APPENINN HOLDING PLC.

STANDALONE ANNUAL FINANCIAL STATEMENTS

**INTERNATIONAL FINANCIAL REPORTING
ACCORDING TO STANDARDS
31 DECEMBER 2023.**

WITH A COMPARATIVE PERIOD ENDING ON 31 DECEMBER 2022

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Statement of financial position

Assets	Notes	31.12.2023 thousand HUF	31.12.2022 thousand HUF
Investment properties	15	8.884.324	10.274.737
Fixed assets	16	10.492	11.052
Investments	17	8.153.554	6.209.014
Total non-current assets		**17.048.370**	**16.494.803**
Trade receivables	18	89.881	17.137
Other current receivables	19	154.627	62.451
Receivables from related parties	20	21.485.258	13.325.612
Short-term loans	21	-	60.565
Accruals	22	111.910	62.439
Assets held for sale	17	-	500.000
Cash and cash equivalents	23	6.324.324	12.304.042
Total current assets		**28.166.000**	**26.332.246**
Total assets		**45.214.370**	**42.827.049**
Equity and liabilities			
Share capital	24	4.737.142	4.737.142
Treasury shares repurchased	25	(1.114)	(1.114)
Reserves	26	8.095.844	8.095.844
Retained earnings	27	7.263.787	7.420.955
Total equity		**20.095.659**	**20.252.827**
Deposits paid by tenants	28	206.986	218.592
Lease commitments	29	17.315	124.859
Bond debts	30	20.120.103	20.125.900
Deferred tax liabilities	31	-	506.059
Total long-term liabilities		**20.344.404**	**20.975.410**
Short-term bank loans and lease liabilities	32	102.099	103.603
Other current liabilities	33	262.535	30.762
Short-term related liabilities	34	4.057.423	1.269.294
Liabilities to suppliers	35	13.035	66.255
Income tax liabilities		49.975	46.881
Tax and duty obligations	36	66.485	74.222
Accruals	37	222.755	7.795
Total current liabilities		**4.774.307**	**1.598.812**
Total liabilities		**25.118.711**	**22.574.222**
Total equity and liabilities		**45.214.370**	**42.827.049**

The notes on pages 8 to 59 form an integral part of these standalone financial statements

Statement of Total comprehensive income	**Notes**	**for the financial year ending 31.12.2023 thousand HUF**	**for the financial year ending 31.12.2022 thousand HUF**
Income from the rental of immovable property	3	709.399	729.476
Direct costs	4	(63.891)	(70.077)
Gross margin		**645.508**	**659.399**
Service charges from subsidiaries	5	161.817	231.271
Administrative costs, service charges, wages and salaries	6	(310.611)	(362.845)
Other income/(expenses)	7	(28.962)	(14.566)
Profit (loss) on sale of subsidiaries, investments	8	-	11.032
Fair value result on investment property	9	(1.161.951)	965.947
Profit before tax, interest and depreciation		**(694.199)**	**1.490.238**
Depreciation and amortisation	10	(2.394)	(20.048)
Other (expense)/income from financial operations	11	(695.087)	349.777
Balance of interest receivable and (payable)	12	827.451	622.882
Leasing interest	12	(4.929)	(15.827)
Profit before tax		**(569.158)**	**2.427.022**
Income taxes	13	411.990	(234.387)
Result for the year		**(157.168)**	**2.192.635**
Other comprehensive income		**-**	**-**
Other comprehensive income for the year, net of tax		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(157.168)**	**2.192.635**

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Changes in equity (data in thousands of HUF)	Notes	Share capital	Reserves	Treasury shares	Retained earnings	Total equity
On 1 January 2022	**26-29**	**4.737.142**	**8.095.844**	**(1.114)**	**5.228.320**	**18.060.192**
Total comprehensive income for the year						
Total comprehensive income for the year	**29**				**2.192.635**	**2.192.635**
Balance at 31 December 2022	**26-29**	**4.737.142**	**8.095.844**	**(1.114)**	**7.420.955**	**20.252.827**
On 1 January 2023	**26-29**	**4.737.142**	**8.095.844**	**(1.114)**	**7.420.955**	**20.252.827**
Total comprehensive income for the year						
Total comprehensive income for the year	**29**				**(157.168)**	**(157.168)**
Balance at 31 December 2023	**26-29**	**4.737.142**	**8.095.844**	**(1.114)**	**7.263.787**	**20.095.659**

The notes on pages 8 to 59 form an integral part of these standalone financial statements

Cash flow statement **data in thousands of HUF**	**Notes**	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Profit before tax		**(569.158)**	**2.427.022**
Transactions not involving the movement of money:			
Fair value result on investment property	9	1.161.951	(965.947)
Depreciation	10	2.394	20.048
(Profit)/loss on sales of subsidiaries	8	-	(11.032)
Impairment of shareholding	17	513.989	108.627
Interest receivable	12	(1.600.062)	(1.322.882)
Interest expenditure	12	777.540	700.000
Change in receivables and other current assets	18-22	143.618	4.516
Changes in liabilities and accruals	32-37	430.833	36.727
Income tax paid		(90.975)	(22.612)
Net cash flow from operating activities		**770.130**	**974.467**
Acquisition of shares and loans	17	(2.225.847)	1.600.000
Sale of shares	17	500.000	-
Purchases of tangible fixed assets	16	(1.834)	(4.947)
Loans to related parties	20	(8.628.466)	5.791.556
Revenue from repayment of loans granted	21	60.565	367.846
Subleasing income	18	110.813	-
Interest received	12	1.600.062	1.322.882
Net cash flow from investing activities		**(8.584.707)**	**9.077.337**
Loans, leases, loan repayments	32	(109.048)	(64.187)
Obtaining loans, leases, loans	32	2.788.129	-
Leasing rates	12	(4.929)	(15.827)
Interest paid	12	(700.000)	(700.000)
Net cash flow from financing activities		**1.974.152**	**(780.014)**
Exchange rate impact		**(139.293)**	**(78.685)**
Change in cash and cash equivalents	**23**	**(5.979.718)**	**9.193.104**
Cash balances:			
Cash at the beginning of the year	23	12.304.042	3.110.938
Cash and cash equivalents at the end of the year	23	6.324.324	12.304.042

The notes on pages 8 to 59 form an integral part of these standalone financial statements

1. General section

1.1 Presentation of the company

Appeninn Holding Asset Management Plc ("the Company") was established on 1 December 2009. On 7 December 2009, the Company was registered with the Court of Registration under Cg. 01-10-046538. On 19 May 2011, Rotux Zrt. (registration number 01-10-045553) was merged into Appeninn Plc.

The Group's registered office is 1022 Budapest, Bég utca 3-5.

Shareholders of the Company holding more than 5% on 31 December 2023:

Owner name	**Number of shares**		**Shareholding(%)**
Avellino Zrt.	11.369.141		24,000%
Sequor Holding Zrt.	11.297.291		23,840%
OTP Real Estate Investment Fund	2.410.372		5,090%
Own share	1.848		0,004%
Free float	22.292.767		47,066%
Total:	**47.371.419**		**100.00%**

Holders of more than 5% of the Company's shares on 31 December 2022:

Owner name	**Number of shares**		**Shareholding(%)**
Avellino Zrt.	11.369.141		24,000%
Sequor Holding Zrt.	11.297.291		23,840%
OTP Real Estate Investment Fund	2.410.372		5,090%
Own share	1.848		0,004%
Free float	22.292.767		47,066%
Total:	**47.371.419**		**100.00%**

Transformation into a regulated real estate investment company

The Company was registered as a Regulated Real Estate Investment Holding on 12 January 2024, with effect from 1 January 2024, by the Metropolitan Court of Budapest.
In the future, the Company will be exempt from paying corporate tax and local business tax as a Regulated Real Estate Investment Company.

1.2 Basis of preparation of the balance sheet

i) Acceptance and declaration of compliance with International Financial Reporting Standards

The financial statements have been prepared on a going concern basis. The standalone financial statements were approved by the Board of Directors on 4 April 2024. The standalone financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The figures given in the standalone financial statements of the Company are in thousands of forints. All amounts are rounded to the nearest thousand forints.

iii) Basis of preparation of the accounts

The standalone financial statements have been prepared in accordance with the standards and IFRIC interpretations in force for the year ending 31 December 2023.
The notes to the financial statements include disclosures required by the Hungarian Accounting Act.

The financial year is the same as the calendar year.

iv) Basis of assessment

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and a number of other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimating the carrying amounts of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates.

Estimates and assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

2. Accounting policy

The principal accounting policies applied in the preparation of the standalone financial statements are set out below. Accounting policies have been consistently applied to the periods covered by these standalone financial statements. The principal accounting policies applied in the preparation of the financial statements are as follows:

2.1 Significant accounting policies

2.1.1. Reporting currency and foreign currency balances

Given the substance and circumstances of the underlying transactions, the functional currency of the Company is the Hungarian forint.

Foreign exchange transactions denominated in currencies other than HUF are initially recorded at the exchange rate prevailing on the date on which such transactions are executed. Foreign currency assets and liabilities are translated into forint at the exchange rate prevailing at the balance sheet date. The resulting exchange differences are recognised in the profit and loss account under financial income or financial expenses.

Financial statements are presented in Hungarian Forint (HUF), rounded to the nearest thousand, except where otherwise indicated.

The Company uses the exchange rate quoted by the Hungarian National Bank.

Transactions in foreign currencies are recorded in the functional currency, using the exchange rate between the reporting currency and the foreign currency at the date of the transaction for the amount in the foreign currency. In the statement of comprehensive income, exchange differences arising on the settlement of monetary items, on initial recognition during the period or arising from the use of exchange rates different from those used in the previous financial statements are recognised as income or expense in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Foreign currency items measured at fair value are translated at the exchange rate at the date when the fair value was determined.

2.1.2. Revenues

Revenue from sales transactions is recognised when the conditions of the contracts are met. Sales revenue excludes value added tax. All income and expenses are recognised in the appropriate period on a matching basis.

Revenue is recognised in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognised when control of the goods and services is transferred to the buyer.

Performance obligations
When concluding the contract, the Company must identify which goods or services it has promised to provide to the buyer, i.e. what performance obligations it has undertaken. The Company may recognise revenue when it has fulfilled its performance obligations by delivering the promised goods or performing the promised services. Performance occurs when the buyer has obtained control of the asset (service), with signs of:

- The Company has a pre-existing right to receive the consideration for the asset,
- Title has passed to the buyer,
- The Company has physically transferred the asset,
- The buyer has significant risk and profit potential from owning the asset,
- The buyer has accepted the asset.

Transaction price determination
When the contract is performed, the Company must recognize the revenue associated with the performance, which is the transaction price assigned to the performance obligation. The transaction price is the amount that the Company expects to receive in exchange for the sale of goods and services. In determining the transaction price, the amounts of variable consideration (rebates, discounts) are also taken into account. To estimate the variable consideration, an expected value is calculated and weighted by the Company using probability factors.

The main elements of the Company's revenue are:

- Rental income from real estate: the Company's main source of income, which is mostly recognised monthly by the Company to its tenants, based on the contractually agreed rental rate, in accordance with IFRS 16.
- Management fees: the Company invoices tenants in addition to the rent. Operating fees include cleaning and security costs, management fees and overheads, in accordance with IFRS 15.
- Service charges from subsidiaries.

Rental income from property leases: rental income is derived from operating leases and is recognised as income on a straight-line basis over the lease term in accordance with IFRS 16. The Company generates its property sales revenue by leasing office and commercial properties. Revenue is recognised on a time proportion basis from the date the right to collect rent is established when the properties are put 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 agent for some of its leases. In this case, the operating charges to the tenants can be clearly identified and the overheads are invoiced directly to the tenants through the Company. The Company recognises the costs and the related income on a net basis in rental income from real estate as the Company acts as an agent in these transactions.
- For its other leases, the Company acts as principal. In these cases, the Company invoices its tenants for the management fees on the basis of the flat rates in the contracts. A standalone management fee is charged to cover these operating costs, where the Company controls the services. The Company accounts for these transactions gross in the financial statements as it acts as principal in these cases.

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

Income realised on other financial assets
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognised on a time proportion basis over the period of the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the time of initial recognition.

2.1.3. Other income and expenditure

The Company recognises in other income the consideration for sales that cannot be classified as revenue, typically sales that are not related to the core business (such as sales of property, plant and equipment) and any revenue that cannot be considered as financial income or as an item that increases other comprehensive income or is not classified in other comprehensive income.
The Company includes, among other things, gains from the sale of tangible assets, grants and indemnities received and miscellaneous other income.

Other expenses comprise expenses that are indirectly related to operations and are not financial expenses or do not reduce other comprehensive income. The Company includes, among other items, the amount of fines, the impact of claims and damages, interest on late payments, the expense for provisions for other items that would otherwise affect other expenses, loss on sale of property, plant and equipment, taxes, levies and contributions settled with the municipality, and miscellaneous other expenses.

The Company recognises other income and other expenses on a net basis in the statement of comprehensive income.

2.1.4. Valuation of capital investments

The Company accounts for its investments in subsidiaries, joint ventures and associates at cost in all cases.

An enterprise has three options for measuring and presenting investments in standalone financial statements.

- cost,
- at fair value in accordance with IFRS 9 Financial Instruments,
- or the equity method of accounting described in IAS 28 Investments in associates and joint ventures.

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

An impairment test should be carried out for an investment in a subsidiary if there are indications of potential impairment. If there is an indication of impairment, the recoverable amount of the investment is determined and compared with the net carrying amount of the investment. If the recoverable amount of the investment is less than its carrying amount, an impairment loss is recognised.

The Company calculates the fair value of subsidiaries (investments) from the capital value of the investments. The Company considers the net asset value of subsidiaries to be their market value. The dominant (often only material asset) of subsidiaries is investment assets as defined in IAS 40, which are carried at fair value adjusted for changes in market prices and yields. Other non-current assets of subsidiaries are not significant (tangible assets), receivables and payables are carried at amortised cost, foreign currency items are revalued at the balance sheet date and therefore approximate the fair value of these assets. The Company adjusts the carrying amount of assets or liabilities in subsidiaries to fair value as necessary if it differs significantly from the fair value necessary to obtain the fair value for impairment testing. If the equity value of the investments is less than the value recorded by the enterprise, the Company recognizes an impairment loss for the investment. If a difference between the expected future and historical capital values can be reliably estimated due to management's future planned contracts, an investment valuation model valuation is prepared for the investments and forms the basis for the valuation of the investment.

The calculation of impairment requires an estimate of the recoverable amount of cash-generating units. The recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined by the Company based on expected discounted future cash flows.

2.1.5. Investment property

Investment property is property held for rental purposes and/or for capital appreciation (including investment property under development). Investment property is initially measured at cost, including transaction costs. After inclusion, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss for the period in the income statement under the line result from fair value measurement of investment property producing income.

Investment property is derecognised on sale or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale. The gain or loss arising on derecognition of the property (measured as the difference between the sales consideration and the carrying amount of the asset) is included in the profit or loss on disposal of investment property in the period in which the property is derecognised.

The Company classifies property as an asset held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable within one year. Investment property classified as held for sale is carried at fair value after reclassification.

The criteria used in determining fair value for investment property valuation are described in section 2.3.

2.1.6. Financial instruments

The Company's statement of financial position includes the following financial assets: trade receivables, other current receivables, loans granted, receivables from related parties, cash and cash equivalents. Their recognition and measurement in the financial statements are disclosed in the relevant sections of the notes to the financial statements as follows:

Financial instruments within the scope of IFRS 9 fall into three measurement categories: those measured at amortised cost on initial recognition, those measured at fair value through other comprehensive income (FVOCI) on initial recognition, and those measured at fair value through profit or loss (FVTPL) on initial recognition.

The Company's financial assets are classified at initial measurement according to their nature and purpose. To determine the category of a financial asset, it is first necessary to clarify whether the financial asset is a debt instrument or an equity investment. Investments in equity should be measured at fair value through profit or loss; however, an enterprise may elect, on initial recognition, to measure investments in equity that are not held for trading at fair value through other comprehensive income. If the financial asset is a debt instrument, the following points should be considered in determining classification.

Amortised cost
Debt instruments shall be measured at amortised cost if they are held under a business model that is designed to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Fair value against other comprehensive income
Assets at fair value through other comprehensive income are financial assets that are held under a business model that achieves its objective by collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

Fair value against 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 were designated upon initial recognition as at fair value through profit or loss.

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

To assess whether contractual cash flows include only principal and interest, the Company examines the contractual terms of the financial instrument. The assessment also considers whether the financial instrument contains contractual terms that would cause the amount or timing of the contractual cash flows to change such that the financial instrument no longer meets the SPPI requirement.

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

All equity instruments are measured at fair value on the balance sheet and the effect of changes in fair value is recognised directly in the income statement, except for equity instruments where the Company has elected the Other Comprehensive Income (FVOCI) option. The Company does not exercise the FVOCI option.

The Company offsets financial assets and financial liabilities and recognises a net amount in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Receivables are stated at nominal value less an appropriate allowance for estimated losses. The Company applies the simplified impairment model for the impairment of receivables. The simplified impairment model is a provisioning matrix that takes into account the past 2 years of non-payment experience rates and calculates an allowance for impairment on a prospective basis. Further impairment is assessed (e.g. probability of insolvency or significant financial difficulties of the debtor) when there is an indication that the Company will not be able to collect the full amount due according to the original terms of the invoice. A written-off receivable is written off when it is deemed uncollectible.

The following impairment matrix was used by the Company to recognise the impairment of receivables during 2023:

Days of late payment	Definition	Impairment percentage
0-180 days	The partner is reliable and there is no history of non-payment. All related parties are considered to be performing.	no impairment
180-360 days	Significant delay in the case of an external partner	50%
Delay over 360 days	Non-payment after 360 days	100%

In assessing claims on members of the Group, the Parent Company makes an individual assessment on the basis of the information available to it.

2.1.7. Financial liabilities

The Company's statement of financial position includes the following financial liabilities: trade and other current payables, loans, borrowings, own-issue bonds, bank overdrafts. Their recognition and measurement in the financial statements is disclosed in the relevant sections of the notes to the financial statements as follows:

The Company initially measures all financial liabilities at fair value. In the case of loans and debentures issued, transaction costs that are directly attributable to the acquisition of the financial liability are also taken into account.

Financial liabilities within the scope of IFRS 9 are classified into two measurement categories: those measured at amortised cost on initial recognition and those measured at fair value through profit or loss on initial recognition (FVTPL). The classification of each financial liability is determined by the Company on acquisition. The Company has not used the FVTPL measurement.

Loans and borrowings and bonds issued are stated at amortised cost using the effective interest method in the statement of financial position. Gains and losses on loans and borrowings and bonds are recognised in the statement of income through amortisation using the effective interest method and on derecognition of the financial liability. Repayments are recorded as a reduction of the financial liability, while interest written off is recorded as a financial expense in the statement of income.

2.1.8. Fair value

Fair value measurement 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 measurement date. The unit of account for the asset or liability shall be determined in accordance with the IFRS that requires or permits fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether that price is observable directly or estimated using other valuation techniques.

Fair value hierarchy

Financial instruments measured 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 measuring fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices belonging to 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 measurements.

Among financial assets, the Company measures 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 measured at amortised cost.

2.1.9. Related 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 that take place between related parties, whether or not a price is charged.

In preparing its financial statements for each balance sheet date, the Company identifies related parties and reviews this information on an ongoing basis. It identifies the receivables from and payables to identified related parties in its records and discloses them in the notes to the financial statements.

2.1.10. Income taxes

The rate of income tax is based on the tax liability determined by the law on corporation and dividend tax and the Local Business Tax Act Decree, adjusted by the deferred tax. The Company has identified corporate tax, local business tax and innovation levy as income taxes based on a taxable profit. The corporate tax liability includes current and deferred tax elements.

The corporate income tax is based on the income of the regulated real estate investment pre-company, regulated real estate investment company and regulated real estate investment project company as defined in Article 15 of Act LXXXI of 1996 on Corporate Income Tax and Dividend Tax, and in the case of a member of a real estate investment company, on the income defined in Article 15/A.

The tax liability for the current year is determined on the basis of the taxable profit for the current year. The taxable profit differs from the profit before tax shown in the standalone financial statements because of non-taxable gains and losses and items that are included in the taxable profit of other years. The Company's current tax liability is determined using the tax rate that has been enacted or substantively enacted (if enactment is equivalent to the same as the effective date) by the balance sheet date. Deferred tax is calculated using the liability method.

Deferred tax arises when there is a timing difference between the recognition of an item in the annual accounts and the recognition of an item under the Tax Act. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income for the years in which the timing differences are expected to reverse. The amount of the deferred tax liability and asset reflects the Company's estimate at the balance sheet date of how the tax assets and liabilities will be recovered or settled.

A deferred tax asset is recognised for deductible temporary differences, carry-forward of unused tax losses and tax losses only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

At each balance sheet date, the Company takes into account deferred tax assets not recognised in the balance sheet and the carrying amount of recognised tax assets. The portion of receivables not previously recognised in the balance sheet that is expected to be recovered through a reduction in future income taxes is recognised in the balance sheet. Conversely, it reduces the Company's deferred tax asset to the extent that no taxable profit is expected to be available to recover the amount.

Current and deferred tax is charged directly to equity when it relates to items that were also charged to equity in the same or a different period.

Deferred tax assets and liabilities can be offset when the Company has a legal right to offset its current tax assets and liabilities with the same tax authority and the Company intends to settle these assets and liabilities on a net basis.

2.1.11. Leasing

Company as 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.
The estimate of the lease term as at the commencement date is for the period for which the Company will continue the contract with reasonable certainty on 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 asset-level estimates or assumptions (particularly for options and open-ended arrangements).
The starting date of the lease is the date on which the lessor makes a specific asset (e.g. the leased property, machinery or equipment) available to the lessee for use. The commencement date is the date on which the lease term commences and the lease obligation and right to use the asset are recognised. In determining whether a lessee is reasonably certain whether to exercise its option to extend the lease or not to exercise its option to terminate the 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 to use a specific asset during the lease term.

A modification of a lease is a change in the scope of the lease or 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 the extension or shortening of the contractual lease term). A modification may result only from a change in the lease consideration. The effective date of the modification is the date on which both parties accept the lease modification.

A lessee shall account for a lease modification as a standalone lease if both of the following two 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 any appropriate adjustment to the specific price, according to the terms of the specific contract. If these conditions are met, the modification shall be considered a new lease standalone from the original lease. An arrangement for the right to use one or more additional assets is accounted for as a standalone lease (or leases) for which the requirements of IFRS 16 apply, irrespective of the original lease.

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

At the Company's discretion, the right to use the asset is presented as a standalone line item in the statement of financial position.

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 lessor and lessee ("the head 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.

Company as lessor

Financial leasing
A finance lease is a transaction that transfers substantially all the risks and rewards of 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 substance (i.e. as if the underlying asset were sold by the lessor to the lessee). In the case of a finance lease, the leased asset is derecognised and the present value of the lease receivable is recognised as a receivable in the balance sheet.

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

Subleases
A sublease, by definition, is a transaction whereby an underlying asset subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between lessor and lessee ("head 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

In the case of subleases, there are no specific provisions governing the disclosure of subleases in the statement of financial position 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 income 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 head and a sublease are two standalone contracts, accounted for under the lessee and lessor models respectively. The general disclosure rules apply to both head and subleases and to lessors of finance or operating subleases.

The Company has a real estate lease.

2.1.12. Earnings per share (EPS)

The return per share is determined by taking into account the Company's profit for the period and the average number of shares less the average number of treasury shares repurchased during the period.

Diluted earnings per share are calculated in a similar way as earnings per share. However, the calculation takes into account all dilutive shares outstanding by multiplying the dividends and yields on ordinary shares distributable by the dividends and yields on convertible shares that are eligible for inclusion in the period, adjusted for additional income and expenses arising on conversion, - the weighted average number of shares outstanding by the weighted average number of additional shares that would be outstanding if all the convertible shares were converted.

2.1.13. Deposits paid by tenants

Deposits from tenants are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Tenants' deposits relating to leases with an expiry date of more than one year are included in non-current liabilities, with the remaining tenants' deposits being included in other liabilities in the statement of individual financial position.

2.1.14. Off-balance sheet items

The off-balance sheet liabilities are not included in the statement of financial position and the statement of comprehensive income, which form part of the annual accounts. They are presented in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Off-balance-sheet receivables are not included in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

2.1.15. Treasury shares repurchased

The value of the repurchased treasury shares is deducted from equity. The difference between the nominal value and the cost value is recognised directly in the profit and loss reserve.

2.1.16. Dividends

Dividends are recognised in the year in which they are approved by the shareholders.

2.1.17. Result of financial operations

Financial result includes interest and dividend income recognised using the effective interest method, interest and other financial expenses recognised using the effective interest method, gains and losses on the fair valuation of financial instruments and realised and unrealised exchange differences.

2.1.18. Events after year end

Events that occurred after the end of the reporting period that provide additional information about the circumstances at the end of the Company's reporting period (adjusting items) have been presented in the financial statements. Events after the reporting period that do not change the amounts reported in the financial statements are disclosed in the notes to the financial statements when material.

2.2 Changes in accounting policies

The Company has prepared its financial statements in accordance with the provisions of all standards and interpretations in force for the year ending 31 December 2023.

Interpretations of existing standards relevant to the preparation of the Company's financial statements and new standards adopted by the Company:

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments)

The amendments apply from the financial year starting on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements in accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose accounting policies that are 'significant' with the requirement to disclose accounting policies that are 'material'. The IFRS Practice Statement also provides guidance and illustrative examples to assist in applying the concept of materiality when making decisions about accounting policy disclosures.
The Company has assessed the disclosure of accounting policies and prepared its accounts accordingly.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Accounting Estimates (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period. The amendments introduce a new concept of accounting estimates,

defined as monetary amounts in the financial statements that are subject to measurement uncertainty if they do not result from the correction of a prior period error. The amendments also clarify what changes in accounting estimates mean and how they differ from changes in accounting policies and corrections of errors.
The amendments had no material impact on the Company's financial statements.

IAS 12 Income taxes: treatment of deferred tax assets and liabilities arising from a single transaction (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2023. The amendments narrow the scope of the exception for initial recognition under IAS 12 and specify how companies should account for deferred tax relating to assets and liabilities arising from a single transaction, such as leases and decommissioning liabilities. The amendments clarify that, to the extent that payments to settle a liability are deductible for tax purposes, it is a matter of judgment in light of the relevant tax law whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that give rise to the same taxable and deductible temporary differences on initial recognition. It applies only when the recognition of a lease receivable and a lease liability (or a decommissioning liability and a decommissioning asset component) results in taxable and deductible temporary differences that are not equal.
The amendments had no impact on the Company's financial statements.

IAS 12 Income Taxes: International Tax Reform - Second Pillar Model Rules (Amendments)

The amendments will take effect immediately upon issuance, but certain disclosure requirements will take effect at a later date. The Organisation for Economic Co-operation and Development (OECD) published the second pillar model rules in December 2021, which ensure that large multinational companies are subject to a minimum tax rate of 15%. On 23 May 2023, the International Accounting Standards Board (IASB) issued the amendments to International Tax Reform - Second Pillar Model Rules - IAS 12. The amendments introduce a mandatory transitional exemption from the accounting for deferred taxes arising from the jurisdictional application of the second pillar model rules and impose disclosure requirements on the entities concerned regarding their potential exposure to second pillar income taxes. The amendments require the disclosure, in periods when the second pillar legislation is (substantially) enacted but not yet effective, of known or reasonably estimable information that helps users of financial statements understand an entity's exposure to second pillar income taxes. To meet these requirements, an entity shall disclose qualitative and quantitative information about its exposure to second-pillar income taxes at the end of the reporting period. Disclosure of the income tax expense related to the second pillar and disclosure for periods before the effective date of the legislation is required for annual reporting periods beginning on or after January 1, 2023, but is not required for interim periods ending on or before December 31, 2023. Given the size of the company and Group, it is not subject to the minimum tax rules and is not expected to have any impact.

Standards issued but not yet in force and not subject to early application

1) Standards/amendments not yet in force but adopted by the EU

IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted or retrospective application required in accordance with IAS 8. The amendments clarify the principles in IAS 1 for classifying liabilities as current or non-current. The amendments clarify the reporting of the right to defer settlement, the requirement that this right must exist at the end of the reporting period, that management's intention does not affect current or non-current classification, that a counterparty's options that may result in settlement by the entity's own equity instruments being transferred do not affect current or non-current classification. The amendments also specify that only those covenants that the entity is required to meet on or before the reporting date affect the classification of a liability. Additional disclosures are also required for long-term liabilities arising from loan agreements that are subject to a covenant that must be fulfilled within twelve months after the reporting period.
Management has assessed the expected impact of applying the standard and it is not significant.

IFRS 16 Leases: lease obligations in leaseback transactions (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments aim to improve the requirements that a seller-lessee applies in measuring a lease liability in a leaseback transaction under IFRS 16, but do not change the accounting for leases that are not related to leaseback transactions. A vendor-lessee shall define 'lease payments' or 'revised lease payments' so that the vendor-lessee does not recognise the portion of the gain or loss that relates to the right of use that it retains. The application of those requirements does not prevent a vendor lessee from recognising in profit or loss the gain or loss on the partial or total termination of a lease. In accordance with IAS 8, a vendor lessee shall apply the amendment retrospectively to leaseback arrangements entered into after the date of initial application, which is the beginning of the reporting period in which the entity first applies IFRS 16.
Management has assessed the potential application of the standard and it is not expected to have an impact on the financial statements.

2) Standards/amendments not yet in force and not adopted by the EU

IAS 7 Statement of Cash Flows and IFRS 7 Disclosure of Financial Instruments - Supplier Financing Arrangements (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments add to the requirements already in IFRSs and require an entity to disclose the terms of a vendor financing arrangement. In addition, entities shall disclose, at the beginning and end of the reporting period, the carrying amount of the financial liabilities of a vendor financing arrangement and the line items on which those liabilities are presented, and the carrying amount and line items of financial liabilities for which the financiers have settled the corresponding vendor payables. Entities shall also disclose the type and effect of any non-monetary changes in the carrying amount of financial liabilities arising from vendor financing arrangements that prevent comparability of the carrying amount of financial liabilities. The amendments also require an entity to disclose, at the beginning and end of the reporting period, the maturity of financial liabilities to financiers and of similar trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.
Management has assessed the potential application of the standard and it is not expected to have an impact on the financial statements.

IAS 21 The Effect of Changes in Foreign Exchange Rates: Non-convertibility (Amendments)

The amendments are effective from the financial year starting on or after 1 January 2025, with early application permitted. The amendments specify how an entity should assess whether a currency is convertible and determine the spot exchange rate in the absence of convertibility. A currency is regarded as convertible into another currency if the entity is able to obtain access to the other currency within a time frame that permits a normal administrative delay through a market or exchange mechanism in which an exchange transaction creates enforceable rights and obligations. If a currency cannot be exchanged for another currency, the entity shall estimate the spot exchange rate at the measurement date. The objective of an entity in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would occur between market participants under prevailing economic conditions at the measurement date. The amendments note that an entity may use an unadjusted observable rate or another estimation technique. The amendments have not yet been adopted by the EU.

Management has assessed the potential application of the standard and it is not expected to have any impact on the financial statements.

2.3 Significant accounting estimates and assumptions

The application of the accounting policies described in point 2.1 requires the use of estimates and assumptions in determining the amounts of certain assets and liabilities at a given date that cannot be clearly identified from other sources. The estimation process involves judgements and relevant factors based on the latest information available. These significant estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and the disclosure of contingent assets and liabilities in the notes to the financial statements. Actual results may differ from those estimates.

The estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.

The main areas of estimation uncertainty and critical accounting judgements that have the most significant effect on the amounts recognised in the standalone financial statements are:

2.3.1. Classification of properties

The properties owned by the Company are classified as investment properties and development properties on acquisition as follows:

- They are classified as investment properties, which are typically acquired by the Company with the intention of benefiting from the rental and capital appreciation of the property. These properties (typically office buildings, commercial units, warehouses and factory buildings) are not used for own purposes.
- Properties that the Company intends to invest in, develop and sell in the near future are classified as held for development.
- Property, plant and equipment includes property used by the Company for its own purposes.

The Company reclassifies investment property when there is a change in use. It classifies property held for its own use as property, plant and equipment. In the case of mixed-use property, the Company accounts for the portions individually where possible. If separation is not possible, the Company classifies the property as investment property only if the portion used for other purposes is insignificant.

The Company classifies as inventories properties on which it is commencing development with a view to a subsequent sale.

2.3.2. Fair value of investment property

The determination of the fair value of investment property is based to a significant extent on estimates and assumptions, and therefore the actual value may differ significantly from the value resulting from the estimate. The fair value of investment property is determined based on the Company's own valuations and valuations performed by independent appraisers. The valuation principles and parameters used are disclosed in note 9.

IFRS 13 'Fair value measurement' establishes a fair value hierarchy to enhance consistency and comparability of fair value measurement and related disclosures. The hierarchy categorises inputs to valuation techniques used to measure 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 measurement 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 measurement date under existing market conditions. All investment properties are classified within Level 3 of the fair value hierarchy.

2.3.3. Impairment of participations

An impairment test should be carried out on the holding in subsidiaries if there are indications of potential impairment. If an indication of impairment exists, the recoverable amount of the investment should be determined and compared with the net carrying amount of the investment. The Company reviews the recoverable amount of cash-generating units each year. The recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined by the Company based on expected discounted future cash flows.

3. Revenues

The Company's activities include the letting and operation of owner-occupied real estate, asset management and corporate management.

For the real estate rental and operation activities, the Company's properties are located in Hungary, in the cities of Kecskemét and Budapest.

The Company has no contractual assets or contractual liabilities.

data in thousands of HUF	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Office for rent	641.308	687.664
Parking space for rent	52.118	41.088
Other operating revenue	15.973	724
Total	**709.399**	**729.476**

Future minimum rental income for fixed-term leases is as follows at 31 December 2023:

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Within a year	650.839	601.941
Within 1-5 years	2.603.355	2.273.672
Over 5 years	3.826.575	2.910.405
Total	**7.080.769**	**5.786.018**

4. Direct costs of letting a property

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Building tax, land tax	(29.264)	(24.342)
Water, Gas, Electricity	(4.064)	(2.417)
Operation, maintenance, materials and services	(24.177)	(33.794)
Insurance	(2.209)	(7.965)
Advertisement, advertising	(3.930)	(1.559)
Other	(247)	-
Total	**(63.891)**	**(70.077)**

5. Service charges from subsidiaries

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Apenninn Property Asset Management Ltd.	481	6.088
Appeninn-Bp1047 Zrt.	2.686	7.749
Appeninn E-Office Zrt.	64.758	182.323
Bertex Ltd.	240	240
Curlington Ltd.	879	1.937
Szent László Téri Service House Ltd.	2.023	6.642
Felhévíz-Appen Ltd.	2.551	4.151
APPEN-Retail Ltd.	3.347	8.579
Sectura Property Management Ltd.	213	941
Appeninn Project-EGRV Ltd.	240	240
Appeninn Project-MSKC Ltd.	1.750	7.196
Appeninn BLT Ltd.	480	480
Tunnel Investment Ltd.	1.470	4.705
Kantrum Property Ltd.	17.523	-
Tidaholm Properties Ltd.	29.301	-
Dounby Sp. Z.o.o.	34.417	-
Other		-
Total	**161.817**	**231.271**

6. Administrative costs, service charges, wages and salaries

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Bank charges	(2.242)	(2.642)
Accounting, audit, law, lawyer, valuation	(120.442)	(130.432)
Asset management, advice	(15.527)	(43.964)
Share (KELER, BSE, intact fee)	(7.654)	(7.058)
Short-term rentals, office supplies	(20.154)	(29.890)
Liability insurance	-	(1.358)
Public charges, fees	(151)	(259)
Education, computer and other services	(7.587)	(231)
Personnel costs, wages and salaries	(105.180)	(125.078)
Other	(31.674)	(21.933)
Total	**(310.611)**	**(362.845)**

In 2022, the Company has made significant efficiency improvements, the results of which are already reflected in the administrative costs for 2023.

7. Balance of other income and expenditure

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Other small reimbursements	466	681
Derecognition of finance leases due to reclassification	-	(15.239)
Written-off claims, irrecoverable debts	(24.484)	-
Grants awarded	(8.000)	-
Commissions, success fees	(14.642)	-
Liability write-off	18.637	-
Other	(939)	-
Late payment interest, surcharges, penalties paid	-	(8)
Total	**(28.962)**	**(14.566)**

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

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Appeninn Üzemeltető Zrt. -100%	-	11.000
Hellnarik Hospitality KHUF. - Sale of 24%	-	32
Total	**-**	**11.032**

Details of the sale of the shares are presented in note 17.

9. Fair value result on investment property

The fair values of the Company's assets are measured annually. Based on the fair value measurements, the Company recognizes all changes in fair value through profit or loss. For rights to purchase properties, if they are below fair value and the holder has paid the owner the purchase right premium, the lower of the fair value and the price for the right to purchase is recognized in the Company's statement of financial position. See also note 15.

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
6000 Kecskemét, Kiskőrösi utca 30.	(221.167)	(429.100)
1082 Budapest, Üllői út 48.	(940.784)	1.397.975
Pasarét street right of use asset	-	(2.928)
Total changes in fair value	**(1.161.951)**	**965.947**

Each year the Company has an independent valuer prepare a fair value valuation of the properties. The value determined by the independent appraiser is consistent with the values reported in the financial statements. The appraisal used for the valuation of investment properties was prepared for all properties by the independent appraiser appointed to perform the valuation in 2023 by CBRE KHUF. (Bajcsy-Zsilinszky út 78. 1055 Budapest) and in 2014-2022 by Jones Lang LaSalle KHUF. (Széchenyi tér 7-8., 1051 Budapest, hereinafter referred to as JLL KHUF.), except for the right-of-use assets included in investment properties. Both property valuation companies are reputable and have appropriate professional qualifications and recent experience in the area and category of investment property to be valued. The analysis prepared by the property appraisers is as follows:

- the valuation methods used and their application are consistent with approaches commonly used in national and international practice
- the rents charged are in line with current market rents
- the rates reported in the investor "yield expectations" - Capitalisation Rates and Discount Rates for each property are consistent with publicly published data for each property type on investment transactions over the past 12 months.

Evaluation methods 2023:

The valuation has been prepared in accordance with the 2023 edition of the RICS (Royal Institution of Chartered Surveyors) Valuation Standards. In view of the way in which the properties are used, a method based on the calculation of yields (the so-called "Hardcore and Top slice" method) has been chosen for the valuation of the properties, with the market comparison method being used as a control method. The methodology divides the annual income from the property into 2 or more groups based on the assumed risks associated with each group. Thus, it typically distinguishes between the part of the income that is sustainable over the long term in line with market rents ('hardcore') and the part that is unlikely to be sustainable over the long term ('top slice'). The 'hardcore' income part is capitalised in the methodology with an all-risk-yield, while the income parts above this are capitalised with a higher risk-yield until the end of their term. Potential increases in rents and inflation risk are also implicitly taken into account by applying the all-risk-yield. The gross capital value is thus the sum of the hardcore and top slice capitalised returns. After deduction of transaction costs and any investment costs that may be incurred for the property, the net capital value is the market value of the property.

CBRE uses the real cash flow model with the addition of yield, while JLL uses the nominal cash flow model with inflation and discount rate. In the 2023 and 2022 valuations, there is a more significant difference in the estimated market yields with the change in methodology above.

The assumptions used in the yield-based valuations in 2023 were average rent, market rent, occupancy and discount rate. These values are based on market observations, adjusted for the local situation of the property. Because of these corrections, all variables used are classified as 'level 3'.

The valuation methodology used was in line with the valuation techniques described in IFRS 13.
Properties in the portfolio with non-primary income-producing characteristics were valued using a comparative method.

Evaluation methods 2022:
Valuations are made using the income approach (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. The present value of the cash flows from real estate is determined by applying a discount rate based on a market rate reflecting the investors' expectations of returns. The cash flow for the period is the income excluding unused space less costs associated with the operation and maintenance of the property. The sum of the cash flows for the period and the residual value at the end of the valuation period discounted to present value is the fair value of the property.
The assumptions used in the valuations based on the market method approach in 2022 were average rent, market rent, occupancy, exit yield and discount rate. These values are based on market observations, adjusted for the local situation of the property. Because of these corrections, all variables used are classified as "level 3".

The valuation methodology used was in line with the valuation techniques described in IFRS 13.
Discount rates range from 7.65% to 10.25% for office properties and from 8.50% to 10.00% for industrial properties. Prime exit yield for offices: 5.50%, for industrial: 6.00%.
Among the inputs used in the DCF calculation, the most significant influence on the market value of a given property is provided by the exit yield and discount rate variables, in addition to inflation, costs and market rent for the sensitivity analysis. An increase in exit yield and discount rate will decrease the value, while a change in the opposite direction will increase the value. For inflation, international forecasts have been used and for costs a significant increase has been forecast. For market rents, we have used the prevailing market rents for a given property.

In the present case, a conservative approach has been taken in defining these variables, except for the optimistic and pessimistic scenarios.

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

Data in EUR

			2023				Model variable means in the DCF model	Discount rate	Mortgage
Ssz.		**Type**	**Comparison price method**	**DCF model value**	**Year end value**	**Evaluation method**	**Rent EUR/m2/month,**		
1	6000 Kecskemét, Kiskőrösi utca 30.	location	2.350.000	1.674.000	2.350.000	Comparative	0,86	9,00%	is
2	1082 Budapest, Üllői út 48.	Office	18.610.000	20.860.000	20.860.000	DCF model	14,87	7,75%	none
					23.210.000				

			2022					Model variable means in the DCF model	Discount rate	Mortgage
Ssz.		**Type**	**Comparison price method**	**DCF model value**	**Year end value**	**Evaluation method**	**Exit yield**	**Rent EUR/m2/month,**		
1	6000 Kecskemét, Kiskőrösi utca 30.	location	2.800.000	2.800.000	2.800.000	DCF model	11,50%	office: 4, warehouse: 2	12,0%	is
2	1082 Budapest, Üllői út 48.	Office	22.800.000	22.800.000	22.300.000	DCF model	8,15%	13	8,65%	none
3	Pasaréti right of use asset	Office	570.799	570.799	570.799	DCF model				
					25.670.799					

10. Depreciation and amortisation

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Depreciation of tangible fixed assets	(2.394)	(20.048)
Total	**(2.394)**	**(20.048)**

The depreciation of small assets was 2,017 thousand HUF in 2022 and 2,394 thousand HUF in 2023.

11. Other expenditure and income on financial operations

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Exchange differences on financial settled items	20.572	10.515
Year-end revaluation of foreign currency assets and liabilities	(201.670)	447.889
Impairment of investments and receivables (see note 17)	(513.989)	(108.627)
Total	**(695.087)**	**349.777**

The revaluation of foreign currency assets and liabilities at year-end resulted in a foreign exchange gain/loss on the EUR loan to Appeninn BLT KHUF and Dounby S.p.o., as the HUF/EUR exchange rate for the year changed significantly compared to the previous year-end.

12. Balance of interest receivable and payable

data in thousands of HUF	31.12.2023 for the financial year ending	for the financial year ending 31.12.2022
Interest receivable from affiliated and associated enterprises (interest payable/payable):	875.238	505.835
Bank interest rates	643.824	765.713
Interest received from contractors	2.592	45.537
Own issued bond interest	(694.203)	(694.203)
Leasing interest	(4.929)	(15.827)
Balance of interest receivable and (payable)	**822.522**	**607.055**
Total interest received	1.600.062	1.318.504
Total interest paid	(777.540)	(711.449)
Balance of interest receivable and (payable)	**822.522**	**607.055**

13. Income taxes

Expenses related to income taxes consist of:

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Corporation tax	(76.861)	(53.776)
Deferred tax	506.059	(163.066)
Business tax	(17.208)	(17.545)
Total	**411.990**	**(234.387)**

The deferred tax liability has been reversed as a result of the Company's conversion to an SZIT, as the Company is expected to be subject to a 0% tax rate.

Appeninn Plc's tax asset due to a negative tax base was created until 2014, which can be used until 2025 under the Corporate Tax Act. The balance of the loss carry-forward as at 31 December 2022 is HUF 62,100 thousand, which will be fully utilised in 2023.

The derivation of the tax was as follows:

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Profit before tax	(569.158)	2.427.022
Tax liability calculated at the current tax rate 9%	51.224	(218.432)
Business tax	(17.208)	(17.545)
Expected tax rate decrease (evolution of the SZIT)	377.974	-
Permanent differences	-	1.590
Total income taxes	**411.990**	**(234.387)**

Applied tax rates	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Local business tax	2%	2%
Corporation tax	9%	9%

Details of deferred tax liabilities are presented in note 33.

The following table shows how the difference between the tax liability calculated on the basis of accounting profit and the actual tax liability is quantified:

	Data in thousand HUF
Profit before tax under IFRS	**(569.158)**
Reclassification of business tax to the tax base	(17.208)
Accounting for depreciation on assets measured under IAS 40	(121.779)
Effect of fair value measurement under IAS 40	1.168.971
Accounting for untaken leave	545
Amortised cost of bond	(5.005)
Other changes	5.692
Adjusted profit before tax	**462.058**
Depreciation under the Corporation Tax Act	204.014
Use of loss provisioning	62.100
Support	1.600
Tax base reducing items	**267.714**
Depreciation according to accounting law	124.172
Irrecoverable debt	21.405
Fine imposed by a final decision	96
Impairment of shareholding	513.989
Items increasing the tax base	**659.662**
Tax base according to corporation tax	**854.006**
Tax (9%)	**76.861**
Corporation tax	**76.861**

14. Earnings per share

The calculation of basic earnings per share should take into account the after-tax profit distributable to shareholders and the average annual number of ordinary shares in issue, excluding treasury shares.

	for the financial year ending 31.12.2023	**for the financial year ending 31.12.2022**
Profit after tax (thousand HUF)	(157.168)	2.192.635
Weighted average number of ordinary shares in issue (number)	47.369.571	47.369.571
Earnings per share (basic) (in HUF)	**(3,34)**	**46,29**

There are no factors in either 2022 or 2023 that would dilute earnings per share.

15. Investment properties

Changes in the opening and closing values of the Company's investment properties were as follows:

data in thousands of HUF	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Opening 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 of use asset	228.462	-
annual changes:		
Reclassification as subleasing / Reclassification of right-of-use assets from own use	(228.462)	231.390
Fair value changes	**(1.161.951)**	**965.947**
1082 Budapest, Üllői út 48.	(940.784)	1.397.975
Kecskemét, Kiskőrösi utca 30.	(221.167)	(429.100)
Pasaréti right of use asset	-	(2.928)
Closing value	**8.884.324**	**10.274.737**
1082 Budapest, Üllői út 48.	7.984.791	8.925.575
Kecskemét, Kiskőrösi utca 30.	899.533	1.120.700
Pasaréti right of use asset	-	228.462

Changes in the fair value of investment properties are presented in note 9.

16. Tangible assets

The Company records furniture and office equipment under tangible fixed assets.

data in thousands of HUF	**Total**
Gross value	
31 December 2021	**25.376**
Increase and reclassification	4.947
Reduction and reclassification	-
31 December 2022	**30.323**
Increase and reclassification	1.834
Reduction and reclassification	
31 December 2023	**32.157**
Accumulated depreciation	
31 December 2021	**15.980**
Annual description	3.291
Decrease	
31 December 2022	**19.271**
Annual description	2.394
Decrease	
31 December 2023	**21.665**
Net book value	
31 December 2021	**9.396**
31 December 2022	**11.052**
31 December 2023	**10.492**

17. Participations and assets held for sale

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022	Ownership share 2023	Ownership share 2022
Appeninn Property Asset Management Ltd.	171.366	171.366	100%	100%
Appeninn-Bp 1047 Zrt.	30.508	30.508	100%	100%
Appeninn E-Office Asset Management Ltd.	5.256.668	5.256.668	100%	100%
Bertex Real Estate Distributor Ltd.	212.062	212.062	100%	100%
Curlington Property Development Ltd.	-	-	100%	100%
Szent László téri Service House Ltd.	248.891	434.169	100%	100%
Appeninn Project-EGRV Ltd.	7.046	10.928	100%	100%
Appeninn Project-MSKC Ltd.	3.000	3.000	100%	100%
Appeninn BLT Ltd.	3.000	3.000	100%	100%
Sectura Property Management Ltd.	47.190	87.313	100%	100%
Alagút Investment Ltd.	544.985	-	100%	-
Kantrum Properties Ltd.	1.091	-	100%	-
Tidaholm Properties Ltd.	1.627.747	-	100%	-
Total shareholdings	**8.153.554**	**6.209.014**		

Amount of accumulated impairment:

data in thousands of HUF	**Total**
31 December 2021	**65.423**
Reversal	
Impairment of assets	71.785
31 December 2022	**137.208**
Reversal	
Impairment of assets	513.989
31 December 2023	**651.197**

In 2023, the Company recognised impairment losses on the shares in Curlington Ltd (50,000 thousand HUF), Szent László téri Szolgáltatóház Ltd (185,278 thousand HUF), Alagút Investment Ltd (234,706 thousand HUF), Appeninn Project-EGRV Ltd (3,882 thousand HUF) and Sectura Ingatlankezelő Ltd (40,123 thousand HUF).

During 2023, the Company acquired 100% of the shares of Alagút Investment Ltd. from Appeninn E-Office Vagyonkezelő Zrt. (a wholly owned subsidiary of the Company). The purchase price was 779,691 thousand HUF.

In 2020, an impairment loss of 65,423 thousand HUF was recognised on the share in Appeninn Project-EGRV Ltd. In 2022, an impairment loss of 44,096 thousand HUF was recognised on the share in Curlington Ltd. and 27,689 thousand HUF was recognised on the share in Sectura KHUF.

During 2022, the Company sold its 100% stake in Appeninn Üzemeltető Ltd for 16.000 thousand HUF. The value of the derecognized share was thousand HUF 5,000, so the Company recognized a gain of thousand HUF 11,000 on the transaction.

In 2022, the Company sold its 75% stake in Dreamland Holding Zrt. for thousand HUF 1,550,000. There was no profit on the transaction.

The Company sold in 2022 its 24% stake in Hellnarik Hospitality Ltd for 43.999 thousand HUF. A profit of thousand HUF 32 was recognised on the transaction.

Assets held for sale

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022	Ownership share 2023	Ownership share 2022
Solum-Invest Ltd.	-	500.000	-	51%
Total assets held for sale	**-**	500.000		

In December 2022, the Board of Directors of the Company decided to sell its 51% stake in Solum-Invest Ltd. Accordingly, the stake in Solum-Invest Ltd. was reclassified to assets held for sale and at the same time an impairment loss of thousand HUF 36,842 was recognised as the purchase price was thousand HUF 500,000, which was thousand HUF 36,482 lower than the carrying amount. Solum-Invest Ltd. was sold in 2023.

The indirect participations of the Company are as follows:

Name of subsidiary	Parent company	Ownership and voting rights 2023	Ownership and voting rights 2022	Address
Appen-Retail Ltd.	Appeninn Property Asset Management Ltd.	100%	100%	1022 Budapest, Bég utca 3-5.
Felhévíz-Appen Ltd.	Appeninn Property Asset Management Ltd.	100%	100%	1022 Budapest, Bég utca 3-5.
Dounby SP. Z.O.O.	Appeninn Project-EGRV Ltd.	100%	-	Ul. Ilzecka 26, Warsaw, Mazowieckie,
Wisniowy Management Sp. Z.o.o.	Dounby SP. Z.O.O.	50%	-	Ul. Ilzecka 26, Warsaw, Mazowieckie,
Leveron doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070
Imanpa doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070

On 1 January 2024, Appen-Retail Ltd. and Felhévíz-Appen Ltd. merged into Appeninn Property Vagyonkezelő Zrt.

18. Trade receivables

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Gross value of trade receivables	89.881	17.137
Impairment	-	-
Total net trade receivables	**89.881**	**17.137**

The Company has performed the customer impairment using the expected loss model. The expected losses were calculated from the average of the past two years' experience.

19. Other current receivables

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Tax receivables	-	6.546
Deposits	15.040	15.040
Claims	11.776	35.155
Advances granted	4.150	-
Lease receivables	117.649	-
Other	6.012	5.710
Total	**154.627**	**62.451**

20. Receivables from related parties

Receivables from affiliated companies consist of invoiced holding fees, interest and capital receivables, and other receivables from subsidiaries.

data in thousands of HUF	Trade, loans and interest receivables	
	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Appeninn-Bp 1047 Zrt.	58.533	24.856
Appeninn Property Asset Management Ltd.	354.734	306.444
Bertex Real Estate Distributor Ltd.	0	305
Appeninn E-Office Zrt.	745.804	3.494.538
Felhévíz-Appen Ltd.	9.967	3.359
APPEN-Retail Ltd.	539.996	484.895
Sectura Property Management Ltd.	20.535	19.390
Szent László Téri Service House Ltd.	283.734	204.838
Curlington Ltd.	108.161	137.529
Dounby Sp. Z.o.o.	2.549.469	-
Appeninn Project-EGRV Ltd.	10.396.938	2.675
Appeninn Project-MSKC Ltd.	500.924	435.788
Tidaholm Properties Ltd.	1.883.823	-
Appeninn BLT Ltd.	0	6.143.452
Tunnel Investment Ltd.	3.061	17.683
Solum-Invest Ltd.	0	2.049.860
Kantrum Property Ltd..	4.029.579	-
Total related party receivables	**21.485.258**	**13.325.612**

21. Short-term loans

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Mikepércsi út 132 Ltd.	-	21.788
Mikepércsi út 132 Ltd. impairment	-	(21.788)
Other loans granted	-	58.318
Swan House Community	-	2.247
Total	**-**	**60.565**

22. Accruals

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Accruals and deferred income	90.514	43.096
Accrual of expenses	21.396	19.343
Total	**111.910**	**62.439**

23. Cash and cash equivalents

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Petty cash	-	-
Bank account money HUF	7.026	182.627
Bank account money EUR	21.913	371.881
Short-term deposits	6.295.385	11.749.534
Total	**6.324.324**	**12.304.042**

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 lines.

24. Share capital

The shares of Appeninn Vagyonkezelő Holding Plc. were listed on the Budapest Stock Exchange on 2 July 2010 in public trading .

Appeninn Plc share data	
face value	100
currency	HUF
ISIN code	HU0000102132
place of traffic maintenance	Budapest Stock Exchange Ltd. share section
start of marketing	2 July 2010.
share register management	Appeninn Plc. Board of Directors, 1022 Budapest, Bég utca 3-5.
Number of shares outstanding at 31.12.2023 (number)	47.371.419
Number of shares outstanding 31.12.2022 (number)	47.371.419

data in thousands of HUF	**for the financial year ending 31.12.2023**	**Financial year ending 31.12.2022 year**
Value of share capital		
Opening value on 1 January:	4.737.142	4.737.142
Release	-	-
Closing value at 31 December:	4.737.142	4.737.142

The Company's share capital is HUF 4,737,142 thousand, consisting of 47,371,419 shares with a nominal value of HUF 100 each.

25. Treasury shares repurchased

	for the financial year ending 31.12.2023		**for the financial year ending 31.12.2022**	
	thousand forints	**Piece**	**thousand forints**	**Piece**
Opening value	1.114	1.848	1.114	1.848
Purchase of own shares	-	-	-	-
Transfer of treasury shares for dividend payment	-	-	-	-
Sale of own shares	-	-	-	-
Closing value	**1.114**	**1.848**	**1.114**	**1.848**

26. Reserves

	for the financial year ending 31.12.2023			for the financial year ending 31.12.2022		
	thousand forints	number of shares issued (number)	Asia (HUF/db)	thousand forints	number of shares issued (number)	Asia (HUF/db)
Open at	**8.095.844**	**47.371.419**	**171**	**8.095.844**	**47.371.419**	**171**
Closing balance at 31 December:	**8.095.844**	**47.371.419**	**171**	**8.095.844**	**47.371.419**	**171**

27. Retained earnings

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Opening balance	**7.420.955**	**5.228.320**
Result for the year	(157.168)	2.192.635
Disposal of own shares	-	-
Closing value	**7.263.787**	**7.420.955**

Equity matching table:

The reconciliation table below shows the reconciliation between the components of equity as determined in accordance with Section 114/B of Act C of 2000 on Accounting in Hungary ("Act") and the components of equity as reported in the standalone financial statements under EU IFRS, in accordance with the provisions of Section 114/B of Act C of 2000 on Accounting in Hungary ("Act"). 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 Austrian Income Tax Act and, on the other hand, of the derivation of the differences between the two types of equity.

data in thousands of HUF	31 December 2023.	31 December 2022.
Share capital	4.737.142	4.737.142
Capital subscribed but not yet paid up	-	-
Treasury shares repurchased	(1.114)	(1.114)
Capital reserve	8.095.844	8.095.844
Reserves	-	-
Retained earnings	7.420.955	5.228.320
Valuation reserve	-	-
Tied up reserve	-	-
Profit after tax	(157.168)	2.192.635
114/B (4) (a) Equity under IFRS	**20.095.659**	**20.252.827**
Subscribed capital as defined in the instrument of incorporation, if the capital is an instrument	4.737.142	4.737.142
114/B. (4) (b) Subscribed capital under IFRS	**4.737.142**	**4.737.142**
114/B (4) (c) Capital subscribed but not yet paid up	**-**	**-**
The sum of all elements of equity that do not meet the IFRS definition of subscribed capital, subscribed but not paid-in capital, retained earnings, valuation reserve, profit for the year or retained earnings	8.095.844	8.095.844
114/B. (4) d) Capital reserve	**8.095.844**	**8.095.844**
Profit accumulated in prior years and not distributed to owners, recognised in the IFRS financial statements	7.420.955	5.228.320
114/B (4) (e) Capital reserve	**7.420.955**	**5.228.320**
114/B. (4) (h)Tied up reserve	**-**	**-**
Profit for the year in the profit and loss section of the comprehensive income statement or in the standalone income statement	(157.168)	2.192.635
114/B (4) (g) Profit/loss for the year	**(157.168)**	**2.192.635**

Unappropriated retained earnings available for dividend payments

IFRS profit and loss reserve	7.263.787	7.420.955
Less: cumulative unrealised gains on fair value gains recognised in accordance with IAS 40 Investment Property	(4.348.195)	(5.400.296)
Plus: cumulative amount of income tax recognised under related IAS 12 Income Taxes	-	486.027
Profit reserve available for dividend payments	**2.915.592**	**2.506.686**

The Company does not propose to pay dividends for 2023.

28. Deposits paid by tenants

data in thousands of HUF	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Tenants' deposits	206.986	218.592
Total	**206.986**	**218.592**

The Company keeps a record of the amount of security deposits paid by tenants.

29. Lease commitments

The Company entered into a property lease agreement on 16 March 2020, for which the right to use the assets and the lease liability have been recognised in the statement of financial position. The lease expires on 16 March 2025.

data in thousands of HUF	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Minimum value of lease payments payable		
in 2023	-	108.768
in 2024	104.020	108.768
in 2025	17.337	18.128
Total minimum lease payments	**121.357**	**235.664**
Leasing interest	**(1.943)**	**(7.202)**
Total present value of minimum lease payments	**119.414**	**228.462**
Of which short-term	**102.099**	**103.603**
Of which long-term	**17.315**	**124.859**

The Company recognizes interest expense on lease obligations using the effective interest method. The leases do not contain renewal or termination options.

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

The amount of short-term leases directly expensed was 7,711 thousand HUF in 2022 and 5,038 thousand HUF in 2023. The Company has no leases with a low value.

30. Own issued bonds

On 22 November 2019, the Company issued thousand HUF 20,000,000 of bonds through the Growth Bond Programme launched by the National Bank of Hungary, which were subscribed for an additional thousand HUF 108,113 at a gain of thousand HUF 108,113. 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 (thousand HUF 20,000,000) is payable in one lump sum. The bond will bear interest at a fixed rate of 3.5% per annum. The bond is recorded at amortized cost, with an effective interest rate of 3.459%.

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Bond debt	20.000.000	20.000.000
Bond premium	120.103	125.900
Total bond liabilities	**20.120.103**	**20.125.900**

31. Deferred tax liabilities

In the calculation of deferred tax, the Company compares the tax deductible amount with the carrying amount by asset and liability. If the difference is a temporary difference, i.e. the difference will reverse in the foreseeable future, a deferred tax liability or asset is recognised, as appropriate. When an asset is included, the Company examines the recovery individually.

Appeninn Plc's tax assets due to a negative tax base can be used until 2030 under the Corporate Tax Act.

The carry-forward balance of the accumulated deficit is HUF zero on 31.12.2023, while on 31.12.2022 it is HUF 62,100 thousand.

The deferred tax balance in the statement of financial position at 31 December 2022 consisted of the following items:

data in thousands of HUF 31 December 2022.	Accounting balance	Balance after tax	Deferred tax base	Deferred tax
Investment properties	10.274.737	4.394.100	(5.880.637)	(529.257)
Other receivables, right-of-use assets	-	-	-	-
Accrued losses receivable	-	62.100	62.100	5.589
Bond debt	20.125.900	20.074.795	51.105	4.599
Supplier and other payables	267.019	122.461	144.558	13.010
Total net deferred tax position				
Deferred tax asset in statement of financial position				**23.198**
Deferred tax liability in statement of financial position				**529.257**
Net deferred tax position				**(506.059)**
Change in deferred tax balance				**(163.066)**
Of which:				
Accounted for in the result				(163.066)

As a result of the Company's conversion to regulated entity, the previously recorded deferred tax assets and deferred tax liabilities have been removed from the statement of financial position to profit or loss.

32. Short-term loans

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Current portion of lease liability	102.099	103.603
Total	**102.099**	**103.603**

33. Other current liabilities

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Salaries and wages	5.560	2.920
Ex post purchase price liability	234.285	-
Other	22.689	27.842
Total	**262.534**	**30.762**

34. Current liabilities to related parties

data in thousands of HUF	Trade, loan and interest payable	
	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Bertex Real Estate Distributor Ltd.	1.251.776	1.239.549
Appeninn E-Office Zrt.	7.806	5.812
Felhévíz-Appen Ltd.	-	12.542
Appeninn Project EGRV Ltd.	8.302	-
Appeninn Project-MSKC Ltd.	71.836	-
Appeninn BLT Ltd.	2.717.703	-
Provisions	-	11.391
Total current related liabilities	**4.057.423**	**1.269.294**

35. Trade payables

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Liabilities to suppliers	13.035	66.255
Closing value	**13.035**	**66.255**

36. Tax and duty obligations

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
VAT payment obligation	65.218	73.342
Personal - contributions and taxes	1.267	880
Total	**66.485**	**74.222**

37. Accruals and deferred income

data in thousands of HUF	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Accruals and deferred income	206.904	-
Accrued expenses and deferred charges	15.851	7.795
Total	**222.755**	**7.795**

Deferred income increased significantly due to the Company's year-end rent accruals.

38. Transactions with related parties

Transactions with related parties are disclosed in the notes to the relevant statement of financial position lines (see notes 22, 36, 5, 11). Through a company owned by a private individual member of the Board of Directors, the Company used legal services of thousand HUF 13,402 in 2023 and thousand HUF 15,685 in 2022. There were transactions with In-Management Service Ltd of 299,167 thousand HUF in 2023.

39. Remuneration of key managers

The Company's General Meeting of Shareholders held on 30 September 2020 set the remuneration of the executive officers at HUF 200 thousand/month. The Company does not have any contracts with the executive officers that would create future obligations for the Company by changing their contracts.

	2023	2022
Fees of members of the Management Board (5 persons)	2.400	12.000
Audit Committee members' fees (3 persons)	-	-

	2023	2022
Salary-related allowances for senior officials	37.420	50.834

40. Financial instruments

Financial instruments are trade receivables, loans granted and cash and cash equivalents, as well as borrowings, loans and trade payables.

31.12.2023	Notes	At fair value through profit or loss	Valued at amortised cost	Fair value through other comprehensive income
Financial assets				
Trade receivables	18		89.881	
Other current receivables	19		154.627	
Receivables from related parties	20		21.485.258	
Cash equivalents	23		6.324.324	
Financial assets		-	***28.054.090***	-
Financial liabilities				
Deposits paid by tenants	28		206.986	
Lease commitments	29		119.414	
Bond debt	30		20.120.103	
Related party liabilities	34		4.057.423	
Liabilities to suppliers	35		13.035	
Financial liabilities		-	***24.516.961***	-

31.12.2022	Notes	At fair value through profit or loss	Valued at amortised cost	Fair value through other comprehensive income
Financial assets				
Trade receivables	18		17.137	
Other current receivables	19		62.451	
Receivables from related parties	20		13.325.612	
Short-term loans	21		60.565	
Cash equivalents	23		12.304.042	
Financial assets		**-**	***25.769.807***	**-**
Financial liabilities				
Deposits paid by tenants	28		218.592	
Lease commitments	29		228.462	
Bond debt	30		20.125.900	
Related party liabilities	34		1.269.294	
Liabilities to suppliers	35		66.255	
Financial liabilities		**-**	***21.908.503***	**-**

The fair values of financial instruments measured at amortised cost approximate their carrying amounts in both years, except for the bond debt issued. The fair value was determined in both years at fair value corresponding to level 3. The estimated fair value of the bond liability is thousand HUF 14,066,306 at 31 December 2023 and thousand HUF 13,357,940 at 31 December 2022.

41. Risk management

The Company's financial assets include cash, loans, trade and other receivables and other assets, excluding taxes. The Company's financial liabilities include loans and borrowings, trade and other payables, excluding gains or losses arising from the remeasurement of taxes and financial liabilities at fair value.

The Company is exposed to the following financial risks:

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

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

The Company's risk management policy is designed to identify and investigate the risks faced by the Company, to set up appropriate controls and to monitor the risks. The risk management policy and system will be reviewed to reflect changing market conditions and the Company's activities.

41.1 Capital Markets

It is the policy of the Company to maintain a level of share capital sufficient to maintain investor and creditor confidence in the future and to enable the Company to grow in the future.

The Company's capital structure consists of net debt and the Company's equity (the latter includes subscribed capital and reserves).

In managing its capital, the Company seeks to ensure that the Company and its subsidiaries can continue their activities while maximising the return to owners by optimally balancing debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Company also monitors whether the capital structure of its subsidiaries complies with local legal requirements.

41.2 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 be long-term or short-term borrowings, cash and cash equivalents, accounts receivable and other receivables.

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Company's maximum exposure to credit risk at 31 December 2022 and 31 December 2023.

Maximum claim exposure	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Trade receivables	89.881	17.137
Other current receivables	154.627	62.451
Receivables from related parties	21.485.258	13.325.612
Short-term loans	-	60.565
Cash and cash equivalents	6.324.324	12.304.042
	28.054.090	**25.769.807**

The Company has reviewed and the credit risk has increased, however this is mainly due to the increased balance of subsidiary loans. The Company's exposure to credit risk has increased from the prior year, however the credit risk of the financial instruments has not increased significantly since initial recognition and the Company considers the financial instruments to be low credit risk.

In Management's view, customer risk has not changed significantly compared to previous periods.

41.3 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 objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimising profit.

41.4 Foreign exchange risk

The Company has determined that its results are materially dependent on one key variable of a financial nature, the foreign exchange risk, and has performed sensitivity analyses for this key variable.

The exchange rate risk is particularly relevant in the fair valuation of the Income producing investment properties, as the valuation is based on EUR, and therefore the EUR property value is used in the analysis of the currency risk:

Rate type	2023.12.31	Change in EUR	Change %	2022.12.31
Closing	382,78	-17,47	-4,36%	400,25
Average	381,95	-9,38	-2,40%	391,33
Closing and Average difference	0,83	-8,09	-90,70%	8,92

Exchange rate changes	Exchange rate	Change in EUR	Pooling NON EUR position Statement of financial position value EUR	Calculated impact EUR
-1%	378,9522	-3,8278		(138.475)
-0,50%	380,8661	-1,9139		(68.889)
31.12.2023 Hungarian Central Bank	382,78		13.708.989	
+0,5%	384,6939	1,9139		68.204
+1%	386,6078	3,8278		135.733

41.5 Business risk

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

41.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, both in normal and stressed circumstances, without incurring unacceptable losses or risking the Company's reputation.

On 2 March 2023, Scope Ratings GmbH (hereinafter "Scope") published a report on the monitoring of the Company and its bonds "APPENINN 2029/I" issued under the Hungarian Central Bank's Growth Bond Programme. In the announcement, Scope assigned the Issuer a B rating and its bonds a B- rating. If the rating of the bond falls below "B+", the Company will be obliged to repay the nominal value of the bonds plus accrued interest.

The maturity structure of the financial liabilities contracted and actually payable (undiscounted) is summarised in the table below for 31 December 2022 and 2023:

31.12.2023	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial assets				
Trade receivables	89.881			**89.881**
Other current receivables	154.627			**154.627**
Receivables from related parties	21.485.258			**21.485.258**
Cash equivalents	6.324.324			**6.324.324**
Financial assets	***28.054.090***	***-***	***-***	***28.054.090***
Related party liabilities	4.057.423			**4.057.423**
Loans and leases	104.020	17.337		**121.357**
Other current liabilities	262.534			**262.534**
Liabilities to suppliers	13.035			**13.035**
Debt securities issued by own issuers	700.000	2.800.000	20.700.000	**24.200.000**
Deposits paid by tenants		206.986		**206.986**
Financial liabilities	***5.137.012***	***3.024.323***	***20.700.000***	***28.861.335***

31.12.2022	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial assets				
Trade receivables	17.137			**17.137**
Other current receivables	62.451			**62.451**
Receivables from related parties	13.325.612			**13.325.612**
Short-term loans	60.565			**60.565**
Cash equivalents	12.304.042			**12.304.042**
Financial assets	***25.769.807***	***-***	***-***	***25.769.807***
Related party liabilities	1.269.294			**1.269.294**
Loans and leases	108.768	126.896		**235.664**
Other current liabilities	30.762			**30.762**
Liabilities to suppliers	66.255			**66.255**
Debt securities issued by own issuers	700.000	2.800.000	21.400.000	**24.900.000**
Deposits paid by tenants		218.592		**218.592**
Financial liabilities	***2.175.079***	***3.145.488***	***21.400.000***	***26.720.567***

42. Changes in liabilities related to financing activities

	1 January 2023	Currency flows	Exchange rate changes	New leases	Other movement	Change in fair value	31 December 2023
Lease liabilities short	103.603	(103.603)			102.099		102.099
Lease liability long	124.859		(5.445)		(102.099)		17.315
Bond debts	20.125.900	(700.000)			694.203		20.120.103
	20.354.362	**(803.603)**	**(5.445)**	**-**	**694.203**	**-**	**20.239.517**

	1 January 2022	Currency flows	Exchange rate changes	New leases	Other movement	Change in fair value	31 December 2022
Lease liabilities short	92.050	(64.187)			75.740		103.603
Lease liability long	216.426	(15.827)			(75.740)		124.859
Bond debts	20.131.697	(700.000)			694.203		20.125.900
	20.440.173	**(780.014)**	**-**	**-**	**694.203**	**-**	**20.354.362**

43. Contingent liabilities

Guarantees granted to credit institutions of subsidiaries

Appeninn Plc has provided guarantees for the loans of its subsidiaries to financial institutions.

Principal amounts of loans:

Funders	Primary debtor company	31.12.2023 maturity within one year		31.12.2023 maturity beyond one year	
		EUR	thousand HUF	EUR	thousands HUF
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	42.808	16.386	462.781	177.143
MFB-Erste syndicated loan	Appeninn E-Office Zrt.	1.065.634	407.903	22.902.127	8.766.476
Magyar Takarékszövetkezeti Bank Zrt.	Tidaholm Properties Ltd.	932.886	357.090	10.735.479	4.109.327
Total bank loans		**2.041.328**	**781.379**	**34.100.387**	**13.052.946**

44. Environmental impacts on the Company's activities

No tangible assets directly related to the protection of the environment are owned by Plc. The Company does not generate hazardous waste or substances harmful to the environment in the course of its activities and therefore does not have any stocks of such materials. There are no known future liabilities relating to environmental protection and therefore no such provisions have been made or costs incurred in the year under review.

45. Segment reports

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

46. Events after the balance sheet date

By its Order No. Cg. 01-10-046538/174, the Commercial Court of the Metropolitan Court of Budapest registered the fact of the Company's registration as a regulated real estate investment holding company (hereinafter referred to as "REIT") in the Commercial Register. The date of registration of the SZIE is 1 January 2024, i.e. the Company is entitled to and is subject to the rights and obligations of the SZIE as defined by law as of that date.

Management has not identified any significant impact or risk that would affect the valuation of assets or liabilities or have a material effect on operations. Furthermore, it has not identified any effects that would materially affect, or cause material uncertainty about, the Company's ability to continue as a going concern or its assessment of its ability to continue as a going concern at the date of the financial statements for the same period. Management has not identified any events or risks related to the Russian-Ukrainian war that would have a material effect on the valuation of assets or liabilities or the ability to continue as a going concern or the applicability of this principle. Management continuously monitors the potential impact of inflationary increases and as a result, leases are indexed annually to the rate of inflation determined.

There were no other material events after the reporting date.

47. Information on the preparation of the standalone financial statements

The standalone financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU for the financial year ending 31 December 2023 have been prepared on the basis of the general ledger and analytical accounting records, the records kept in accordance with the Hungarian Accounting Standards, the customer invoices and the contracts entered into by the Company, as recorded by the Company's accountant. The name and registration number of the accountant responsible for the preparation of these accounts is Éva Kecskeméthy (registration number: 192714).

The Company has engaged an IFRS registered accounting expert to ensure that the financial statements prepared in accordance with the Hungarian Accounting Act comply with IFRS standards. Ildikó Rózsa (registration number: 207258) is personally responsible for the preparation of the IFRS financial statements. The expert entrusted with the preparation of the IFRS financial statements was engaged solely to identify differences between Hungarian accounting standards and IFRS standards and to prepare standalone financial statements in accordance with the IFRS standards adopted by the EU.

48. Audit of standalone financial statements, auditor's fees

The company and the auditor responsible for the audit of the Company shall be elected by the General Meeting of the Company. The auditor appointed by the General Meeting of the Company to audit the 2023 management accounts:

- Ernst & Young Audit Limited Liability Company (auditor in charge: János Varga)

Remuneration of the auditor:

- The total audit fee for the individual annual financial statements of Appeninn Plc prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in accordance with IFRS and the consolidated IFRS financial statements of Appeninn Plc is HUF 38.930 thousand HUF.

Other assurance services, tax advisory services and non-audit services were provided to the Company by the auditors for an amount of EUR 5,500.

49. Authorisation of financial statements for issue

The Board of Directors of Appeninn Holding Asset Management Plc. approved the standalone financial statements of the Company for the year 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, at its meeting of 4 April 2024. The Board of Directors of the Company has approved the issuance of these standalone financial statements of the Company, but the Annual General Meeting of Shareholders, which is entitled to approve the financial statements, may request amendments prior to their adoption.

The director entitled to represent the Company:
Szathmáriné Szűcs Györgyi Magdolna (1172 Budapest, Tura utca 46.)

Budapest, 4 April 2024

Chairman of the Board of Directors

Statements

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

Disclaimer - The standalone financial statements give a true and fair view of the assets, liabilities, financial position, profit or loss, position, development and performance of Appeninn Holding Asset Management Plc, together with a description of the principal risks and uncertainties, to the best of our knowledge, based on the accounting principles used.

Budapest, 4 April 2023

Chairman of the Board of Directors