Appeninn
Holding

APPENINN HOLDING PLC.

INDIVIDUAL ANNUAL FINANCIAL STATEMENTS

IN LINE WITH THE INTERNATION FINANCIAL REPORTING STANDARDS

31 DECEMBER 2022

WITH THE COMPARATIVE PERIOD ENDING AS AT 31 DECEMBER 2021

Contents

Statement on the financial position

Assets	Note	31 December 2022 HUF in thousands	31 December 2021 HUF in thousands
Revenue-generating investment properties	15	10 274 737	9 077 400
Tangible assets	16	11 052	9 396
Right-of-use asset	17	-	106 125
Lease receivables	18	-	128 036
Equity	19	6 209 014	8 406 608
Invested assets in total		**16 494 803**	**17 727 565**
Trade receivables	20	17 137	24 976
Other short-term receivables	21	62 451	112 568
Receivables through affiliated parties	22	13 325 612	19 117 168
Short-term loans granted	23	60 565	428 411
Accruals	24	62 439	22 986
Assets for sale	19	500 000	-
Cash and cash equivalents	25	12 304 042	3 110 938
Current assets in total		**26 332 246**	**22 817 047**
Assets in total		**42 827 049**	**40 544 612**
Equity and liabilities			
Issued share capital	26	4 737 142	4 737 142
Repurchased own shares	27	(1 114)	(1 114)
Reserves	28	8 095 844	8 095 844
Retained earnings	29	7 420 955	5 228 320
Equity per shareholders of the Company		**20 252 827**	**18 060 192**
Tenant deposits	30	218 592	218 592
Lease liabilities	31	124 859	216 426
Corporate bonds debt	32	20 125 900	20 131 697
Deferred tax liabilities	33	506 059	342 992
Long-term liabilities in total		**20 975 410**	**20 909 707**
Short-term bank credits and lease liabilities	34	103 603	92 050
Other short-term liabilities	35	30 762	21 972
Short-term affiliated liabilities	36	1 269 294	1 325 681
Liabilities for trade creditors and other accounts	37	66 255	55 814
Income tax liabilities		46 881	1 828
Taxes and duties liabilities	38	74 222	67 203
Accrued liabilities	39	7 795	10 165
Short-term liabilities in total		**1 598 812**	**1 574 713**
Liabilities in total		**22 574 222**	**22 484 420**
Equity and liabilities in total		**42 827 049**	**40 544 612**

Annexes disclosed on pages 7 to 67 form an inseparable part of the herein individual financial statement

Total comprehensive income statement	**Note**	**for the financial year ending as at 31 December 2022**	**for the business year ending as at 31 December 2021**
		HUF in thousands	**HUF in thousands**
Property rental revenue	3	729 476	603 828
Direct costs of property rental	4	(70 077)	(68 029)
Direct contribution from rental activities		**659 399**	**535 799**
Service fees from subsidiaries	5	231 271	331 158
Administrative expenses, service fees, wages	6	(362 845)	(453 851)
Other revenues / (expenditures)	7	(14 566)	1 319
Profit (and loss) from subsidiaries and investment sale	8	11 032	159 165
Profit and loss from fair value evaluation of revenue-generating investment properties	9	965 947	168 228
Earning Before Interests, Taxes, Depreciation and Amortization		**1 490 238**	**741 818**
Depreciation and amortisation	10	(20 048)	(37 097)
Other (expenditure) / revenue of financial transactions	11	349 777	64 765
Balance of interest revenues and (expenditures)	12	622 882	(24 758)
Lease transaction	12	(15 827)	(17 404)
Profit before taxation		**2 427 022**	**727 324**
Income taxes	13	(234 387)	(58 936)
Profits in the current year		**2 192 635**	**668 388**
Other comprehensive income		-	-
Other comprehensive income of the current year, decreased with taxation		-	-
CURRENT YEAR TOTAL COMPREHENSIVE INCOME IN TOTAL		**2 192 635**	**668 388**

Annexes disclosed on pages 7 to 67 form an inseparable part of the herein individual financial statement

Changes in own equity (data in HUF in thousands)	Note	Issued capital	Reserves	Repurchased own shares	Retained earnings	Own equity in total
Balance on 01 January 2021	**26-29**	**4 737 142**	**8 095 844**	**(1 114)**	**4 559 932**	**17 391 804**
Current year total comprehensive income						
Current year total comprehensive income	**29**				**668 388**	**668 388**
Balance on 31 December 2021	**26-29**	**4 737 142**	**8 095 844**	**(1 114)**	**5 228 320**	**18 060 192**
Balance on 01 January 2022	**26-29**	**4 737 142**	**8 095 844**	**(1 114)**	**5 228 320**	**18 060 192**
Current year total comprehensive income						
Current year total comprehensive income	**29**				**2 192 635**	**2 192 635**
Balance on 31 December 2022	**26-29**	**4 737 142**	**8 095 844**	**(1 114)**	**7 420 955**	**20 252 827**

Annexes disclosed on pages 7 to 67 form an inseparable part of the herein individual financial statement

Cash-Flow statement **data in HUF in thousands**	**Note**	**for the financial year ending as at 31 December 2022**	**for the financial year ending as at 31 December 2021**
Profit before taxation		**2 427 022**	**727 324**
Transaction with no money flow:			
Profit and loss from fair value evaluation of revenue-generating investment properties	9	(965 947)	(168 228)
Depreciation	10	20 048	37 097
Profit / (loss) of subsidiaries sale	8	(11 032)	(159 165)
Backmarking of equity impairment	19	108 627	-
Interest revenues	12	(1 322 882)	(663 907)
Interest expenses	12	700 000	706 069
Changes in receivables and other current assets	20-22	4 516	131 964
Change in liabilities and accruals	35-39	36 727	1 094 011
Income tax paid		(22 612)	(26 463)
Net cash flow from business activity		**974 467**	**1 678 702**
Equity sale	19	1 600 000	551 565
Purchase of tangible assets	16	(4 947)	(3 929)
Loan for affiliated parties	22	5 791 556	907 895
Payment of loans granted	23	367 846	(426 164)
Interests received	12	1 322 882	663 907
Net cash flow from investment activities		**9 077 337**	**1 693 274**
Repayment of credits, leases and loans	34	(64 187)	(77 972)
Lease interests	12	(15 827)	(17 404)
Interests paid	12	(700 000)	(688 665)
Net cash flow from financing activities		**(780 014)**	**(784 041)**
Exchange rate effect		**(78 685)**	**1 309**
Change in liquid assets	**25**	**9 193 104**	**2 589 244**
Liquid assets balances:			
Liquid assets at the beginning of the year	25	3 110 938	521 694
Yearend liquid assets	25	12 304 042	3 110 938

Annexes disclosed on pages 7 to 67 form an inseparable part of the herein individual financial statement

1. General Information

1.1 Presentation of the Company

Appeninn Vagyonkezelő Holding Nyrt. (in English: Appeninn Asset Management Plc.) (hereinafter referred to as: the "Company") was established on 1 December 2009. The Company was registered under the company registration number of 01-10-046538 by Cégbíróság (in English: Company Registry Court) on 07 December 2009. In the course of the merger, Rotux Zrt. (company registration number: 01-10-045553) was merged into Appeninn Nyrt. on 19 May 2011.

The Corporate Group's seat of business is 1022 Budapest, Bég utca 3-5.

Shareholders of the Company exceeding 5% shareholding on 31 December 2022 are as follows:

Owner's name	Quantity of shares		Equity (%)
Avellino Zrt.	11 369 141		24.000%
Sequor Holding Zrt.	11 297 291		23.840%
OTP Ingatlanbefektetési Alap (in English: OTP Property Investment Fund)	2 410 372		5.090%
Own shares	1 848		0.004%
Free float	22 292 767		47.066%
Total:	**47 371 419**		**100.00%**

Shareholders of the Company exceeding 5% shareholding on 31 December 2021 are as follows:

Owner's name	Quantity of shares		Equity (%)
Avellino Zrt.	11 369 141		24.000%
Zinventive Zrt.	8 684 268		18.330%
OTP Ingatlanbefektetési Alap (in English: OTP Property Investment Fund)	2 410 372		5.090%
Own shares	1 848		0.004%
Free float	24 905 790		52.580%
Total:	**47 371 419**		**100.00%**

1.2 The basis for balance sheet compilation

i.) Adoption and statement of compliance with the International Financial Reporting Standards

From the point of the management of the Company, the financial statements were compiled in accordance with the principle of continuity. The individual financial statements were adopted by the Board of Directors on 6 April 2023. The individual 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).

The data included in the individual financial statements of the Company shall be meant in thousands of Hungarian Forints. Each and all sum(s) included in the statements are rounded to the nearest thousand Hungarian Forint amount.

ii) The basis of reporting

The individual financial statements are made in compliance with the standards issued on the year ending as at 31 December 2022 and as well as with the IFRIC Interpretations.
The explanations regarding the financial statement shall include the publications disclosed pursuant to the requirements of the Hungarian Act on Accounting.

The herein financial year equals with the calendar year.

iii) The basis of evaluation

The preparation of IFRS-compliant financial statements requires the company's management to apply professional judgment, estimations, and assumptions that influence the accounting policy, as well as the values of assets, liabilities, revenues, and expenditures listed in the financial report. The estimations and the related assumptions are based on past experiences and numerous other factors that are considered reasonable under the given circumstances, and the result of which serves as a basis to the evaluation of the book value of assets and liabilities, the value of which cannot be determined from other sources unambiguously. Actual results may differ from the estimations.

The estimations and the base assumptions are revised on a regular basis. The modifications of accounting estimations are displayed in the period of the modification of the estimation if it affects the given year only, while, if a modification affects the current and the upcoming years as well, it's displayed both in the period of the modification and the future periods.

2. Accounting policy

The major accounting policies applied in the preparation of the individual financial statements are presented hereunder, as follows. The accounting policies are applied consistently to the periods covered by the present individual financial statements. The major accounting principles applied in the compilation of the financial statements are the following:

2.1 Material elements of the accounting policy

2.1.1. Reporting currency and foreign currency balances

With regard to the substance and circumstances of the underlying economic events, the functional and reporting currency of the the Company is the Hungarian Forint.

Originally, the foreign currency transactions are booked at their HUF equivalent upon the foreign currency exchange value valid on the day of the execution of the given transaction. Receivables and liabilities denominated in foreign currency are converted to Hungarian Forint on the exchange value valid on the balance sheet date. The differences arising from the currency conversion are booked as either revenue from or expenditures on financial transactions in the profit and loss account.

The financial statements are prepared in Hungarian Forint (HUF), rounded to the nearest thousand Hungarian Forint value (except where indicated otherwise).

The Company employs the foreign currency exchange rate listed by Magyar Nemzeti Bank (in English: Hungarian National Bank).

The transactions performed in any foreign currency are shown in the functional currency, converted by using the foreign exchange rate between the given foreign currency and the reporting currency valid as of the date of the transaction. In the total comprehensive income statement, the exchange rate differences that arise upon the settlement of monetary items, the period-opening initial display or from the use of a foreign exchange rate that differs from the exchange rate applied in the previous financial statements, are shown as either revenue or expenditure in the period of the thereof arising. The monetary assets and liabilities denominated in any foreign currency are converted to the functional currency by using the currency exchange rate valid at the end of the reporting period. The fair value of items denominated in any foreign currency is converted to the functional currency by using the exchange rate applicable at the date of establishment of the fair value.

2.1.2. Sales revenue

Sales revenue from sales transactions is recognized upon the appropriate performance of the contractual terms. Sales revenue does not include value added tax. All revenue and expenditures are recognised on the basis of the principle of matching over the relevant period.

Revenue is recognised to the extent that reflects the consideration that the Company is expected to be entitled to in return for the products or services. Sales revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount thereof can be measured reliably. Sales revenue is accounted when control of the goods and services passes to the customer.

Performance obligations
When concluding the contract, the Company must identify which goods or services it has promised to provide to the buyer, namely, what performance liability it has undertaken. The Company may recognise the income when it has fulfilled its performance liabilities by delivering the promised goods or performing the promised service. We can speak of performance when the buyer has acquired control of the asset (service), the signs of which are as follows:

- The Company has an existing right to receive consideration for the asset,
- The legal title of ownership has passed to the buyer,
- The Company has physically delivered the asset,
- The buyer has significant risk and reward of ownership from possession of the asset,
- The buyer has accepted the asset.

Determining transaction price
When the performance of the contract takes place, the Company is required to recognize the income related to the performance, which is nothing more than the transaction price assigned to the performance liability. The transaction price is the amount the Company is expected to receive in exchange for the sale of goods and services. When determining the transaction price, the amounts of the variable consideration elements (rebates, discounts) are also taken into account. An expectable value is calculated to estimate variable consideration, which is weighted by the Company using probability factors.

The main components of the Company's revenue are as follows:

- Rental revenue from real estate: the Company's main source of income, which is mostly invoiced to its tenants on a monthly basis, based on the rate of the rental fee agreed in the lease contract, in accordance with the provisions of IFRS 16.
- Operating fees: The Company invoices tenants for operating fees in addition to the thereof rent. Operating fees include cleaning and security costs, management fees and overheads, in accordance with the provisions of IFRS 15.
- Service fees from subsidiaries.

Property rental revenue: Rental revenue is derived from operating leases and is recognised as revenue on a straight-line basis over the lease term in accordance with IFRS 16. The Company realizes its revenues from the sale of real estate properties by renting office and logistics properties. Sales revenue is recognised in a time-proportionate manner, from the time the right to collect rents opens by releasing the real estate properties into use.

Operating income: The Company has two types of contracts and recognises its income accordingly in accordance with IFRS 15:

- The Company acts as an agent for some of its lease contracts. In this case, the operating charges to the tenants are clearly identifiable and the overheads are invoiced directly to the tenants through the Company. The Company recognises the costs and the related revenues in the property rental revenue in the same amount on a net basis, as the Company acts as agent in these transactions.
- For other lease contracts, the Company acts as principal. In these cases, the Company invoices its tenants for operating fees based on the flat rates included in the contracts. The Company has control over the devices - mechanical equipment - built into the real estate properties. The mechanical equipment - such as power supply, network consumption points, distribution points, water network points of use (kitchens, washrooms), heating network and boiler systems are the controlled assets of the Company. The Company establishes the right to use its controlled assets for the tenants, and the tenants reimburse the contribution of the use of these assets to the Company on the basis of use. The Company considers the purchased energy (gas, water, electricity) used for the equipment as a service procured in connection with the equipment and not as materials sold independently. The Company does not sell energy products to any customer on its own, without the use of real estate properties. Revenues from real estate property operating costs are recognised by the Company in the period when it performed its service and in which the Company's real estate property maintenance expenses are incurred.

The Company accounts for these transactions on a gross basis in its financial statements as it acts as principal in these cases.

Dividend and interest revenues

Dividend income on investments is recognised when the Company's right to dividend is established (provided that it is probable that the benefits will flow to the Company and the amount of revenue can be measured reliably).

Realised revenues from other financial assets

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Interest revenue is recognised in a time-proportionate manner, by taking into account the principal amount outstanding, using the effective interest method, which is the interest rate that exactly discounts estimated future cash revenues through the expected life of the financial asset to the net registered value at the date of initial recognition.

2.1.3. Other revenues and expenditures

The Company recognises in the other revenues the consideration of the sales which cannot be classified as sales revenue and are typically not related to the main activity (such as the sale of tangible assets), as well as all revenues which cannot be considered as revenue from financial transactions or other items increasing the other comprehensive profit or loss or are not classified in any other specific element.
Among others, the profit from the sale of tangible assets, the subsidies and compensations received, as well as various other revenues are classified in this category by the Company.

The other expenditures include those expenditures which are related to the operation indirectly and are not classified as financial expenditures or do not decrease the other comprehensive profit or loss. This includes, among others, fines, the effect of damage events, compensations, default interests, the expenditures due to provisions formed as a result of topics that otherwise concern the other expenditures, as well as the loss from the sale of tangible assets, the taxes, duties and contributions settled with the local government, and various other expenditures.

The Company recognises the other revenues and the other expenditures on a net basis in the comprehensive profit and loss account.

2.1.4. Capital investment evaluation

The Company's investments in subsidiaries, joint ventures and associates in all cases are accounted at historical value.

An enterprise has three options for valuing and presenting investments in its individual financial statements.

- accounting at historical value,
- at fair value in accordance with IFRS 9 Financial Instruments Standard,
- or using the equity method described in IAS 28 Investments in Associates and Joint Ventures standard for accounting.

The Company must apply the same accounting for each investment category.

An impairment test for an interest in subsidiaries should be performed if there are indications of potential impairment. If any such indication exists, the recoverable amount of the interest is determined and compared with the net asset value of the interest. If the recoverable amount of an interest is lower than its book value, impairment is accounted.

The Company calculates subsidiaries' (investments') fair value on the equity value of investments. The Company considers the net asset value of its subsidiaries to be market value. The dominant (often the only significant) asset of subsidiaries is an investment property in accordance with IAS 40, the value of which is recorded at a value adjusted for changes in market prices and returns. Other additional fixed assets of the subsidiaries are insignificant (tangible assets), receivables and liabilities are recorded at depreciated historical value, foreign currency items are revalued at the reporting day, thereby they are close to the fair value of the assets. The Company changes the book value of the assets or liabilities held in the subsidiaries to the fair value thereof as necessary, if the book value is significantly different for the purpose of establishing the fair value necessary for the impairment test. If the equity value of the investments does not reach the value recorded with the enterprise, the Company recognizes an impairment for the relevant investment. If the difference between future expectations and past equity values can be reliably estimated due to management's planned future contracts, a valuation of the investment is made according to the investment valuation model, which forms the basis for valuing the investment.

When calculating impairment, the recoverable amount of cash-generating units should be estimated. The return on an asset equals to the higher amount of the fair value minus alienation costs. Useful value is usually determined by the Company based on expected discounted future cash flow.

2.1.5. Land and buildings, machinery and equipment

The tangible assets are shown at their historical value, reduced by the accumulated depreciation. The accumulated depreciation includes the costs accounted for ordinary depreciation (that results from the continuous use and operation of the asset) and impairment (that results from the unexpected, material damage, or injury of the asset, caused by an unforeseen, extraordinary event).

The costs of tangible assets consist of the historical value of the asset or, in the case of own investment, the material-type costs, the wages, and salaries as well as other direct costs. The interest paid upon a credit taken out for the tangible asset investment shall increase the historical value of the given asset until it is brought to a condition when it is fit for its intended purpose.

The book values of tangible assets are revised on a yearly basis, or when the event referring to the impairment is revised, in order to establish if the book value of any tangible asset exceeds the recoverable amount thereof. Should such a case occur, the difference (the amount on top of the recoverable amount) shall be accounted as impairment. The recoverable amount on an asset equals to the higher amount of the fair value minus alienation costs or the useful value of the asset. The useful value of an asset equals the discounted value of the future cash flows generated by the asset.

The discount rate consists of the interest rate before corporate income tax, considering the time-value of money and the effects of other risk factors related to the given asset as well. If no future cash flow can be assigned to a given asset, the cash flow generated by the unit of which the asset is a part shall be taken into consideration. The impairment determined pursuant to the hereinabove shall be shown in the profit and loss account.

The costs of repair, maintenance, and replacement of spare parts of tangible assets shall be accounted for on the costs of repair and maintenance. The value-adding investments and renovations shall be capitalized. The historical value and the accumulated depreciation in respect of the assets sold is delisted. Any profit or loss resulting from the above shall be shown in the current year's profit or loss.

The Company uses the linear depreciation method to depreciate the value of its assets during the useful life thereof. The assets at the individual historical value of 100,- HUF in thousands are depreciated in a lump-sum. The term of the useful life is the following in the different asset groups:

Type of assets	Useful life
Machinery and equipment	3-7 years
Leased technical machinery	5 years
Office furniture, fixtures and fittings	3-7 years

The useful lives and the depreciation methods are revised on a yearly basis at least, on the basis of the actual economic benefits gained from a given asset. If necessary, modifications are measured to the current year's profit or loss.

2.1.6. Investment properties

Investment properties are properties held for rents and / or value-added purposes (including investment properties under development). Investment properties are initially valued at historical value, including transaction costs. Subsequent to initial recognition, investment properties are assessed at fair value. Gains or losses arising from changes in the fair value of investment properties are recognized in the profit or loss of the relevant period in which they arise, in the row of profit or loss of the fair value of revenue-generating investment properties.

Investment properties are derecognised upon sale or when the investment property is permanently withdrawn from circulation and no future benefits are expected from its sale. The profit or loss on de-recognition of the property (defined as the difference between the consideration for the sale and the registered value of the asset) is recognized in the profit or loss of the sale of investment properties in the period in which the property is delisted.

The Company recognises real estate in the assets for sale, provided that the book value thereof is recovered primarily in course of sales transaction and not during permanent use, and if the sale is very likely within one year. The investment properties classified in the assets for sale are recognised with the fair value even after the reclassification.

The criteria used in determining the fair value related to the assessment of investment properties are set out in Section 2.3.

2.1.7. Financial assets

The consolidated statement on the financial position of the Company includes the following financial assets: trade and other short-term receivables, loans granted, credits, receivables for affiliated parties, cash and cash equivalents. These liabilities are described and evaluated in the relevant parts of notes to the financial statements attached to the report, as follows:

The financial assets falling in the scope of IFRS 9 standard are divided to three different evaluation categories: assets to be shown after the recognition at the depreciated cost, assets to be shown after the recognition at fair value through other comprehensive income (FVOCI) and the assets to be shown after the recognition at fair value through profit and loss (FVTPL).

The Company's financial assets are classified on initial assessment according to their nature and purpose. To determine the category of a financial asset, it must first be clarified whether the financial asset is a debt instrument or equity investment. Equity investments shall be measured at fair value through profit or loss, however, at initial recognition, an enterprise may elect to measure non-commercial equity investments at fair value through other comprehensive profit or loss. If the financial asset is a debt instrument, the following points shall be taken into account in determining the classification.

Depreciated Historical Value
Those debt instruments are evaluated at depreciated historical value that are held based on a business model designed to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset at certain times result in cash flows that are payments of interest solely on the principal and the amount of principal outstanding.

Fair value through other comprehensive profit or loss
Assets at fair value through other comprehensive profit or loss are the financial assets that are held in accordance with a business model that achieves its objective by collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset at certain times result in cash flows that are payments of interest solely on the principal and the amount of principal outstanding.

Fair value through profit or loss
The category of financial assets at fair value through profit or loss includes financial assets that do not fall into either of the above two categories of financial assets or have been designated as at fair value through profit or loss on initial recognition.

When the SPPI requirement is met, the Company examines in the denominated currency of the financial asset whether the cash flows arising from the contract are consistent with the underlying loan agreements.

To determine whether the contractual cash flows contain only principal and interest, the Company examines the contractual terms of the financial instrument. The examination also covers whether the financial asset contains contractual terms that would cause the amount or timing of the contractual cash flows to change so that the financial asset no longer meets the SPPI requirement.

All other debt instruments are assessed at fair value through profit or loss (FVTPL).

All equity instruments shall be assessed at fair value in the balance sheet, and the effect of the change in fair value shall be recognized directly in profit or loss account, except for equity instruments where the Company has selected the Fair Value through Other Comprehensive Income (FVOCI) option. The Company does not exercise the FVOCI option.

The Company accounts financial assets and financial liabilities and recognizes their net amount in the balance sheet if, and only if, the Company has a legally enforceable right to set off the amounts and intends to net them or realize the asset and cash at the same time and fulfil the obligation.

The receivables shall be shown in the books at the nominal value minus the amount of depreciation allotted for the estimated losses. The simplified impairment model is applied for the impairment accounted for receivables by the Company. The simplified impairment model is a provisioning matrix that takes into account the past 2 years of non-payment experience rates and calculates impairment prospectively. Determination of further impairment shall take place, for example, the likelihood of insolvency or the significant financial difficulties of the debtor leading us to the conclusion that the Company will not be able to recover the full amount in accordance with the original conditions regarding the invoice. Delisting of the depreciated receivables shall be performed upon accounting the thereof unenforceable.

In case of accounting the impairment of receivables the Company employs the hereinunder accounting policy as follows:

Days of late payment	Definition	Percentage of impairment
0-180 days	The Partner is reliable and there did not occur non-payment in the past. All affiliated parties are classified as performing.	no impairment
180-360 days	Material late performance in case of external partner	50%
over 360 days late performance	over 360 days no payment	100%

In course of the evaluation of the receivables from Group members, the Company performs individual assessment for the information available.

2.1.8. Financial liabilities

The report on the Company’s financial status presents the following financial liabilities: trade creditors and other short-term liabilities, loans, credits, self-issued bonds, and bank overdrafts. These liabilities are described and evaluated in the relevant parts of notes to the financial statements attached to the report, as follows:

Upon the initial recognition, the Company shall evaluate each financial liability at fair value. In the evaluation of credits and the issued corporate bonds, the transaction costs directly related to the obtaining of the financial liability shall also be taken into consideration.

The financial liabilities falling in the scope of IFRS 9 are divided to two different evaluation categories: assets to be shown after the recognition at the depreciated cost, and the assets to be shown after the recognition at fair value through profit and loss (FVTPL). Each financial liability shall be classified according to the above by the Company when obtained. The Company did not employ the FVTPL evaluation.

Loans and credits, and the issued corporate bonds are shown in the statement on the financial status at depreciated historical value, calculated with the effective interest rate method. Profit and loss related to loans, credits and bonds are accounted for in the profit and loss statement as depreciated calculated with the effective interest rate method and upon the derecognition of the financial liability. The repayment is accounted for as a reduction of the financial liability, while the interest written off is recorded as a financial expenditure in the profit and loss statement.

2.1.9. Fair value

Fair value evaluation refers to an asset or liability. In determining fair value, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account in pricing the asset or liability at the date of evaluation. The unit of accounting for the asset or liability shall be determined in accordance with the IFRS that requires or permits fair value evaluation.

Fair value is the price that would be received if the asset was to be sold or paid if a liability was to be transferred in an orderly transaction between market participants at the time of evaluation, whether that price is observable directly or has been estimated using other valuation techniques.

Fair value hierarchy

Financial instruments evaluated at fair value are classified into a three-level fair value hierarchy for disclosure purposes. The levels within the hierarchy reflect the significance of the inputs used in evaluating fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs based on unobservable market data.

The Company uses Level 3 for fair value evaluations.

Among financial assets, the Company evaluates loans and receivables and financial liabilities at amortised cost, but also discloses their fair value in the notes to the financial statements. The fair value of these assets and liabilities is determined based on Level 3 information. The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques, typically the discounted cash flow method.

Financial liabilities are evaluated at depreciated historical value.

2.1.10. Affiliated parties

An enterprise is affiliated if it is a subsidiary, associate, joint venture, a key manager of the enterprise or parent company, a close relative of any of the above individuals, a subsidiary, associate, joint venture owned by the individual or his/her close relative.

Related party transactions are any transactions between related parties, whether or not a price is charged.

The Company identifies related parties in preparing its financial statements for each reporting date, which it reviews on 1 January each year. It identifies the receivables from and payables to identified related parties in its records and discloses them in the notes to the financial statements.

2.1.11. Provisions

The Company forms provisions for the (lawful or presumed) liabilities arising from past events that the Company is likely to be obliged to pay, provided that the amount of such liability can be accurately measured.

The amount of the provision equals the best possible estimation of the expenditure required to settle the liability as of the balance sheet day, also considering the risks and uncertainties related to the liability. If the provision is evaluated on the basis of the cash flow expectably required to settle the liability, the book value of the provision shall be equal to the present value of such cash flow amount.

If the expenditures required to settle the liability is expected to be reimbursed either in full or in part by the other party, the liability may be presented as an asset if the receipt of the reimbursement by the economic entity is basically assured and the amount of it is accurately measurable.

The current liabilities resulting from onerous contracts are accounted as reserves. A contract is classified onerous by the Company if the inevitable costs of performance of the Company’s contractual obligations exceed the economic benefits expectedly gained from the same contract.

Restructuring provisions shall be shown if the Company has a detailed, formal restructuring plan prepared and either by the commencement of the execution of the plan or by the disclosure of the main elements of the plan to the concerned parties raised reasonable expectations concerning the realization of the restructuring. The restructuring provisions shall cover only the direct costs of restructuring that are inevitably related to the restructuring and not related in any form to the continuing business operation of the economic entity.

2.1.12. Income taxes

The amount of the corporate income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and the Act on Local Taxes concerning the local business tax, to be modified by deferred taxes. The Company has identified corporate tax, local business tax and innovation levy as income taxes based on a taxable profit. The corporate income tax payment obligation covers tax obligations from the current year and deferred tax elements as well.

The payment obligation for the current year is calculated upon the taxable profit gained in the given year. The amount of the taxable profit differs from the profit and loss before taxation shown in the individual report; the difference arises from the non-taxable profits and losses, as well as items allotted to the taxable profit of other years. The current tax payment obligation of the Company is calculated upon the tax rate valid and effective (or officially announced, if the date thereof is the effective date of the respective law) on or before the balance sheet day. The amount of the deferred tax is calculated upon the liability method.

If a financial item is accounted for in the annual financial statements and the tax report at different times, deferred tax obligation arises. The amount of the deferred tax assets and liabilities is calculated with the tax rates applicable to the taxable income of the year when the time-related difference is expected to be recovered. The amount of the deferred tax assets and liabilities reflects the Company’s estimations concerning the method of realization of the tax assets and liabilities as of the balance sheet day.
Deferred tax assets arising from deductible time-related differences, rolling tax allowances, and negative tax base may only be included in the balance sheet if the realization of a taxable profit (against which the deferred tax assets can be settled) by the Company in the future is expectable.

On every balance sheet day, the Company shall revise the not recognized deferred tax assets included in the balance sheet and the book value of the recognized tax assets. The Company shall enter the former off-balance sheet receivables that are expected to be recovered to the stock, in order to reduce the amount of the future corporate income tax. On the contrary, the Company shall reduce the deferred tax receivables with the amount the recovery of which is expectably not covered by after-tax profit liabilities.

The current and the deferred tax obligations are measured directly to the own equity, if the tax base is or was measured to the equity also either in the current or in a former reporting period.

The deferred tax assets and liabilities may be settled against each other if the Company is legally allowed to set off the tax obligations and the tax claims it has against the same tax authority, and the Company intends to have a net accounting of these assets and liabilities.

2.1.13. Lease transactions

The Company as a Lessee

A contract is a lease contract (or contains a lease) if it provides the right to manage the use of an underlying asset for a specified period of time for a consideration. IFRS 16 contains recognition exceptions for lessees for short-term leases and leases of low-value assets. At the Company's option, it applies the short-term recognition exceptions to lease contracts. Such very short-term leases and related asset classes are expensed as incurred.
Estimates of the lease term at the inception date are based on the period for which the Company has a reasonable certainty of continuing the lease under the terms originally agreed. The initial lease term is determined at the commencement date of the lease. In determining the lease term, the shortest reasonable and justifiable lease term possible shall always be used in case of doubt. The determination of the lease term is essentially a matter of management judgement, and the Company generally uses estimates or assumptions at the asset-group level (in particular for options and indefinite term arrangements).

The commencement date of a lease is the date on which the lessor makes a specific asset (e.g. the leased property, plant or equipment) available for use by the lessee. The commencement date is the date on which the lease term commences and the lease obligation and right-of-use the asset are recognised. In determining whether a lessee is reasonably certain whether to exercise its option to extend a lease or not to exercise its option to terminate a lease, lessees and lessors consider all relevant facts and circumstances that may create an economic interest in the lessee and that provide a basis for exercising the option to extend the lease or not to exercise the option to terminate the lease.
The definition of lease payments is the same for both lessee and lessor. Lease payments are payments made by the lessee to the lessor in exchange for the right-of-use of a specified asset during the lease term.

A modification of a lease is a change in the scope of the lease or in the lease consideration that was not included in the original lease terms (for example, the addition or termination of the right to use one or more underlying assets or an extension or shortening of the contractual lease term). A modification may result only from a change in the consideration. The effective date of the modification is the date on which both parties accept the lease modification.

The lessee shall account for the lease modification as an individual lease if both of the following conditions are met: the modification extends the scope of the lease by adding the right to use one or more underlying assets and the lease consideration is increased by an amount equal to the specific price of the extension of scope or by any appropriate adjustment to the specific price, as specified in the terms of the specific agreement. If these conditions are met, the modification shall be considered a new lease individual from the original lease. An arrangement for the right to use one or more additional assets is accounted for as an individual lease (or leases) for which the requirements of IFRS 16 apply, irrespective of the original lease.

When a lease transaction is modified, revised lease payments are always discounted using a revised discount rate.

At the Company's option, the right-of-use asset is recognised as an individual row item in the statement of financial status.

Subleases
A sublease is a transaction in which an underlying asset is subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between the lessor and lessee ('the main lease') remains in force. The Company, as an intermediate lessor, classifies subleases as finance or operating leases in a manner similar to that for any other lease under IFRS 16.61. At the commencement date of the sublease, if the Company cannot clearly determine the implicit interest rate for the sublease, the discount rate applied to the principal lease is used in accounting for the sublease, adjusted for any direct costs associated with the sublease.

The Company as a Lessor

Financial lease
A financial lease is a transaction that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The nature of a finance lease is similar to the financing of the sale of an asset. Its recognition in the financial statements is not based on the legal form of the transaction but on its true economic substance (i.e. as if the underlying asset were sold by the lessor to the lessee). In the case of finance leases, the leased asset is derecognised and the present value of the lease receivable is recognised as a receivable in the balance sheet.

Operating lease
An operating lease is a transaction that does not transfer substantially all the risks and rewards of ownership of the subjected asset. It is generally a simple short-term rental arrangement (operating lease) where the rental income is recognised in the income statement and its primary balance sheet impact is related to the timing of lease payments.

Subleases
A sublease, in accordance with its definition, is a transaction in which an underlying asset is subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between the lessor and lessee ('the main lease') remains in force. The Company, as an intermediate lessor, classifies subleases as finance or operating leases in a manner similar to that for any other lease. At the commencement date of the sublease, if the Company cannot clearly determine the implicit interest rate for the sublease, the discount rate applied to the

principal lease is used in accounting for the sublease, adjusted for any direct costs associated with the sublease.

Recognition and disclosure of subleases

For subleases, there are no specific provisions governing the disclosure of subleases in the balance sheet and income statement. The Company applies the disclosure rules that apply to other finance and operating leases. The Company does not offset assets and liabilities arising from a finance lease or a sublease on the same underlying asset unless the requirements for offsetting financial instruments are met. The same applies to lease revenue and lease expense arising from a finance lease and a sublease on the same underlying asset unless the offsetting criteria in IAS 1 are met.
Under IFRS 16, a finance lease and a sublease are two separate contracts accounted for under the lessee and lessor models respectively. The general disclosure rules apply to both the principal and subleases and to lessors of finance or operating subleases.

The Company holds real estate property lease.

2.1.14. Earnings Per Share (EPS)

The earning per share is calculated by considering the Company's result and the share stock, reduced by the average number of own shares repurchased in the given reporting period.

The value of the diluted earnings per share is calculated similarly to the earning per share calculation. However, in this calculation all dilutable shares on the market are taken into consideration, increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, amending the value by the conversion revenues and expenditures, increasing the weighted average number of the shares on the market by the weighted average number of the shares which were on the market if all convertible shares were converted.

2.1.15. Tenant deposits

Deposits from tenants are accounted at initial fair value and are subsequently assessed at depreciated historical value using the effective interest method. Those tenant deposits which are related to over-the-year lease contracts are accounted for the items of long-term liabilities, and the remaining tenant deposits are calculated for the other liabilities in the statement on the financial status.

2.1.16. Off-balance sheet items

Off-balance sheet liability items are not included in the statement on the financial status and the total comprehensive income statement, the parts of the annual financial statement. The off-balance sheet items are presented in the notes to the financial statements, except if the possibility of an outflow of the sources of economic benefit is minimal. Off-balance sheet items are not included in the financial statements but may be presented in the notes to the financial statements if the inflow of economic benefits is likely.

2.1.17. Repurchased own shares

The value of repurchased own shares is deducted from own equity. The difference between nominal value and historical value is recognized directly in the accumulated profit reserve.

2.1.18. Dividend

The amount of dividend is accounted by the Company for the year when it is approved by the shareholders.

2.1.19. Profit and loss of financial transactions

The financial profit and loss consists of income from interests calculated by the effective interest rate method and dividends, payable interests calculated by the effective interest rate method, and other financial expenditures; the profit gained/loss suffered from the fair evaluation of financial instruments, and the realized and unrealized exchange rate differences.

2.1.20. Events after the balance sheet day

The events that provide additional information concerning the circumstances at the end of the Company's reporting period shall be included in the financial statement, even if such events occur after the end of the reporting period. The post financial statement period events that do not modify the data of the financial report are included in the notes to the financial statements, to the extent that the thereof are substantial.

2.2 Changes in the accounting policy

The Company's financial report relevant to the reporting period ending as at 31 December 2022 is compiled in accordance with the standards and interpretations.

The accounting policy of the Company is in consistent with that of the previous years'. The following changes have been made to the standards:

The following standards and interpretation (including its modifications) came into force in 2022:

- References of the framework for the Preparation and Presentation of Financial Statements - Amendments to IFRS 3 Business Combinations (issued on 14 May 2020, effective for financial years beginning from 1 January 2022, the EU has endorsed the amendments)

- Treatment of yields arising before proceeds before intended use - Amendment to IAS 16 (issued on 14 May 2020, effective for financial years beginning from 1 January 2022, the EU has endorsed the amendments)

- Onerous Contracts: Cost of Fulfilling a Contract - Amendments to IAS 37 (issued on 14 May 2020, effective for financial years beginning from 1 January 2022, the EU has endorsed the amendments)

- Annual Improvements to IFRSs - 2018-2020 (issued on 14 May 2020, effective for financial years beginning from 1 January 2022, the EU has endorsed the amendments)

The adoption of the above amendments did not have a material impact on the Company's financial statements.

New and amended standards and interpretations issued by IASB and adopted by the EU but not yet effective:

- Amendment to Lease liabilities in a sale and leaseback – IFRS 16 Leases standard (issued on 22 September 2022, and effective for the financial year beginning from 01 January 2024)
- IAS 1 Presentation of Financial Statements: Amendment to Current and Non-current Assets and Liabilities Classification (effective for the financial year beginning from or after 01 January 2023)
- Amendment to IFRS 17 Insurance Contracts (effective for the financial year beginning from or after 01 January 2023)
- Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014, and effective for the financial year beginning on or after the time defined by IASB, herein amendment has not been adopted by the EU) Asset sale between Investments in Associates and Joint Ventures.
- Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates’ (effective for reporting periods beginning on or after 1 January 2023. Herein amendment has not been adopted by the EU.)
- Amendment to IAS 12 “Income Taxes” – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective for the reporting periods beginning on or after 01 January 2023. Herein amendment has not been adopted by the EU.)
- Amendment to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for the reporting periods beginning on or after 01 January 2023. Herein amendment has not been adopted by the EU.)

The adoption of the above amendments will not have a material impact on the Company's financial statements.

In respect of 2022, the Company has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2022, that are relevant from the aspect of the Company's operation.

2.3 Substantial accounting estimations and assumptions

The application of the accounting policy described in Section 2.1. herein requires the application of estimations and assumptions in the determination of the value on any given day of those assets and liabilities, the values of which are not identifiable from other sources. The estimation process considers the relevant factors and decisions based on available information. These significant estimations and assumptions influence the values of the assets and liabilities, revenues, and expenditures presented in the financial statements, and the presentation of the pending assets and liabilities in the notes to the financial statements. Actual results may differ from the estimated data.

The estimation processes are continuously updated. Any change in the accounting estimations shall be considered in the time period when such change occurred if that affects the given period only. If such change affects the current and future reporting periods as well, it shall be considered in the period when the change occurred and in the future reporting periods as well.

The main areas of critical decisions adopted in relation to uncertainties in estimations and the accounting policy that have the most significant effect on the amounts presented in the individual financial statements are as follows:

2.3.1. Classification of real estate properties

Upon acquisition, the properties owned by the Company are classified as investment properties and development properties as follows:

- Those are classified as investment properties that are typically purchased by the Company for the purpose of benefiting from leasing and increase in value of the property. They do not use these properties (typically office buildings, commercial units, warehouses and factory buildings) for their own purposes.
- Development properties in stocks include properties in which the Company intends to invest and develop and then sell in the near future.
- Properties used by the Company for its own purposes are classified as tangible assets.

The Company reclassifies investment properties if there is a change in use thereof. Properties in own use are classified in tangible assets. In case of mixed-use real estate properties, the Company recognises such parts separately, if possible. If the separation is not possible, then the Company classifies the property in the investment properties only if the part used for other purposes is insignificant.

The real estate properties in which the Company commences developments with the intention to sell such properties subsequently are recognised by the Company in the stocks.

2.3.2. Fair value of investment properties

The determination of the fair value of investment properties is largely based on estimates and assumptions, therefore the fair value may differ materially from the value obtained as a result of the estimation. The fair value of investment properties has been determined based on the Company's own evaluations and valuations performed by independent appraisers. The evaluation principles and parameters used are set out in Note 9.

IFRS 13 “Fair value evaluation” establishes a fair value hierarchy to enhance consistency and comparability of fair value evaluation and related disclosures. The hierarchy categorizes inputs to valuation techniques used to evaluate fair value into three levels. The fair value hierarchy assigns the greatest significance to quoted (unadjusted) prices in active markets for identical assets or liabilities and the least significance to unobservable inputs. The objective of fair value evaluation is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would be effected between market participants at the evaluation date under existing market conditions. All investment property is classified within Level 3 of the fair value hierarchy.

2.3.3. Depreciation and amortization

The lands and buildings, machinery, and equipment, right-of-use asset as well as the intangible assets, are recognized at their historical value and their applied depreciation method is linear depreciation throughout the useful life of the assets. The useful life of the assets is determined on the basis of past experience in respect of similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

2.3.4. Impairment of equity

An impairment test for an interest in subsidiaries should be performed if there are indications of potential impairment. If any such indication exists, the recoverable amount of the interest is determined and compared with the net asset value of the interest. The Company examines the recoverable amount of the cash-generating units each year. The return on an asset equals to the higher amount of the fair value minus alienation costs. Useful value is usually determined by the Company based on expected discounted future cash flow.

3. Sales revenue from leased property

The Company's activities include the leasing and maintenance of its own real estate properties, as well as asset management and company management.

In order to carry out the rental and operating activities of the property, the Company's real estate properties are located in Hungary, in the cities of Kecskemét and Budapest.

The Company has no contractual assets or contractual obligations.

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Office rental	687 664	558 579
Parking rental	41 088	38 757
Other	724	6 492
Total	**729 476**	**603 828**

The amount of maintenance income accounted 85 587 HUF in thousands in 2022, while thereof amount in respect of the continuously accounted rental income arising (customer contract revenue) measured 627 756 HUF in thousands.

The future minimum rents related to the lease contracts for a specified term for the following 31 December 2022:

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Within-the-year	601 941	76 371
within 1 to 5 years	2 273 672	67 825
due over 5 years	2 910 405	540 835
Total	**5 786 018**	**685 031**

4. Direct costs of property rental

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Taxes on buildings and land	(24 342)	(24 342)
Water, gas, electricity	(2 417)	(2 262)
Operation, maintenance, material and service	(33 794)	(20 158)
Insurance fee	(7 965)	(8 490)
Advertising	(1 559)	(12 110)
Other	-	(667)
Total	**(70 077)**	**(68 029)**

5. Service fee income from subsidiaries

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Apenninn Property Vagyonkezelő Plc.	6 088	4 720
Appeninn-Bp1047 Zrt.	7 749	8 070
Appeninn E-Office Plc.	182 323	194 820
Appeninn Üzemeltető Zrt.*	-	26 220
Bertex Kft.	240	16 300
Curlington Kft.	1 937	1 500
Szent László Téri Szolgáltató Ház Kft.	6 642	10 360
Felhévíz-Appen Kft.	4 151	2 240
APPEN-Retail Kft.	8 579	10 060
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	941	1 500
Appeninn Project-EGRV Kft.	240	1 500
Appeninn Project-MSKC Kft.	7 196	8 860
Appeninn BLT Kft.	480	1 500
PRO-MOT Hungária Ingatlanfejlesztő Kft.* (in English: PRO-MOT Hungária Private Limited Liability Company)	-	29 910
Alagút Investment Kft.	4 705	5 620
Other	-	7 978
Total	**231 271**	**331 158**

*in the course of 2022 thereof items were sold, see Note 19.

6. Administration costs, service fees, wages

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Bank charges	(2 642)	(12 914)
Accountancy, audit, legal, attorney-at-law costs	(130 432)	(126 905)
Asset management, consultancy	(43 964)	(54 618)
Share (KELER (in English: Central Clearing House and Depository), BSE, securities charges)	(7 058)	(8 716)
Short-term rents, stationery	(29 890)	(7 056)
Liability insurance	(1 358)	(1 355)
Charges and duties payable to authorities	(259)	(51)
Training, IT and other services	(231)	(6 670)
Staff costs, wages and its contributions	(125 078)	(206 903)
Other	(21 933)	(28 663)

Total	**(362 845)**	**(453 851)**

In 2022, the Company took significant efficiency steps, reduced its number of staff and rationalized its costs.

7. Balance of other revenues and expenditures

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Other small amount reimbursement of expenses	681	2 967
On account of financial leasing derecognition and reclassification	(15 239)	-
Default interests, allowances and supplements, liquidated damage paid	(8)	(1 648)
Total	**(14 566)**	**1 319**

8. Profit (and loss) on sale of subsidiaries and investments

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Alagút Investment Kft. – 100% business share sale	-	159 165
Appeninn Üzemeltető Zrt. – 100% business share sale	11 000	-
Hellnarik Hospitality Kft. – 24% business share sale	32	-
Total	**11 032**	**159 165**

Details of the share sales are disclosed in Note 19.

9. Profit and loss from fair value evaluation of revenue-generating investment properties

The fair values of the Company's assets are assessed annually. Based on fair valuations, the Company recognized all changes through profit or loss. Option rights established on real estate properties, if they remain below the fair value and the title holder has paid the owner the charges of the option right, the lower of the fair value and the purchase price belonging to the option right is the value recognised in the Company's balance sheet. See also Note 15.

data in HUF in thousands	for the financial year	for the financial year

	ending as at 31 December 2022	ending as at 31 December 2021
6000 Kecskemét, Kiskőrösi utca 30.	(429 100)	52 767
1082 Budapest, Üllői út 48.	1 397 975	115 461
Pasaréti right to use asset	(2 928)	-
Change in fair value in total	**965 947**	**168 228**

The Company has the definition of the fair value of the real estate properties prepared by an independent appraiser each year. The value determined by the independent appraiser is in line with the values in the financial statements. In case of of each property for the appraisal of investment properties, the independent expert appointed to perform the evaluation from 2014 to 2022 was Jones Lang LaSalle Kft. (Széchenyi tér 7-8., 1051 Budapest, hereinafter referred to as: “JLL Kft.”), except the right to use asset recognized in the row of investment properties. JLL is an acknowledged expert with an appropriate professional qualification, and in respect of the appraised investment properties and thereof category it holds experience of the recent past. The analyses prepared by JLL Kft. is as follows:

- the valuation methods use and their application correspond to the approaches commonly used in national and international practice
- the rents applied correspond to actual market rents
- the investor’s “return expectation” of each real estate property - the Rates included in the Capitalization Rate and Discount Rate valuation are in line with the publicly published data on the investment transactions made in the last 12 months for each type of real estate property.

Assessment methods:

Valuations are made using the income approach (the discounted cash flow method) and the comparative (market) method. The income approach method is based on the estimation of periodic cash flows from real estate properties. The present value of cash flows from real estate is determined using a market-based discount rate that reflects the expectations of investors. Periodic cash flow is income without unused land less with costs associated with operating and maintaining the property. The amount of periodic cash flows and the residual value determined at the end of the assessment period discounted to present value is the fair value of the property.

The assumptions used in the evaluations based on the market method approach in 2021 and 2022 were average rent, market rent, occupancy, “exit Yield”, and discount rate. These values are based on market observations, which are adjusted for the local situation of the real estate property. Due to these corrections, all variables used are classified as “level 3”.

The evaluation methods remained unchanged compared to 2019-2022. The valuation methodology used complied with the valuation techniques described in IFRS 13.

Discount rates in the case of offices: 7.65 – 10.25%, in case of industrial properties: between 8.50 and 10.00%. In the case of prime exit yield offices: 5.50 % (stable), in the case of industrial properties: 6.00 %.
From the point of the sensitivity test the most important inputs from the point of the market value of the related real estate applied in DCF calculation were the exit yield, the discount rate variables, as well as the inflation, the expenses and the market related rental fee. The increase of exit yield and the discount rate decreases the value, while the opposite trend makes the value increase. International predictions are applied for the inflation and significant increase is forecast for the expenses. As for the market related rental fees, the fees related to the given real estate existing in the market were considered.

The variables were determined in a conservative way without applying either the optimistic or the pessimistic scenarios at this time.

The assessment covered the determination of spot market prices, which were reported as "Comparative" prices.

data in EUR

2022							Model variable mean values in DCF model		Discount rate	Mortgage
Serial Number		type	Comparative price	DCF model value	Reporting day value	Evaluation method	Exit return	Rents EUR/m2/month,		
1	6000 Kecskemét, Kiskőrösi utca 30.	place of business	2 800 000	2 800 000	2 800 000	DCF model	11.50%	office: 4, warehouse: 2	12.0%	exist
2	1082 Budapest, Üllői út 48.	office	22 800 000	22 800 000	22 300 000	DCF model	8.15%	13	8.65%	no
3	Pasaréti right to use asset	office	570 799	570 799	570 799	DCF model				
					25 670 799					

2021							Model variable mean values in DCF model		Discount rate	Mortgage
Serial Number		type	Comparative price	DCF model value	Reporting day value	Evaluation method	Exit return	Rents EUR/m2/month,		
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	4 200 000	4 200 000	4 200 000	DCF model	11.00%	office: 4, warehouse: 2	11.50%	exist
12	1082 Budapest, Üllői út 48.	office	20 300 000	20 400 000	20 400 000	DCF model				exist
					24 600 000					

10. Depreciation

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Depreciation of tangible assets	(20 048)	(37 097)
Total	**(20 048)**	**(37 097)**

In 2022, small-value asset depreciation was 2 017 HUF in thousands, while thereof amount was 3 000 HUF in thousands in 2021.

11. Other expenditure and revenue of financial transactions

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Exchange rate difference of items financially settled	10 515	(733)
Yearend revaluation of foreign currency assets and liabilities	447 889	65 498
Equity impairment (see Note 19)	(108 627)	-
Total	**349 777**	**64 765**

In course of the yearend revaluation of the foreign currency assets and liabilities, exchange gain appeared on the EUR loan provided to Appeninn BLT Kft. (in English: Appeninn BLT Ltd.), since the HUF/EUR exchange rate of the current year is significantly higher compared to the exchange rate at the end of the previous year.

12. Balance of interest revenues and expenditures

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Interests received from and due for affiliated and associated undertakings (interests payable/paid):		
Appeninn Property Vagyonkezelő Zrt.	8 538	6 548
Appeninn-Bp1047 Zrt.	884	866
Appeninn E-Office Plc.	114 774	124 213
Appeninn Üzemeltető Zrt.*	3 495	3 928
Bertex Kft.	(46)	60 846
Curlington Kft.	10 749	8 493
Szent László Téri Szolgáltató Ház Kft.	10 290	9 716
Felhévíz-Appen Kft.	(1 373)	(2 539)
APPEN-Retail Kft.	4 879	(199)
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	128	96
Appeninn Project-MSKC Kft.	19 259	19 039
Appeninn BLT Kft.	132 531	132 434
Hellnarik Hospitality Kft.*	-	(2 106)
Alagút-Investment Kft.	264	-
Solum Invest Kft.	60 963	11 523
Dreamland Holding Zrt.*	140 500	271 410
Interests received from (paid for) other companies:		
Bank interests	765 713	10 680
Interests received from contractors	45 537	14 944
Self-issued bond interest	(694 203)	(694 650)
Lease transaction	(15 827)	(17 404)
Balance of interest revenues (and expenditures)	**607 055**	**(42 162)**
Interests received in total	1 318 504	674 736
Interests paid in total	(711 449)	(716 898)
Balance of interest revenues (and expenditures)	**607 055**	**(42 162)**

*until the day of sale of affiliated undertaking qualified in the first half of 2022

13. Income taxes

Expenditures related to income taxes include the following:

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Corporate income tax	(53 776)	(7 958)
Deferred tax liabilities	(163 066)	(32 463)
Business tax	(17 545)	(18 515)
Total	**(234 387)**	**(58 936)**

Appeninn Plc.'s tax receivable due to a negative tax base arose until 2014, which can be utilized until 2025 in accordance with the Corporate Tax Act.

The balance of accrued and deferred loss carried over was 659 611 HUF in thousands as at 31 December 2021, while the thereof amount accounted 62 100 HUF in thousands as at 31 December 2022.

The tax breakdown was carried out as follows:

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Profit before taxation	2 427 022	727 324
Tax liability calculated on the basis of the current tax rate of 9%	(218 432)	(65 459)
Business tax	(17 545)	(18 515)
Constant differences	1 590	25 038
Income taxes in total	**(234 387)**	**(58 936)**

Employed tax rates	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Local business tax	2%	2%
Corporate income tax	9%	9%

The details of deferred tax liabilities are shown in Note 33.

The calculation carried out with regard to the difference arisen from the tax liability calculated on the basis of the accounting profit and the actual tax liability is included in the hereinunder chart:

	data in thousands of Hungarian Forints
Profit before taxation in line with IFRS	**2 427 022**
Reclassification of business tax into tax base	(17 545)
Accounting of depreciation of assets evaluated in line with IAS 40	(150 500)
Fair valuation impact pursuant to IAS 40	(965 947)
Accounting unused vacations	(1 583)
Bond depreciated historical value	(5 005)
Other modifications	(10 467)
Adjusted profit before taxation	**1 275 975**
Depreciation pursuant to the Act on Corporate Tax and Dividend Tax	235 764
Accrued and deferred loss utilization	597 511
Items reducing tax base	**833 275**
Depreciation set forth in the Act on Accounting	154 807
Fine established in final decision	4
Items increasing tax base	**154 811**
Tax base pursuant to the Act on Corporate Income Tax	**597 511**
Tax (9%)	**53 776**
Financial institution interest rebate (70% calculated tax)	**-**
Corporate income tax	**53 776**

14. Earnings per share

When calculating the earnings per share, the profit after tax distributable among the shareholders and the average annual number of ordinary shares issued shall be taken into consideration without own shares.

	for the financial year ending as at 31 December 2022	**for the financial year ending as at 31 December 2021**
Profit after tax (HUF in thousands)	2 192 635	668 388
Weighted average number of the ordinary shares issued (quantity)	47 369 571	47 369 571
Earnings per share (base) (in Hungarian Forints)	**46.29**	**14.11**

There are no factors existing at the Company which would dilute the profit and loss per share in 2022 or in 2021.

15. Revenue-generating investment properties

Changes calculated with regard to the opening and closing value of investment properties of the Company were the hereinunder as follows:

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Opening value	**9 077 400**	**8 909 172**
1082 Budapest, Üllői út 48.	7 527 600	7 412 139
Kecskemét, Kiskőrösi utca 30.	1 549 800	1 497 033
annual changes:		
Reclassification of Pasaréti right to use asset arising from own use	231 390	-
Changes in fair value	**965 947**	**168 228**
1082 Budapest, Üllői út 48.	1 397 975	115 461
Kecskemét, Kiskőrösi utca 30.	(429 100)	52 767
Pasaréti right to use asset	(2 928)	-
Closing value	**10 274 737**	**9 077 400**
1082 Budapest, Üllői út 48.	8 925 575	7 527 600
Kecskemét, Kiskőrösi utca 30.	1 120 700	1 549 800
Pasaréti right to use asset	228 462	-

Change of the fair value regarding revenue-generating real estate properties is shown in Note 9.

16. Tangible assets

The Company accounts office furniture, fixtures and fittings for tangible assets.

data in HUF in thousands	**Total**
Gross value	
on 31 December 2020	**21 446**
Increase and reclassification	3 930
Decrease and reclassification	-
on 31 December 2021	**25 376**
Increase and reclassification	4 947
Decrease and reclassification	-
on 31 December 2022	**30 323**
Accrued depreciation	
on 31 December 2020	**12 396**
Depreciation in the current year	3 584
Decrease	
on 31 December 2021	**15 980**
Depreciation in the current year	3 291
Decrease	
on 31 December 2022	**19 271**
Net book value	
on 31 December 2020	**9 050**
on 31 December 2021	**9 396**
on 31 December 2022	**11 052**

17. Right-of-use asset

In 2020, the Company entered into a property lease agreement, from which the right-of-use assets has been recognised. The Company has entered into a sublease agreement for some parts of the leased property, which has been identified as a financial lease and the related right of asset use has been derecognised. The lease expires on 16 March 2025.

data in HUF in thousands	**Property rental**
Gross value	
on 31 December 2020	**210 771**
Increase and reclassification	
Decrease and reclassification	
on 31 December 2021	**210 771**
Increase and reclassification	
Decrease and reclassification	(210 771)
on 31 December 2022	**-**
Accrued depreciation	
on 31 December 2020	**71 133**
Depreciation in the current year	33 513
Decrease	
on 31 December 2021	**104 646**
Depreciation in the current year	16 757
Decrease	(121 403)
on 31 December 2022	**-**
Net book value	
on 31 December 2020	**139 638**
on 31 December 2021	**106 125**
on 31 December 2022	**-**

From the 01 July 2022, the Company has rented the whole rental property out, and terminated its own use. Hereby, the right-of-use asset attached to the real estate property was reclassified to the revenue-generating real estate properties.

18. Lease receivables

The Company has entered into a sublease agreement for the property it leases, which has been classified as a financial lease, and the related right-of-use asset has been delisted. The lease expires on 16 March 2025.

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Minimum value for leasing fees		
in 2022	-	59 050
in 2023	-	59 050
in 2024	-	59 050
in 2025	-	9 841
Minimum lease fees in total	**-**	**186 991**
Lease interest	**-**	**(4 369)**
Present value of minimum leasing fees in total	**-**	**182 622**
Of which short-term liabilities	**-**	**54 586**
Of which long-term liabilities	**-**	**128 036**

From 01 July 2022, the financial lease contract was derecognized as the real estate property was reclassified to revenue-generating real estate property.

19. Equity and assets for sale

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021	Capital ownership 2022	Capital ownership 2021
Appeninn Property Vagyonkezelő Zrt.	171 366	171 366	100%	100%
Appeninn-Bp 1047 Zrt.	30 508	30 508	100%	100%
Appeninn E-Office Vagyonkezelő Zrt.	5 256 668	5 256 668	100%	100%
Appeninn Üzemeltető Zrt.	-	5 000	-	100%
Bertex Ingatlanforgalmazó Zrt.	212 062	212 062	100%	100%
Curlington Ingatlanfejlesztési Kft.	-	44 096	100%	100%
Szent László téri Szolgáltatóház Kft.	434 169	434 169	100%	100%
Appeninn Project-EGRV Kft.	10 928	930	100%	100%
Appeninn Project-MSKC Kft.	3 000	3 000	100%	100%
Appeninn BLT Kft.	3 000	3 000	100%	100%
Hellnarik Hospitality Ingatlankezelő és Ingatlanforgalmazó Kft.	-	43 967	-	24%
Dreamland Holding Zrt.	-	1 550 000	-	75%
Solum-Invest Kft.*	-	536 842	51%	51%
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	87 313	115 000	100%	100%
Equity in total	**6 209 014**	**8 406 608**		

*In January 2023, Solum-Invest Kft. was sold, hereby the value of equity minus impairment was reclassified to the assets for sale.
The amount of accumulated impairment:

data in HUF in thousands	**Total**
on 31 December 2020	**65 423**
Reversal	
Accounting impairment	
on 31 December 2021	**65 423**
Reversal	
Accounting impairment	71 785
on 31 December 2022	**137 208**

In 2020, 65 423 HUF in thousands were measured for impairment in relation to the equity in Appeninn Project-EGRV Kft. In the course of 2022, the value of equity in Curlington Kft. was

44 096 HUF in thousands, while 27 689 HUF in thousands was accounted for the equity in Sectura Kft.

In the course of 2022, the Company sold its 100% equity in Appeninn Üzemeltető Kft. for 16 000 HUF in thousands. The value of the business share derecognised was 5 000 HUF in thousands so the Company recognised a profit of 11 000 HUF in thousands on the transaction.

In 2022, the Company sold its 75% equity in Dreamland Holding Zrt. for 1 550 000 HUF in thousands. There was not profit generated on the transaction.

In 2022, the Company sold its 24% equity in Hellnarik Hospitality Kft. for 43 999 HUF in thousands. There was 32 HUF in thousands profit accounted on the transaction.

In the course of 2021, the Company sold its business share in Alagút Investment Kft. (in English: Alagút Investment Ltd.) to Appeninn E-Office Vagyonkezelő Zrt. (Appeninn E-Office Property Management Plc.). The sale price was 551 565 HUF in thousands and the value of the business share derecognised was 392 400 HUF in thousands so the Company recognised a profit of 159 165 HUF in thousands on the transaction.

Assets for sale

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021	Capital ownership 2022	Capital ownership 2021
Solum-Invest Kft.	500 000	-	51%	-
Assets for sale in total	**500 000**	**-**		

In December 2022, the Board of Directors of the Company made decision on the 51% equity sale in Solum-Invest Kft. Accordingly, the equity in Solum-Invest Kft. was reclassified to the assets for sale, and simultaneously 36.842 HUF in thousands was accounted for impairment as the purchase price was 500.000 HUF in thousands, which was 36 482 HUF in thousands less than the book value.

Regarding the indirect holding of the Company is as follows:

Name of the subsidiary	Parent company	Capital ownership and voting ratio 2022	2021	Address
Appen-Retail Kft.	Appeninn Property Vagyonkezelő Zrt.	100%	100%	1022 Budapest, Bég utca 3-5.
Felhévíz-Appen Kft.	Appeninn Property Vagyonkezelő	100%	100%	1022 Budapest, Bég utca 3-5.

	Zrt.			
PRO-MOT Hungária Kft.	Appeninn BLT Kft.	-	74.99%	H-8171 Balatonvilágos, Aligai utca 1.
DLHG Invest Kft.	Dreamland Holding Zrt.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
Szántód BalaLand Family Kft.	DLHG Invest Kft.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
Tokaj Csurgó Völgy Kft.	DLHG Invest Kft.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
SZRH Kft.	DLHG Invest Kft.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
TATK Kft.	DLHG Invest Kft.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
Visegrád Lepence Völgy Strandfürdő Kft.	DLHG Invest Kft.	-	75%	1022 Budapest, Bimbó út 7. fszt. A02.
Tokaj Kelep Zrt.	TATK Kft.	-	-	1022 Budapest, Bimbó út 7. fszt. A02.
Leveron doo Beograd	Appeninn Project-EGRV Kft.	100%	-	Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070
Imanpa doo Beograd	Appeninn Project-EGRV Kft.	100%	-	Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070

20. Trade receivables

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Gross value of trade receivables	17 137	24 976
Impairment	-	-
Net trade receivables in total	**17 137**	**24 976**

The Company employed the expected impairment for trade impairment. Expected losses have been calculated from the average of the last two years' experience.

21. Other short-term receivables

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Tax assets	6 546	4 548
Deposit	15 040	15 040
Receivables related to assignment	35 155	35 155
Short term part of financial leasing claims	-	54 586
Other	5 710	3 239
Total	**62 451**	**112 568**

22. Receivables through affiliated parties

Receivables through affiliated undertakings consist of invoiced holding fees, interest and capital claims, as well as of other receivables from subsidiaries.

data in HUF in thousands	Trade, loan and interest receivables	
	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Appeninn-Bp 1047 Zrt.	24 856	44 831
Appeninn Property Vagyonkezelő Zrt.	306 444	114 351
Bertex Ingatlanforgalmazó Zrt.	305	-
Appeninn E-Office Plc.	3 494 538	3 908 780
Felhévíz-Appen Kft.	3 359	-1 913
APPEN-Retail Kft.	484 895	7 120
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	19 390	15 017
Szent László Téri Szolgáltató Ház Kft.	204 838	186 113
Curlington Kft.	137 529	77 320
Appeninn Üzemeltető Zrt.	-	278 960
Appeninn Project-EGRV Kft.	2 675	2 371
Appeninn Project-MSKC Kft.	435 788	542 613
PRO-MOT Hungária Kft.	-	106 807
Appeninn BLT Kft.	6 143 452	6 084 715
Alagút Investment Kft.	17 683	5 476
Solum-Invest Kft.	2 049 860	592 313
Dreamland Holding Zrt.	-	7 152 294
Affiliated receivables in total	**13 325 612**	**19 117 168**

In the course of 2021, Bertex Zrt. sold one of its subsidiaries. The receivable from the sale was assigned to the Company. The cash flows from the assigned receivable were offset by the Company against the receivable from Bertex Zrt and the remaining amount is recognised as a liability to Bertex Zrt (see Note 36).

23. Short-term loans granted

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Mikepércsi út 132 Kft.	21 788	21 788
Impairment of Mikepércsi út 132 Kft.	(21 788)	(21 788)
Hellnarik loan granted	-	426 164
Other loan granted	58 318	
Hattyúház Társasház Közösség	2 247	2 247
Total	**60 565**	**428 411**

24. Accruals

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Receivables under accrued and deferred assets	43 096	4 119
Expenses under accrued and deferred assets	19 343	18 867
Total	**62 439**	**22 986**

25. Cash and cash equivalents

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Cash on hand	-	-
Cash at bank in HUF	182 627	244 105
Cash at bank in EUR	371 881	566 833
Fixed-term deposits of short-term	11 749 534	2 300 000
Total	**12 304 042**	**3 110 938**

The Company invests free cash in short-term investments to ensure profitability and liquidity. The maturity of the Company's term deposit is 1 month.
The Company has no undrawn credit line.

26. Issued Share Capital

The shares of Appeninn Vagyonkezelő Holding Nyrt. were initiated at Budapest Stock Exchange on 02 July 2010 upon public trading.

Appeninn Nyrt. share data	
nominal value	100
currency	HUF
ISIN identification number	HU0000102132
Place of trading	Budapest Stock Exchange share section
start of trading	02 July 2010
share register keeping	Board of Directors of Appeninn Nyrt., 1022 Budapest, Bég utca 3-5.
Number of shares kept in trading on 31 December 2022 (quantity)	47 371 419
Number of shares kept in trading on 31 December 2021 (quantity)	47 371 419

data in HUF in thousands	**for the financial year ending as at 31 December 2022**	**for the financial year ending as at 31 December 2021**
Value of issued share capital		
Opening value on 01 January:	4 737 142	4 737 142
Issuance	-	-
Closing value on 31 December:	4 737 142	4 737 142

The issued capital of the Company is 4 737 142 HUF in thousands, which consists of 47 371 419 quantity of shares with a nominal value of HUF 100 per each.

27. Repurchased own shares

	for the financial year ending as at 31 December 2022		**for the financial year ending as at 31 December 2021**	
	HUF in thousands	**quantity**	**HUF in thousands**	**quantity**
Opening value	1 114	1 848	1 114	1 848
Own share purchase	-	-	-	-
Transfer of own share for dividend payment	-	-	-	-
Own share sale	-	-	-	-
Closing value	**1 114**	**1 848**	**1 114**	**1 848**

28. Reserves

	for the financial year ending as at 31 December 2022			for the financial year ending as at 31 December 2021		
	HUF in thousands	quantity of issued shares (quantity)	Share premium (ázsió) (HUF/ quantity)	HUF in thousands	quantity of issued shares (quantity)	Share premium (ázsió) (HUF/ quantity)
Opening	**8 095 844**	**47 371 419**	**171**	**8 095 844**	**47 371 419**	**171**
Reclassification from accumulated profit reserve						
Closing balance on 31 December:	**8 095 844**	**47 371 419**	**171**	**8 095 844**	**47 371 419**	**171**

29. Retained earnings

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Opening balance	**5 228 320**	**4 559 932**
Profits in the current year	2 192 635	668 388
Alienation of own share	-	-
Closing value	**7 420 955**	**5 228 320**

Own equity equivalency table:

The equity reconciliation table below, in accordance with Section 114/B of Act C of 2000 on Accounting in force in Hungary (the "Accountancy Act"), shows the reconciliation between the components of equity as determined in accordance with the provisions of Section 114/B (4)a) of the Accountancy Act and the components of equity in individual financial statements under EU IFRS. The reconciliation consists, on the one hand, of the allocation of the components of equity under EU IFRS to the components of equity under the Accountancy Act and, on the other hand, of the derivation of the differences between the two types of equity.

data in HUF in thousands	31 December 2022	31 December 2021
Issued share capital	4 737 142	4 737 142
Issued but unpaid capital	-	-
Repurchased own shares	(1 114)	(1 114)
Capital reserve	8 095 844	8 095 844
Reserves	-	
Accumulated profit reserve	5 228 320	5 228 320
Revaluation reserve	-	-
Distributable reserve	-	-
Profit after tax	2 192 635	-
Own equity pursuant to 114/B.(4) a) of IFRS	**20 252 827**	**18 060 192**
Issued share capital defined in the instrument of constitution to the extent that the thereof is classified for equity instrument	4 737 142	4 737 142
Issued share capital pursuant to 114/B. (4) b) of IFRS	**4 737 142**	**4 737 142**
Issued but unpaid capital pursuant to 114/B. (4) c)	**-**	**-**
Pursuant to IFRS the amount of items related to own equity which does not comply with the definition of issued share capital, issued but unpaid capital, accumulated profit reserve, revaluation reserve, current year's retained profit or loss or distributable reserve	8 095 844	8 095 844
Capital reserve pursuant to 114/B. (4) d)	**8 095 844**	**8 095 844**
Pursuant to IFRS profit indicated in the annual financial statement, accumulated in the previous years and non-reimbursed for the owners	5 228 320	4 559 932
Accumulated profit reserve pursuant to 114/B. (4) e)	**5 228 320**	**4 559 932**
Distributable reserve pursuant to 114/B. (4) h)	**-**	**-**
In the phase of the profit regarding the comprehensive income statement or the individual profit and loss statement the profit in the current year	2 192 635	668 388
Current year profit/ loss pursuant to 114/B. (4) g)	**2 192 635**	**668 388**

Free accumulated profit reserve available for dividend payment		
IFRS accumulated profit reserve	7 420 955	5 228 320
Decreased: on account of fair value increase accounted in line with IAS 40 Investment Property standard – accrued – with the amount of unrealized profits	(5 400 296)	(4 311 332)
Increased: with the cumulative amount of the income taxes accounted pursuant to the related IAS 12 Income Taxes standard	486 027	388 020
Accumulated profit reserve available for dividend payment	**2 506 686**	**1 305 008**

30. Tenant deposits

data in HUF in thousands	**for the financial year ending as at 31 December 2022**	**for the financial year ending as at 31 December 2021**
Deposits of tenants	218 592	218 592
Total	**218 592**	**218 592**

The Company accounts the amount of the security deposit paid by the tenants for the thereof item.

31. Lease liabilities

On 16 March 2020, the Company entered into a property lease agreement, for which the related right-of-use asset and lease liability have been recognised in the balance sheet. The lease expires on 16 March 2025.

data in HUF in thousands	**for the financial year ending as at 31 December 2022**	**for the financial year ending as at 31 December 2021**
Minimum value of leasing fees payable		
in 2022	-	102 277
in 2023	108 768	102 277
in 2024	108 768	102 277
in 2025	18 128	17 046
Minimum lease fees in total	**235 664**	**323 877**
Lease interest	**(7 202)**	**(15 401)**
Present value of minimum leasing fees in total	**228 462**	**308 476**
Of which short-term liabilities	**103 603**	**92 050**
Of which long-term liabilities	**124 859**	**216 426**

The Company recognizes interest expense on the lease using the effective interest method. The contracts do not contain extension or termination options.

The Company subleases the leased property. The related right-of-use asset has been derecognised, while the value of the lease liability continues to be recognised for the entire property.

The amount of directly accounted costs of the short-term lease transactions in 2022 is 7 711 HUF in thousands, the thereof amount accounted 1 256 HUF in thousands in 2021. The Company does not have any low value leasing contracts.

32. Self-issued corporate bonds debts

On 22 November 2019, the Company issued bonds in the quantity of 20 000 000 HUF in thousands through the Növekedési Kötvényprogram (in English: Growth Debenture Programme) launched by Magyar Nemzeti Bank (in English: Hungarian National Bank), which was subscribed for at an additional exchange gain in the value of 108 113 HUF in thousands. The consideration for the bond was paid to the Company. The maturity date of the bond is 22 November 2029, when the principal amount of the bond (20 000 000 HUF in thousands) is payable in one amount. A fixed annual interest rate of 3.5% is payable on the bond. The bond was registered at depreciated historical value, with an effective interest rate of 3.459%.

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Corporate bonds debt	20 000 000	20 000 000
Bond premium	125 900	131 697
Corporate bonds debt in total	**20 125 900**	**20 131 697**

33. Deferred tax liabilities

Upon calculating deferred tax, the Company compares the amount recognisable for tax purposes with the book value, per asset and liability. If the spread is a temporary difference, that is, the difference is settled within a reasonable time, deferred tax liability or asset is recognized, according to its sign. When the asset is taken into account, the return is examined separately by the Company.

Appeninn Plc.'s tax receivable due to a negative tax base can be utilized until 2030 in accordance with the Corporate Tax Act.

The carrying amount of the accrued and deferred loss is 659 611 HUF in thousands as at 31 December 2021, and the thereof amount accounted 62 100 HUF in thousands as at 31 December 2022.

The deferred tax liabilities balance in the financial status statement on 31 December 2021 and 2022 consists of the following items:

data in HUF in thousands	2022 Balance according to the report	Balance according to taxation	Deferred tax liabilities base	Deferred tax liabilities	2021 Balance according to the report	Balance according to taxation	Deferred tax liabilities base	Deferred tax liabilities
Revenue-generating investment properties	10 274 737	4 394 100	(5 880 637)	(529 257)	9 077 400	4 697 770	(4 379 630)	(394 166)
Other receivables, right to use assets	-	-	-	-	234 161	-	(234 161)	(21 075)
Receivables from accrued and deferred loss	-	62 100	62 100	5 589	-	585 097	585 097	47 746
Corporate bonds debt	20 125 900	20 074 795	51 105	4 599	20 131 697	20 074 795	56 902	5 121
Trade creditors and other accounts payable	267 019	122 461	144 558	13 010	1 578 418	1 363 064	215 354	19 382
Net deferred tax position in total								
Deferred tax receivables in the balance sheet				**23 198**				**72 249**
Deferred tax liabilities in the balance sheet				**529 257**				**415 241**
Net deferred tax position				**(506 059)**				**(342 992)**
Change in the deferred tax balance				**(163 066)**				**(32 463)**
Of which:								
Accounted for profit and loss				(163 066)				(32 463)

34. Short-term credits

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Short-term part of lease liability	103 603	92 050
Total	**103 603**	**92 050**

35. Other short-term liabilities

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Income debt	2 920	-
Other	27 842	21 972
Total	**30 762**	**21 972**

36. Short-term liabilities through affiliated parties

data in HUF in thousands	Trade creditors, loan, and interest liabilities	
	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Bertex Ingatlanforgalmazó Zrt.	1 239 549	1 237 801
Appeninn E-Office Plc.	5 812	5 812
Felhévíz-Appen Kft.	12 542	70 220
Appeninn Credit Zrt.	-	457
Dividend debt	11 391	11 391
Short-term affiliated liabilities in total	**1 269 294**	**1 325 681**

37. Trade creditors and other accounts payable

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Liabilities for trade creditors	66 255	55 814
Closing value	**66 255**	**55 814**

38. Tax and duties liabilities

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
VAT payment obligation	73 342	53 550
Staff costs – contributions and taxes	880	13 653
Total	**74 222**	**67 203**

39. Accrued liabilities

data in HUF in thousands	for the financial year ending as at 31 December 2022	for the financial year ending as at 31 December 2021
Accrued liabilities of costs and expenses	7 795	10 165
Total	**7 795**	**10 165**

40. Transactions with affiliated parties

Transactions with affiliated parties are disclosed in the notes to the relevant balance sheet items (see Notes 22, 36, 5, 11). In 2022, the Company uses legal services through an enterprise owned by a private person member of the Board of Directors in the amount 15 685 HUF in thousands.

41. Remuneration of key executives

The General Meeting of the Company, held on 30 September 2020, in relation to the executive officers, uniformly defined the remuneration fee in the amount of HUF 200 000 per month. The Company does not have any contracts with the executive officers that would create future obligations for the Company by changing their contracts.

	2022 (HUF in thousands/year/person)	2021 (HUF in thousands/year/person)
Honoraria of the members of the Board of Directors on assignment relationship (5 persons)	200	200
Honoraria of the members of the Audit Committee on assignment relationship (3 persons)	-	-

	2022	2021
Executive officers' wage-like benefits (HUF in thousands)	50 834	61 440

42. Financial instruments

Trade receivables, loans granted and financial instruments, credits received, loans and trade creditors and other accounts payable are accounted for financial instruments.

31 December 2022	Notes	Evaluated at fair value through profit and loss	Evaluated at depreciated historical value	Evaluated at fair value through other comprehensive income
Financial assets				
Trade receivables	19		17 137	
Lease receivables	17		-	
Other short-term receivables	20		62 451	
Receivables through affiliated parties	21		13 325 612	
Short-term loans granted	22		60 565	
Cash equivalents	24		12 304 042	
Financial assets		**-**	***25 769 807***	**-**
Financial liabilities				
Tenant deposits	29		218 592	
Lease liabilities	30		228 462	
Corporate bonds debt	31		20 125 900	
Affiliated liabilities	35		1 269 294	
Liabilities for trade creditors and other accounts	36		66 255	
Financial liabilities		**-**	***21 908 503***	**-**

31 December 2021	Notes	Evaluated at fair value through profit and loss	Evaluated at depreciated historical value	Evaluated at fair value through other comprehensive income
Financial assets				
Trade receivables	19		24 976	
Lease receivables	17		128 036	
Other short-term receivables	20		112 568	
Receivables through affiliated parties	21		19 117 168	
Short-term loans granted	22		428 411	
Cash equivalents	24		3 110 938	
Financial assets		**-**	***22 922 097***	**-**
Financial liabilities				
Tenant deposits	29		218 592	
Lease liabilities	30		308 476	
Corporate bonds debt	31		20 131 697	
Affiliated liabilities	35		1 325 681	
Liabilities for trade creditors and other accounts	36		55 814	
Financial liabilities		**-**	***22 040 260***	**-**

Fair value of financial instruments evaluated at depreciated historical value is close to book value in both years, excluding issued corporate bonds. The measurement of fair value in respect of both years was performend at fair value equivalent to the 3rd level. The estimated fair value of issued corporate bonds was 13 357 940 HUF in thousands as at 31 December 2022.

43. Risk management

The Company's financial instruments include liquid assets, loans, trade and other receivables, and other assets – excluding taxes. The Company's financial liabilities include credits and loans, trade creditors and other accounts payables, excluding taxes and gains or losses arising from the revaluation of financial liabilities at fair value.

The Company is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk
- business risk

This chapter presents the Company's above risks, the Company's objectives, policies, process measurement and risk management, and the Company's capital management. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Company.

The purpose of the Company's risk management policy is to filter and investigate the risks faced by the Company and to set up appropriate controls and to monitor the risks. The risk management policy and system are reviewed to reflect changed market conditions and the Company's activities.

43.1 Capital management

It is the policy of the Company to preserve the share capital that is sufficient to maintain investor and creditor confidence in the future development of the Company.

The capital structure of the Company consists of net outside capital and the Company's own equity (the latter includes issued share capital and reserves).

In capital management, the Company seeks to ensure that Company and its subsidiaries can continue to operate while maximizing returns for owners through an optimal balance of loan capital and own equity and maintaining an optimal capital structure for the benefit of reducing the cost of capital. The Company also monitors whether the capital structure of its subsidiary companies complies with local legal requirements.

43.2 Credit risk

Credit risk is the risk that a debtor or counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Financial assets that are exposed to credit risk may include long-term or short-term placements, cash and cash equivalents, trade receivables and other receivables.

The book value of financial assets shows the maximum risk exposure. The table below shows the Company's maximum exposure to credit risk as at 31 December 2022 and 31 December 2021.

Maximum exposure to receivables	**for the financial year ending as at 31 December 2022**	**for the financial year ending as at 31 December 2021**
Trade receivables	17 137	24 976
Other short-term receivables	62 451	112 568
Receivables through affiliated parties	13 325 612	19 117 168
Short-term loans granted	60 565	428 411
Cash and cash equivalents	12 304 042	3 110 938
	25 769 807	**22 794 061**

The Company has reviewed, and credit risk has increased, however this is mainly due to increased cash and cash equivalents balances. The Company's exposure to credit risk has increased compared to the previous year, however the credit risk of financial instruments has not increased significantly since initial recognition and the Company classifies the financial instruments as low credit risk.

Management believes that customer risk has not changed materially from prior periods.

43.3 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the prices of investments in mutual funds, will affect the Company's results or the value of its investments in financial instruments. The purpose of market risk management is to manage and control market risk exposures within an acceptable framework while optimizing returns.

43.4 Foreign exchange risk

The Company has determined that its results are fundamentally dependent on two key financial variables, interest rate risk and foreign exchange risk, and has therefore performed sensitivity analyses for these key variables.

The Company translated the HUF items used in the preparation of the financial statements at the following exchange rates. The Company applied the closing MNB exchange rate to the balance sheet items and the Average Daily MNB exchange rate to the profit and loss items. The range of transaction foreign currencies was EUR, the exchange rate exposure was quantified by changes in these currencies.

Foreign exchange risk is particularly important in the fair valuation of Income-Generating Investment Properties, as the valuation is based on EUR, so the value of real estate property based on EUR was taken into account in the analysis of foreign exchange risk:

Exchange rate type	31 December 2022	Change in EUR	Change in %	31 December 2021
Closing	400.25	31.25	8.47%	369.00
Average	391.33	32.81	9.15%	358.52
Difference between Closing and Average	8.92	-1.56	-14.92%	10.48

Exchange rate fluctuations	Exchange rate	Change in EUR	Aggregated NON-EUR position balance sheet value in EUR	Calculated profit and loss impact in EUR
-1%	396.25	-4.00		(118 200)
-0.50%	398.25	-2.00		(58 803)
31 December 2022 MNB	400.25		11 701 808	
+0.5%	402.25	2.00		58 218
+1%	404.25	4.00		115 859

43.5 Business risk

The Company sets consistent, predictable and competitive rents for its tenants. Current rents are in line with the environment and quality of the real estate properties. However, given the current global economic environment and the demand-supply situation in the Budapest office market, there is no certainty that current rents and conditions will be sustainable in the future. The Company carries insurance on its leased assets. Business risk factors related to the Ukrainian war are discussed in Note 48.

43.6 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company’s liquidity management approach is to provide, as far as possible, adequate liquidity to meet its obligations as they fall due, under both normal and stressed circumstances, without incurring unacceptable losses or risking the Company's reputation.

The maturity structure of financial liabilities contracted and actually payable (not discounted) is summarized in the table below for the years as of 31 December 2022 and 2021 as follows:

31 December 2022	**Due within 1 year**	**Due within 2-5 years**	**Due over 5 years**	**Total**
Financial assets				
Trade receivables	17 137			**17 137**
Other short-term receivables	62 451			**62 451**
Receivables through affiliated parties	13 325 612			**13 325 612**
Short-term loans granted	60 565			**60 565**
Cash equivalents	12 304 042			**12 304 042**
Financial assets	***25 769 807***	-	-	***25 769 807***
Affiliated liabilities	1 269 294			**1 269 294**
Credits and lease transactions	108 768	126 896		**235 664**
Other short-term liabilities	30 762			**30 762**
Liabilities for trade creditors and other accounts	66 255			**66 255**
Self-issued corporate bonds debts	700 000	2 800 000	21 400 000	**24 900 000**
Tenant deposits		218 592		**218 592**
Financial liabilities	***2 175 079***	***3 145 488***	***21 400 000***	***26 720 567***

31 December 2021	**Due within 1 year**	**Due within 2-5 years**	**Due over 5 years**	**Total**
Financial assets				
Trade receivables	24 976			**24 976**
Other short-term receivables	112 568			**112 568**
Receivables through affiliated parties	19 117 168			**19 117 168**
Short-term loans granted	428 411			**428 411**
Cash equivalents	3 110 938			**3 110 938**
Financial assets	***22 794 061***	-	-	***22 794 061***
Affiliated liabilities	1 325 681			**1 325 681**
Credits and lease transactions	102 277	221 600		**323 877**
Other short-term liabilities	21 972			**21 972**
Liabilities for trade creditors and other accounts	55 814			**55 814**
Self-issued corporate bonds debts	700 000	2 800 000	22 100 000	**25 600 000**
Tenant deposits		218 592		**218 592**
Financial liabilities	***2 205 744***	***3 240 192***	***22 100 000***	***27 545 936***

44. Change of liabilities related to financing activity

	01 January 2022	Money flows	Exchange rate fluctuation	New lease transactions	Other flow	Change of fair value	31 December 2022
Short-term lease liabilities	92 050	(64 187)			75 740		103 603
Long-term lease liability	216 426	(15 827)			(75 740)		124 859
Corporate bonds debt	20 131 697				(5 797)		20 125 900
Bond interest	0	(700 000)			700 000		0
	20 440 173	**(780 014)**	**-**	**-**	**694 203**	**-**	**20 354 362**

	01 January 2021	Money flows	Exchange rate fluctuation	New lease transactions	Other flow	Change of fair value	31 December 2021
Short-term lease liabilities	88 176	(77 972)	(10 204)		92 050		92 050
Long-term lease liability	298 272	(17 404)	27 608		(92 050)		216 426
Corporate bonds debt	20 147 849				(16 152)		20 131 697
Bond interest	0	(688 665)			(688 665)		0
	20 534 297	**(784 041)**	**17 404**	**-**	**(672 513)**	**-**	**20 440 173**

45. Contingent liabilities

Collateral for Credit Institution Liabilities of a Sold Member Company

Appeninn Plc. as the owner, formerly known as Appeninn Logisztika Zrt. (in English: Appeninn Logistics Plc.) (now called VÁR-Logisztika Zrt., in English: VÁR-Logistics Plc.), remained a party to the contract with the credit institution as guarantor and pledgee for Orgovány és Vidéke Takarékszövetkezet (in English: Orgovány and Regions Savings Cooperative) from 27 June 2013, even after the sale of Appeninn Logisztika Zrt. As of 06 December 2017, the owners of VÁR- Logisztika Zrt. undertook full and complete guarantee for each and all existing obligation(s) of Appeninn Nyrt. towards Takarékszövetkezet upon a performance assume agreement. The guarantee of the Company shall last until 15 June 2023, and respectively until the performance of the obligation.

The Company has examined the ability of the obligors to meet their obligations at the present balance sheet date of these financial statements; the management of the Company assigned a zero probability of insolvency to the liability from the guarantee, the amount shown in the balance sheet in connection with the guarantee is zero HUF.

Collaterals provided to the investment supplier of subsidiaries
Appeninn E-Office Zrt., as a customer, established a contractual relationship on 1 December 2017. The subject of the order is the provision of the cooling / heating system of the real estate properties owned by Appeninn E-Office Zrt., the full-circle delivery and maintenance of the systems. The contract for the maintenance of individual systems tailored to the customer's buildings covers the entire technical and economic life period of the systems. The systems become the property of the customer upon the expiry of the maintenance contract and the customer is obliged to pay an exit price upon withdrawal from the contract. The obligation of Appeninn Plc. covers the entire obligation to the supplier without queuing, i.e. the annual fees and exit fees, and the transfer or termination of the contract when reselling the real estate property.

Appeninn E-Office Zrt. has undertaken a future payment obligation while maintaining the contract. The management of the parent company assessed the loss on the subsidiary's liabilities arising from the enforcement of the payment guarantee on the basis of the information available on 31 December 2022. The management of the company did not consider the thereof probable in view of the subsidiary's payment, cash flow and operating results, therefore the liability is presented in the balance sheet at zero value.

Collateral provided to credit institutions of subsidiaries
Appeninn Plc. has guaranteed the loans of its subsidiaries to financial institutions.

Credit details:

Financing partners	**Primary debtor company**	**31 December 2022 due within-the-year**		**31 December 2022 due over-the-year**	
		EUR	**HUF in thousands**	**EUR**	**HUF in thousands**
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	38 241	15 306	500 979	200 517
MFB-Erste consortium credit	Appeninn E-Office Plc.	1 034 770	414 167	23 967 190	9 594 547
Bank credits in total		**1 073 011**	**429 473**	**24 468 169**	**9 795 064**

46. Environmental impacts regarding the company's activities

The Plc. does not own any tangible assets directly serving the protection of the environment. Hazardous waste and environmentally harmful substances are not generated in the course of the Company's activities, so it does not have such a stock. We are not aware of any future liabilities related to environmental protection, therefore no such provision was made in the current year and no such costs were incurred.

47. Segment reports

The Company does not report segment information in its individual financial statements as the Company as a whole is classified as one segment.

48. Events after the balance sheet day

On 10 March 2023, the Company signed a purchase agreement regarding the sale of the block of shares representing 100% of the shares issued by Dounby SP. Z O.O., the owner of office buildings “C”, “D”, “E” and “F” of the Wiśniowy Business Park (hereinafter referred to as: WBP) in Warsaw. On the day of the purchase agreement conclusion, the Company acquired the exclusive ownership of the Dounby Shares from Netherlands-based seller Cherry MidCo B.V., and thereby the Company became the sole shareholder of the target company.

Scope Ratings GmbH (hereinafter referred to as: the “Scope”), as at 02 March 2023, disclosed its report on bonds monitoring named “APPENINN 2029/I”, which is issued within the scope of the Company and MNB Growth Debenture Programme. In the communication Scope classified the Issuer’s credit rating in B category, and its bonds in B category.
In the assessment, Scope evaluated the Issuer’s consistent implementation of its strategy adopted at the beginning of 2022 and the sale of tourist portfolio positively, but it made the modification done within the scope of the rating review in respect of the Company and the bond classification contingent on the evaluation of the impact of the transactions performed by the Appeninn group on the financial and business risks.

Scope Ratings GmbH (hereinafter referred to as: the “Scope”), as at 05 April 2023, disclosed its report on the rating review of its bonds (“rating review”) named “APPENINN 2029/I”, which is issued within the scope of the Issuer and MNB Growth Debenture Programme. In the communication Scope reclassified the Issuer’s credit rating from B category to B+ category, whereas its from B- category to B+ category.

In accordance with the business share purchase agreements concluded on 28 February 2023 in respect of the sales contract of business share representing 100% of the registered capital regarding Tidaholm Properties Kft. (registered office: 116 Budapest, Temesvár utca 20. that owns “Zone Bevásárlópark” in Székesfehérvár and in Zalaegerszeg and in respect of the business share representing 100% of the registered capital regarding Kantrum Property Kft. that owns “Kanizsa Centrum Bevásárlóközpont” in Nagykanizsa at the date of signature of the sales contract, Central European Ingatlanalap (in English: Central European Real Estate Fund (registered office: 1026 Budapest, Pasaréti út 122-124.) acquired sole owner rights of Tidaholm Business Share and Kantrum Business Share from the seller, hereby it became exclusively owner of both Tidaholm and Kantrum.

In accordance with the business share purchase agreement concluded on 19 December 2022 for the business share held by the Company and corresponding to 51% in Solum-Invest Ingatlanfejlesztési és Üzemeltető Kft. (in English: Solum-Invest Real Estate Development and Management Ltd.) and corresponding to a capital contribution of HUF 2 550 000, the transaction was closed on 30 January 2023, the purchase price was HUF 500 000 000. By the closure, Blake Investment Kft., as the purchaser, acquired the business share ownership.

The management did not identify any significant effect or risk that would affect the valuation of the assets or the liabilities, or which would have a significant effect on the operation. In addition, the management did not identify any effect that significantly influences the ability of the Company to continue pursuing its business activity or that renders it uncertain, or any effect that influences the reputation of the Company at the time the balance sheet is prepared for the same period or that renders it uncertain. In connection with the Russo-Ukrainian War, the management has not identified any event or risk that would have a significant effect on the valuation of the assets or the liabilities, or on the ability to pursue business activities or on the application of the principle of continuity. The management is constantly monitoring possible effects, the rise of inflation, therefore the rental contracts are indexed annually, using the rate of inflation specified.

After the balance sheet day, other important events did not occur.

49. Information related to the compilation of the individual financial statement

In compiling the individual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU for the financial year ending as at 31 December 2022, the basis of compilation is general ledger and analytical accounting items recorded by the accounting firm commissioned by the Company, keeping records according to the Hungarian Accounting System, customer accounts recorded by the Company, and statements prepared on the basis of concluded contracts. The accounting service company responsible for compiling these reports is NewEdition Számviteli Szolgáltató Kft., the name and registration number of the certified public chartered accountant is Fazakas Hajnal (registration number: 153273).

In order to comply with the IFRS standards of the financial statements prepared in compliance with the Hungarian Accounting Act, the Company has appointed an accounting expert with IFRS registration. Personally responsible for the preparation of the IFRS report is Rózsa Ildikó (registration number: 207258). The mandate of the expert entrusted with the preparation of the IFRS report covered only the identification of the differences between the Hungarian accounting regulations and the IFRS regulations, as well as the preparation of the individual financial statement in accordance with the requirements of the IFRS adopted by the EU.

50. Auditing of the individual financial statement, remuneration of the Auditor

The Company performing the audit of the Company and the personally responsible auditor are elected by the General Meeting of the Company. The auditor entrusted by the General Meeting of the Company with the audit of the 2022 management data is as follows:

- Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság (personally responsible auditor: Bartha Zsuzsanna Éva)

Remuneration of the auditor:

- The audit fee for Appeninn Plc.'s individual annual report prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in accordance with the provisions of Act C of 2000, and Appeninn Plc.'s individual IFRS report is 2 949 HUF in thousands + VAT.

Other assurance services, tax advisory services and non-audit services were not provided to the Company by the auditors.

51. Authorization of financial statements for publication

On 6 April 2023, the Board of Directors approved the individual annual financial statement of the Company for the year 2022 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Board of Directors of the Company has approved the issuance of these individual financial statements of the Company, but the Annual General Meeting of Owners, which is authorized to approve the financial statements, may request amendments prior to the adoption.

Entitled to represent the Company:
Szathmáriné Szűcs Györgyi Magdolna (1172 Budapest, Tura utca 46.)
Kertai Zsolt László (1055 Budapest, Honvéd utca 14/A.)

Dated as of 6 April 2023 in Budapest

Chairperson of the Board of Directors

Representations

Please note that there are a number of important factors that could cause actual results to differ materially from those expressed in the forward-looking assumptions.

Disclaimer - The Individual Annual Financial Statement, based on the applicable accounting standards, prepared to the best of our knowledge, provides a true and fair view of the assets, liabilities, financial position and results, position, development and performance of Appeninn Vagyonkezelő Holding Nyrt., describing the main risks and uncertainty factors.

Dated as of 6 April 2023 in Budapest

Chairperson of the Board of Directors