there is no independent member the answer is: YES)

Yes

R 2.6.2 Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

Yes

R 2.6.3 Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

Yes

R 2.6.4 Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

No

The managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, acting as a one-tier management system, herewith supervisory board is not operating at the Company.

R 2.7.1 Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence? (If there was no such transaction the answer is: YES)

Yes

R 2.7.2 Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved? (If there was no such transaction the answer is: YES)

Yes

R 2.7.3 Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group? (If there was no such appointment, the answer is YES)

Yes

R 2.7.4 Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

R 2.8.1 Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

R 2.8.2 Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

R 2.8.3 Did shareholders receive information about the operation of the system of internal controls?

Yes

R 2.8.4 Does the Company have a function ensuring compliance (compliance function)?

No

With regard to the unique and sector peculiarities, the Company has not established a compliance function.

R 2.8.5.1 Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

R 2.8.5.2 Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures? (If such information has been received by the relevant organisation or the GM, but not in the current year, the answer is: YES)

Yes

R 2.8.6 With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

R 2.8.7 Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

R 2.8.8 Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

R 2.9.2 Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports?

Yes

The level of compliance with the recommendations

P[4] 1.1.3 Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

[4] P=Proposal

P 1.2.4 Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

P 1.2.5 Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

P 1.3.1.1 Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

Yes

P 1.3.1.2 In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

P 1.3.2.1 The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence

and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.(Answer Yes, if not)

Yes

P 1.3.2.2 The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

Yes

P 1.3.6 Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

P 1.4.1 In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents? (If there was no dividend the answer is: YES)

Yes

P 1.6.11 Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes

P 1.6.12 Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

No

The Company shall inform its investors on its operation and financial status on a regular basis, every six months.

P 2.9.1 Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes

Budapest, 8 April 2022

Appeninn Nyrt.

Board of Directors