Consolidated Financial Statements of

AKKO INVEST

Public Limited Company

for the financial year ending on 31 December 2020, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

Members of the Governing Board

Zoltán Prutkay (Chairman of the Board)

Dr. László Csizma (until 1 February 2021)

Zoltán József Kalmár (until 3 March 2021)

Imre Attila Horváth (from 20 February 2020)

Gábor Varga (from 20 February 2020)

Péter Lajos Himber (until 3 September 2020)

Gábor Székely (from 3 September 2020)

István Matskási (from 1 February 2021)

Péter Márk Bosánszky (from 3 March 2021)

Members of Audit Committee

Dr. László Csizma (until 1 February 2021)

Zoltán József Kalmár (until 3 March 2021)

Péter Lajos Himber (until 3 September 2020)

Gábor Székely (from 3 September 2020)

István Matskási (from 1 February 2021)

Péter Márk Bosánszky (from 3 March 2021)

Group Contacts

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Auditor data:

Dr. László Péter Lakatos (007102)

UNIKONTO Számvitelkutatási Kft.

Chamber registration number: 001,724

Consolidated Financial Statements of AKKO Invest Plc. and its subsidiaries involved in the consolidation, prepared in accordance with the IFRS for the financial year ending on 31 December 2020

All data are stated in HUF thousands unless otherwise indicated.

Contents

The Consolidated Financial Statements comprise 63 pages.

All data are stated in HUF thousands unless otherwise indicated.

Abbreviations used in the financial statements:

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

Figures in brackets indicate negative values in the financial statements.

Consolidated Financial Statements of AKKO Invest Plc. and its subsidiaries involved in the consolidation, prepared in accordance with the IFRS for the financial year ending on 31 December 2020

All data are stated in HUF thousands unless otherwise indicated.

I. Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for 365 days ending on 31 December 2020

COMPREHENSIVE INCOME STATEMENT	**Notes**	**01/01/2020 – 31/12/2020**	**01/01/2019 – 31/12/2019***
Revenue	(1)	189 826	37 835
Direct expenditures	(2)	(208 605)	(77 084)
Gross profit or loss		**(18 779)**	**(39 249)**
Administrative and sales expenditures	(3)	(49 860)	(66 883)
Negative goodwill	(4)	-	228 761
Goodwill impairment	(5)	-	(382 158)
Other expenditures, net	(6)	(17 252)	(8 033)
Financial expenditures, net	(7)	80 288	(13 842)
Income from the sale of subsidiaries	(8)	59 972	-
Profit or loss before tax		**54 369**	**(281 403)**
Income tax expenditure	(9)	(3 915)	(411 554)
Profit after tax from continuing operations		**50 453**	**(692 957)**
Part attributable to the owners of the parent company from continuing operations		52 065	(690 367)
Part attributable to non-controlling interests from continuing operations		(1 612)	(2 590)
Exchange difference		(6 447)	(76)
Other comprehensive income (after income tax)		**(6 447)**	**(76)**

*Restatement! See IV.2 additional note

(Continued on next page)

All data are stated in HUF thousands unless otherwise indicated.

COMPREHENSIVE INCOME STATEMENT (continued)	Notes	01/01/2020 – 31/12/2020	01/01/2019 – 31/12/2019*
Total comprehensive income from continuing operations	**(A)**	**44 006**	**(693 033)**
Part attributable to the owners of the parent company from the total comprehensive income realised on continuing operations		45 618	(690 443)
Part attributable to non-controlling interests from the total comprehensive income realised on continuing operations		(1 612)	(2 590)
Profit or loss from discontinued operations	**(B)**	**3 045**	**(39 899)**
Part attributable to the owners of the parent company from discontinued operations		2 253	(32 222)
Part attributable to non-controlling interests from discontinued operations		792	(7 677)
Earnings per share from continuing operations in HUF	**(28)**	**1,56**	**(70,67)**
Earnings per share from discontinued operations in HUF		**0,09**	**(4,08)**
Diluted earnings per share from continuing operations in HUF	**(28)**	**1,56**	**(70,67)**
Earnings per share from discontinued operations in HUF		**0,09**	**(4,08)**

*Restatement! See IV.2 additional note

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

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

References in brackets refer to Sections V-VII of the Financial Statements

Budapest, 15 April 2021

All data are stated in HUF thousands unless otherwise indicated.

Consolidated Balance Sheet
for 31 December 2020

ASSETS	Explanatory notes	31/12/2020	31/12/2019*
Non-current assets		**4 803 393**	**5 955 067**
Investment properties	(10)	4 537 260	4 887 023
Plant, fixtures and equipment	(11)	398	-
Goodwill	(12)	265 735	1 068 044
Current assets		**1 793 098**	**838 749**
Trade accounts receivable	(13)	6 660	51 153
Receivables from other companies	(14)	1 664 108	-
Other receivables and prepayments and accrued income	(15)	51 072	706 715
Cash and cash equivalents	(16)	71 258	80 881
Total assets		**6 596 491**	**6 793 816**
EQUITY AND LIABILITIES			
Equity		**5 599 773**	**5 970 282**
Subscribed capital (the nominal value of the shares is HUF 25/piece)	(17)	833 880	833 880
Share premium	(18)	5 479 954	5 479 954
Retained earnings		(396 725)	(451 044)
Treasury shares	(19)	(70 300)	-
Proprietary transactions	(20)	(240 514)	82 017
Accumulated exchange difference	(21)	(6 522)	(76)
Equity attributable to owners of the parent company		**5 599 773**	**5 944 731**
Non-controlling interest	**(22)**	**(0)**	**25,551**
Long-term liabilities		**911 291**	**538 215**
Long-term bank loans	(23)	462 246	228 945
Deferred tax liabilities and subsequently payable tax	(24)	449 045	309 270
Short-term liabilities		**85 427**	**285 320**
Short term loans	(23)	54 311	45 052
Trade accounts payable	(25)	2 403	38 088
Other short-term liabilities and accruals	(26)	25 748	50 581
Income tax liabilities	(27)	2 965	151 599
Equity and liabilities		**6 596 491**	**6 793 816**

*Restatement! See IV.2 additional note

The Notes to Financial Statements form integral part of the Financial Statements.
References in brackets refer to Sections V-VII of the Financial Statements

Budapest, 15 April 2021

All data are stated in HUF thousands unless otherwise indicated.

Consolidated Cash Flow Statement
for 365 days ending on 31 December 2020

Designation	01/01/2020 – 31/12/2020	01/01/2019 – 31/12/2019
Profit/loss before tax + Profit/loss from discontinued operations	58 318	(313 767)
Net interest expenditure	1 976	2 001
Non-cash items		
Depreciation	103 890	76 082
Profit/loss impact of exchange loss	(3 799)	17 952
Profit/loss impact of expected credit loss	-	3 005
Goodwill impairment	-	382 158
Negative goodwill reduction	-	(228 761)
Interest income	(7 453)	-
Sale settled by share transfer	58 318	-
Profit or loss on investments properties sold	(8 784)	-
Profit or loss on subsidiary sold	(59 972)	-
	84 176	(61 330)
Changes in working capital		
Changes in receivables and other current assets	(587 328)	46 180
Changes in liabilities and accruals	301 675	(262 950)
Total changes in working capital	*(201 477)*	*(216 770)*
Interest paid	(1 519)	(2 001)
Income tax paid	(22 677)	(44 415)
Net cash flow from operating activities	**(225 673)**	**(324 516)**
Amounts paid for the acquisition of equity interests less liquid assets received	3 623	61 259
Acquisition of tangible assets	(151 964)	-
Financially settled interests	5 929	-
Amount received for subsidiary net of cash transferred	(47 060)	-
Net cash flow from investment activities	**(189 472)**	**61 259**
Borrowing	420 050	-
Loan repayment	(14 528)	(28 396)
Sale of treasury shares	-	309 069
Net cash flow from financing activities	**405 522**	**280 673**
Change in liquid assets	**(9 623)**	**17 415**
Cash and cash equivalents at the beginning of the year	80 881	63 465
Cash and cash equivalents at the end of the year	71 258	80 881
Change	(9 623)	17 416

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

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

Budapest, 15 April 2021

Consolidated Statement of Changes in Equity
for 365 days ending on 31 December 2020

Designation	Subscribed capital	Share premium	Retained earnings	Treasury shares	Proprietary transactions	Accumulated exchange difference	Equity attributable to owners of the parent company	Non-controlling interest	Total
31/12/2018	**833 880**	**1 855 464**	**271 544**	**(2 930 413)**	**-**	**-**	**30 475**	**-**	**30 475**
Comprehensive income published earlier	-		**(720 533)**	**-**	**-**	**(76)**	**(720 609)**	(10 267)	(730 877)
Comprehensive income for the year (restatement)			**(2 056)**				**(2 056)**	-	(2 056)
Acquisitions of subsidiaries		-	-	-	-	-	-	202 827	202 827
Treasury share transactions (sale)	-	3 624 490	-	2 930 413	-	-	**6 554 903**	-	6 554 903
Acquisition of non-controlling interest	-	-	-	-	82 017	-	**82 017**	(167 009)	(84 992)
31/12/2019	**833 880**	**5 479 954**	**(451 045)**	**-**	**82 017**	**(76)**	**5 944 732**	**25 550**	**5 970 282**
Comprehensive income for the year	-	-	54 318	-	-	(6 447)	**47 871**	(820)	47 051
Acquisitions of subsidiaries	-	-	-	-	-	-	-	(40)	(40)
Treasury share transactions (purchase)	-	-	-	(70 300)	-	-	**(70 300)**	-	(70 300)
Acquisition of non-controlling interest	-	-	-	-	(322 531)	-	**(322 531)**	(11 301)	(333 832)
Derecognition of non-controlling interest							-	(13 388)	(13 388)
31/12/2020	**833 880**	**5 479 954**	**(396 726)**	**(70 300)**	**(240 514)**	**(6 522)**	**5 599 772**	**0**	**5 599 773**

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

Budapest, 15 April 2021

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

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

Declaration on conformity with the IFRSs

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

Contents of the financial statements

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

The Group publishes the Consolidated Financial Statements on the website of the Budapest Stock Exchange (www.bse.hu), on the website of Hungarian Central Bank (www.kozzetetelek.mnb.hu) and on its own website (www.akkoinvest.hu).

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

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

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

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

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

2. Presentation of the Group and the Accounting policies related to consolidation

The basis of the consolidation

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

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

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

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

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

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

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

Non-controlling interest

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

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

In terms of consolidation, ALQ 69 Zrt. is a company controlled by the parent company, but owned only 74% of it until 1 July 2020. The 74% was sold in full.

When the equity interest acquired earlier in a subsidiary changes, but it still qualifies as a subsidiary even after the transaction, the Group treats the difference between the acquired net assets and the consideration paid as an increase or decrease in equity (goodwill or negative goodwill no longer results from this). There were two group members in 2020, to which this was relevant: 4 Stripe Zrt. and Aquaphor Zrt.

Rules for consolidation

Accounting treatment of business combinations

Business combination is the situation where the Group gains control over a new company, and the purpose of the acquisition was to acquire the business activity of the purchased entity and not only to acquire the assets of the purchased business entity. The control shall be regarded as acquired from the day when any situation required for qualification as a subsidiary was fulfilled. If it is not if the transaction is a business combination or not, the Group applies the concentration test in IFRS 3.B7A-C.

When the concentartion test is fulfilled the deal shall be accounted for as an asset deal. The date of the acquistion is the date when entity is meeting the requirements to be classified as a subsidiary.
The value of the goodwill/negative goodwill must be determined for the date of the business combination. This is the difference between the fair value transferred for the equity interest (consideration) and the fair value of the acquired net assets (proportionately). When determining the consideration the value of the previous equity interest must be taken into account.

The consideration shall include:

– the cash paid or due;

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

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

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

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

Determination of acquired net assets

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

Goodwill

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

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

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

Measurement period

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

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

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

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

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

Asset deal

If the acquisition is an asset deal, goodwill shall not be recognized, but the original difference shall be allocated to the value of the net assets if possible, considering deferred tax implications. Otherwise the methodology of acquisition accounting shall be used.

Presentation of the Group (headquarters of operation, legal form, ownership structure, governing law)

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

Akko Invest Plc. is a public limited company established under the laws of Hungary. Registered office of the Company: 1124 Budapest, Lejtő út 17. A.

The legal predecessor of the parent company was registered by the Company Court on 7 August 2006 under the name of Plotinus Vagyonkezelő Kft. The Kft. (limited liability company) changed its legal form and name to Plotinus Zrt (private limited company) on 3 July 2008. The Company was transformed into public limited company on 10 November 2010. On 15 February 2011 the ordinary shares of Plotinus were admitted to trading on the Budapest Stock Exchange. The Company listed too on the Suttgart Stock Exchange since 8 April 2011.

The Company's subscribed capital is HUF 833,880,000, which comprises of 33,355,200 pieces of ordinary shares on 31 December 2019. The nominal value of the shares is HUF 25/piece.

Ownership structure of the parent company on 31 December 2020:

Name	31/12/2020		31/12/2019	
	Nominal value of business share in HUF thousands	Equity stake %	Nominal value of business share in HUF thousands	Equity stake %
Free Float	515 367	61,81%	417 774	50,10%
AGY69 AB	0	0,00%	200 715	24,07%
E-MILORG Kereskedelmi Kft.	0	0,00%	121 580	14,58%
i-Cell Mobilsoft Zrt.	0	0,00%	51 200	6,14%
XP-Banktechnika Kft.	0	0,00%	42 611	5,11%
DAYTON-Invest Kft.	200 000	23,98%	0	0,00%
Chantili Invest Zrt.	118 513	14,21%	0	0,00%
	833 880	**100%**	**833 880**	**100%**

Number of voting rights attached to the shares on 31 December 2020:

Share series	Issued pieces	Number of voting shares	Voting right per share	Total voting right	Number of treasury shares
Ordinary shares	33 355 200	33 355 200	1	33 355 200	190 000
Total	**33 355 200**	**33 355 200**	**N/A**	**33 355 200**	**190 000**

Members of the Group and their core activity on 31 December 2020:

The Group comprises the Parent Company and subsidiaries.

Company	Address	Core activity
AKKO Invest Plc.	1124 Budapest, Lejtő út 17. A.	Asset management
VÁR-Logisztika Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
MOON Facility Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
A PLUS INVEST Zrt.	1124 Budapest, Lejtő út 17/A.	Residential property development
4 Stripe Zrt.	1124 Budapest, Lejtő út 17/A.	Property development (industrial property)
ALQ SAS	06160 Antibes, 18 Avenue Lois Gallet, France	Property development (hotel)
Aquaphor Zrt.	1124 Budapest, Lejtő utca 17/A	Property development (hotel)

Relevant data of the companies:

Company	Registered capital on 31 December 2020	Equity stake (%) on 31 December 2020	Effective date of the change	Registered capital on 31 December 2019	Equity stake (%) on 31 December 2019	Classification
AKKO Invest Plc.	833 880	-	-	833 880	-	parent
VÁR-Logisztika Zrt.	5 000	100%	-	5 000	100%	subsidiary

All data are stated in HUF thousands unless otherwise indicated.

MOON Facility Zrt.	5 000	100%	-	5 000	100%	subsidiary
A PLUS INVEST Zrt.	20 000	100%	2020.01.13	20 000	74%	subsidiary
4 Stripe Zrt.	20 000	100%	2020.01.10	20 000	74%	subsidiary
ALQ69 Zrt.	5 000	0%	2020.07.01	5 000	74%	subsidiary
ALQ SAS	4 796	100%	-	4 796	100%	subsidiary
Aquaphor Zrt.	5 000	100%	2020.01.09	-	0%	subsidiary

All companies disclose separate financial statements publicly.

Activity of the individual Group members:

MOON Facility Zrt.

MOON Facility Zrt. performs the development (lease) of an industrial property in Szolnok. The Company is a member of the Group since 22 March 2019. Address of the property: 5000 Szolnok, Kombájn utca – stated in the land register as three properties.

Vár-Logisztika Zrt.

Vár-Logisztika Zrt. performs the development (lease) of an industrial property in Nagykanizsa. The Company is a member of the Group since 15 February 2019. Address of the property: 8800 Nagykanizsa, Vár utca 12.

ALQ SAS

ALQ SAS is a company registered under the laws of France. The Company performs the development and improvement of an apartment building on the French Riviera, which will be leased or sold upon completion. Address of the property: 18 Avenue, Louis Gallet, Juan-Les-Pins, Antibes, France. The Company is a member of the Group since 03 April 2019.

4Stripe Zrt.

4Stripe Zrt. performs the development (lease) of a property in Budaörs. The property is an industrial property. Address of the property: 2040 Budaörs, Kinizsi 4-6. The Company is a member of the Group since 2 October 2019.

A Plus Invest Zrt.

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

ALQ 69 Zrt.

ALQ 69 Zrt. had performed the conversion of a property in district XII of Budapest into luxury property, which was sold at a profit in 2020. Company was a member of the Group between 18 December 2019 and 1 July 2020.

Aquaphor Zrt.

Aquaphor Zrt. performs the construction of 24-room hotel in Zamárdi. The property complex is registered under two separate addresses. Upon completion the hotel will be leased or sold. Address of the properties: 8621 Zamárdi, Rózsa u. 53, 8621 Zamárdi, Liliom utca 3. The Company is a member of the Group since 09/01/2020.

Presentation currency and accuracy of the financial statements

The functional currency of the parent company is Hungarian forint. The financial statements have been prepared in forint (presentation currency) and unless it is indicated otherwise the data are stated in HUF thousands.

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

Currency	2020		2019	
	Closing	Average	Closing	Average
Euro (EUR)	365,13	351,17	330,52	325,35

Information relevant for the comparability:

On 9 January 2020 the group acquired 74% of Aquaphor Zrt. During the half-year, the Parent Company purchased 26% of 4Stripe Zrt. (10 January), 26% of A Plus Investment Zrt. (13 January) and 26% of Aquaphor Zrt. (26 May). At the end of the half-year, the Group had non-controlling interest only through ALQ 69 Zrt. (26%). On 1 July 2020, the Parent Company's Governing Board decided to sell its 74% equity interest in ALQ 69 Zrt.

As a result of the acquisitions, the data of the reporting period include the acquisition data, while the comparative data include them only partially. As a result of this, the data of the previous period and of the reporting period are comparable only to a limited degree.

3. Essential elements of the accounting policy

Presentation of the financial statements

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

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

Essential decisions related to the presentation

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

The Group prepared its consolidated financial statements under IFRS for the last time for the 2019 financial year, with comparative data from 2018.

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

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

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

When for the purposes of presentation it is necessary to reclassify an item (e.g. due to a new row in the financial statements) the Group adjusts previous year’s data in such a way that ensures comparability.

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

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

- utilisation of industrial properties
- utilisation of residential properties

Foreign Currency

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

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

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

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

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

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

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

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

Accounting policies related to the income statement

Sales revenues

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

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

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

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

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

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

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

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

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

The Group measures and assesses its customer contracts individually. It applies the five-step model to contract with customers. In the present contracts the settlement date does not differ from the invoicing period. Sales revenue is recognised when it is effectively invoiced, adjusted to the periods in the case of rents, while in the case of property sale upon the fulfilment of the PO, which – as a main rule – is connected to the transfer of ownership right.

Operating expenditures

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

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

Other revenues and expenditures

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

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

Financial revenues and expenditures

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

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

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

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

Income tax expenditure

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

Other comprehensive income

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

Earnings per share

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

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

Investment properties

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

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

The cost of the property comprises the following items:

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

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

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

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

Plant, fixtures and equipment

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

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

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

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

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

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

Typical useful life of assets:

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

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

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

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

Intangible assets

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

Leases

Identification of lease

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

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

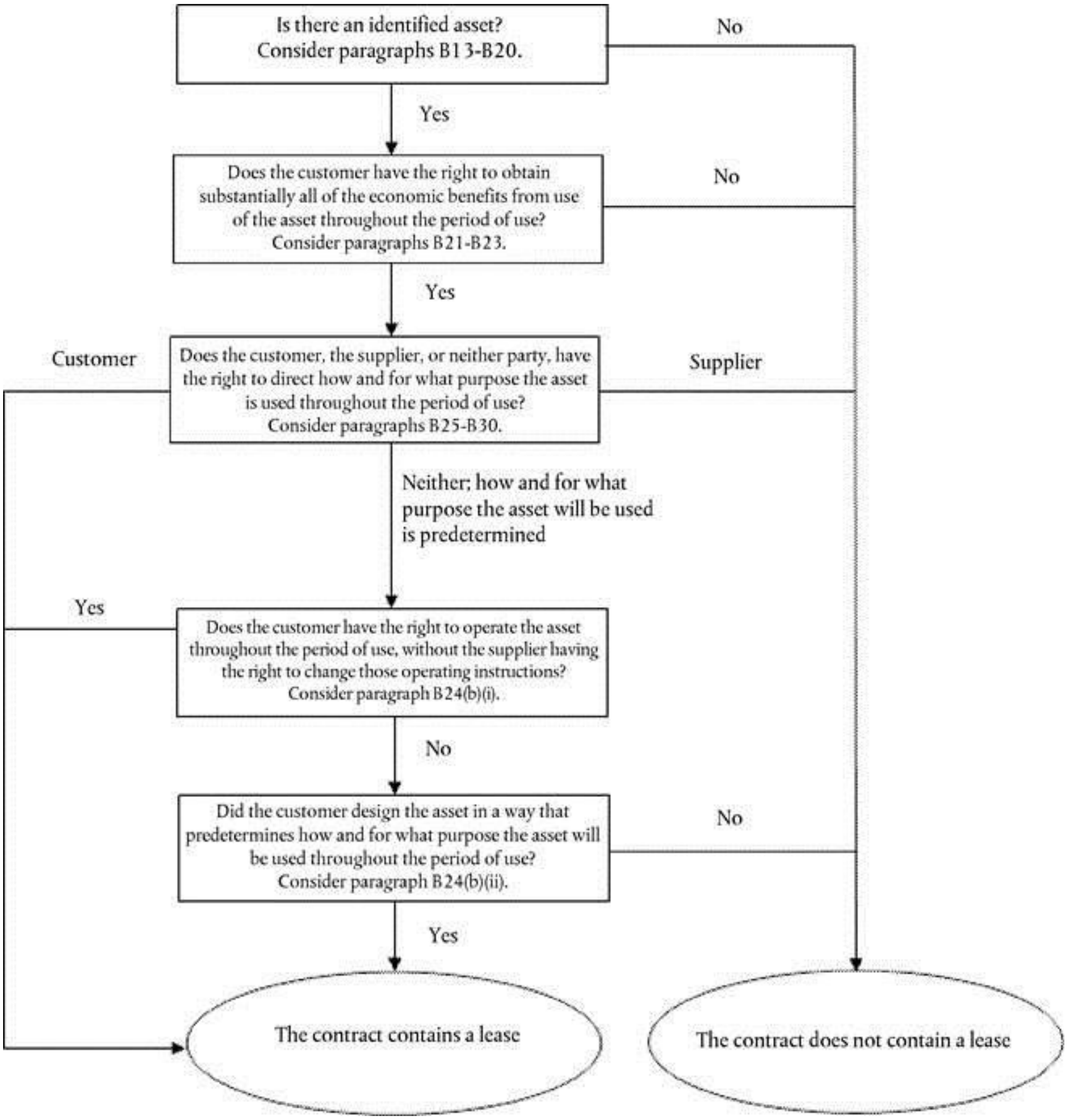

Chart 1. Classification of lease contract IFRS 16.B31

Recognition at the lessee

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

Recognition exceptions

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

Measurement of the right-of-use asset

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

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

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

Recognition at the lessor

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

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

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

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

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

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

Assets held for sale and discontinuing operations

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

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

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

Discontinued operations:

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

In 2020, the sale of its subsidiary – ALQ 69 Zrt. – was stated among discontinued operations.

Borrowing costs

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

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

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

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

Inventories

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

Financial assets and liabilities

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

Classification

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

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

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

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

In previous periods the entity used IAS 39. No amendment has been made with respect to the comparative data prescribed in the transitional regulation; those were managed in accordance with IAS 39. Accordingly, in the case of the comparative data (31 December 2017 and the year after) the previous classification and measurement have been applied (see the financial statements for the previous year).

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

The items belonging to the category of other liabilities are detailed in point 25 of Section VI of the financial statements.

Recognition

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

Derecognition

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

Measurement

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

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

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

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

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

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

Measurement at fair value

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

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

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

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

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

Measurement of amortised cost

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

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

Impairment of financial assets (expected impairment)

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

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

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

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

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

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

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

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

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

- market data
- change in the economic environment
- external rating data
- comparative data
- risk managers' findings
- providing the debtor with respite
- willingness to pay

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

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

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

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

Trade accounts receivable

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

Other receivables and prepayments and accrued income

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

Impairment of receivables

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

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

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

Cash and cash equivalents

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

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

Subscribed capital

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

Share premium

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

Retained earnings

Retained earnings contain the dividends accumulated but unpaid.

Dividends

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

Treasury shares

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

Trade accounts payable, other liabilities, accruals and deferred income

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

Income tax liability and asset, deferred tax liabilities and assets

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

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

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

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

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

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

General accounting policies related to cash flow

The Group builds its cash flow statement on the indirect method up to the operating cash flow. The investment and financing cash flows are prepared using the direct method. The Group presents interest paid in the operating cash flow, and dividends paid in the financing cash flow. The short term loans given and received shall be presented in the cash flows as part of the changes in the net current assets, unless it is not otherwise obvious.

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

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

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

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

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

- estimates related to the useful life, residual value and dismounting obligation of tangible assets,
- fair value estimates
- estimates related to the valuation of receivables

The revision of the accounting estimates may be necessitated by:

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

IV. Changes in the accounting policy, expected impact of the IFRS

1. Expected impact of the IFRS and IFRIC interpretations not yet in force on the date of the financial statements, previous applications

The Group has not changed the applied accounting policy between 2019 and 2020. An exception is the application of accounting policies related to the introduction of the new standards and to activities that did not exist earlier.

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

- Amendments to References to the Conceptual Framework in IFRS (will enter into force on 1 January 2020 and in the reporting periods commencing thereafter)

- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of materiality (will enter into force on 1 January 2020 and in the reporting periods commencing thereafter),

- Amendments to the IFRS 3 “Business Combinations” standard – Definition of business activity (effective for the business combination, where the date of the acquisition is on 1 January 2020 or in the later reporting periods, and for the assets purchased at the beginning of the given period or in the later period).

- IFRS 9 Financial Instruments standard - Hedge accounting (will enter into force on 1 January 2020 and in the reporting periods commencing thereafter)

- IFRS 7 Financial Instruments: Disclosures standard - Hedge Accounting – Uncertainty arising from interest rate benchmark reform (will enter into force on 1 January 2020 and in the reporting periods commencing thereafter)

- IAS 39 Financial Instruments: Recognition and Measurement standard – Hedge transactions (will enter into force on 1 January 2020 and in the reporting periods commencing thereafter)

- IFRS 16 Leases – Covid-19-Related Rent Concessions (enters into force on 1 June 2020 and in reporting periods commencing thereafter – earlier application is permitted)

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

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

- IFRS 4 Insurance contracts standard – amendments due to the Interest Rate Benchmark Reform and temporary exemption from certain requirements of the IFRS 9 and IAS 28 standards. (will enter into force on 1 January 2021 and in reporting periods commencing thereafter)

- IFRS 9 Financial Instruments standard requirements – Temporary exemptions from applying specific hedge accounting requirements, and amendments related to the interest rate benchmark reform (will enter into force on 1 January 2021 and in the reporting periods commencing thereafter)

- IFRS 7 Financial Instruments: Disclosures standard - Hedge Accounting – Additional disclosures related to interest rate benchmark reform (will enter into force on 1 January 2021 and in the reporting periods commencing thereafter)

- IAS 39 Financial instruments: recognition and measurement international accounting standard – Temporary exemptions from applying specific hedge accounting requirements (enters into force on 1 January 2021 and in the reporting periods commencing thereafter)

- Modifications resulting from the interest rate benchmark reform of the IFRS 16 Leases standard (will enter into force on 1 January 2021 and in the reporting periods commencing thereafter).

The Company does not apply these new standards and the amendments to existing standards before their effective dates. The Company believes that the approval of these standards and the amendment of existing standards will have no significant impact on the Company's financial statements in the period of initial application.

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

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

- IFRS 14 “Regulatory Deferral Accounts” (shall apply from 1 January 2016 and in the reporting periods commencing thereafter) - the European Commission decided not to apply the approval process for the current interim standard but to wait for the final standard.

- IFRS 17 “Insurance contracts” (will enter into force on 1 January 2021 and in the reporting periods commencing thereafter),

- Amendments to the IFRS 10 ”Consolidated financial statements” and IAS 28 “Investments in associates and joint ventures” – Selling or transferring assets between the investor and its associate or joint venture (the date of entry into force has been postponed for an uncertain period of time, until the research project arrives at a conclusion with regard to the equity method);

- Amendments to the IAS 1 “Presentation of financial statements” - Classification of Liabilities as Current or Non-Current (will enter into force on 1 January 2022 and in the reporting periods commencing thereafter).
- Amendments of the IAS 1 “Presentation of Financial Statements” and IFRS practice statements 2: Disclosure of accounting policies (will enter into force on 1 January 2023 and in the reporting periods commencing thereafter).

All data are stated in HUF thousands unless otherwise indicated.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimate (will enter into force on 1 January 2023 and in the reporting periods commencing thereafter).

2. Changed accounting approach for acquisition of entities with real estate. Restatement of 2019 figures

The entity regularly acquires entities which are holding an investment property which is at that time rented out (which means it is generating revenues) and there are no significant activities are acquired together with the asset, however there are some activities identifiable in the acquired entity.

The last amendment of IFRS 3 made the requirements of acquired entity to qualify as business and these types of transactions are recommended to be treated as asset deals and introduced an optional method (the concentration test). The Group – if the situation is not clear – shall apply this test (IFRS 3.B7A-C). Therefore, the Group shall identify these transactions as asset deals in its financial statements as asset deals. In order to maintain consistency, the Group investigated if there are any existing deals where this approach would lead to another conclusion. The accounting treatment of those transactions were modified by using the test and the figures were restated retrospectively. The restatement had a negligible effect on the net assets. The original difference was reallocated, so the book value of goodwill was allocated to an asset and the deferred tax value was recognized, if the taxation environment requires such deferred tax asset to be recognized.

The following adjustment was done retrospectively (only effecting the book values of 4 Stripe Zrt's acquisition):

- the difference shall not be recognized as goodwill, but the difference was allocated to the investment property and the deferred tax effect of this was also recognized;
- the depreciation was recalculated retrospectively.
- an impairment review was rerun.

The adjustment had the following effect:

Position	**Changes Year 2019**
Direct expenses (depreciation)	(2 259)
Taxation	203
Total effect on the income statement	(2 056)
	2019.12.31
Goodwill	(569 012)
Investment property	623 029
	54 017
Retained earnings	(2 056)
Deferred tax liabilities	56 073
	54 017

The income statement was also represented due to the discountinued operations.

All data are stated in HUF thousands unless otherwise indicated.

V. Supplementary notes to the Comprehensive Income Statement

A. Profit or loss from continuing operations

1. Revenue

Sales revenues comprises the following items:

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Revenue from property lease	111 579	35 567
Revenue from recharged costs	7 947	2 268
Revenue from property sales	70 300	-
Total	**189 826**	**37 835**

In 2020, the core activity of the Group was the lease of investment properties.

Of the investment properties, the Group sold the property located at 1022 Budapest, Ribáry utca 6, ground floor 4, on 21 December 2020. The Group recognised the profit on the sales simultaneously with the transfer.

2. Direct operating expenditures

Direct expenditures are expenditures that can be allocated beyond doubt to the revenue generating item when they are incurred. The content of direct expenditures is as follows:

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Overhead expenses	(7 797)	(1 321)
Carrying value of property sold	(61 516)	-
Maintenance fees	(1 264)	(2 006)
Material costs	(4 370)	(1 376)
Wage costs	(10 291)	(4 228)
Wage contributions	(1 889)	(861)
Depreciation	(94 001)	(59 397)
Mediated services	(6 886)	(3 375)
Operation costs	(18 315)	(3 980)
Property insurance	(879)	(167)
Security guards	(178)	(30)
Waste disposal	(1 172)	(343)
Representation	(47)	-
Total	**(208 605)**	**(77 084)**

All data are stated in HUF thousands unless otherwise indicated.

The vast majority of the reporting year's costs were incurred in connection with lease of properties.

3. Administrative and sales expenditures

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

Administrative fees:

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Consultancy	-	(3 077)
Fee for bookkeeping services	(11 942)	(5 305)
Fee for financial services	(1 442)	(9 105)
Lawyer and legal fees	(7 905)	(19 323)
Official fees and levies	(7 195)	(9 471)
Insurance fees	(912)	(249)
Rental fees	(7 706)	(16 094)
IT services	(1 087)	(253)
Education and continuing training costs	-	(165)
Travel and mission expenses	-	(2 542)
Transportation costs	(34)	-
Miscellaneous expenses	(840)	(220)
Total	**(39 063)**	**(65 803)**

The major lawyer and legal fees incurred last year are attributable to manage Parent company's past problems.

Rents include the rent for the property serving as headquarters for the Parent Company and the rent for one car. The rental agreements do not qualify as lease contracts, as the car is controlled by the person using it rather than by the Group. Compared to 2019 the Group rents fewer cars.

As a result of the restrictive measures implemented to contain the coronavirus pandemic, the Group's IT and communication fees increased. No travel and mission expenses were incurred in the financial year.

Costs of sales include the expenditures directly related to sales.

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Listing and maintenance fees, fees paid directly to securities brokers	(6 726)	-
Communication and marketing costs	(4 071)	(1 080)
Total	**(10 797)**	**(1 080)**

All data are stated in HUF thousands unless otherwise indicated.

4. Negative goodwill

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Negative goodwill on the acquisition of MOON Facility Zrt.	-	65 235
Negative goodwill on the acquisition of ALQ SAS	-	163 526
Total	**-**	**228 761**

No negative goodwill occurred in the financial year.

5. Goodwill impairment

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Goodwill on the acquisition of Vár-Logisztika Zrt.	-	(382 158)
Total	**-**	**(382 158)**

In 2020 no further goodwill impairment was recognised.

6. Other revenues and expenditures, net

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

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Fine, penalty and default interest	(88)	(15)
Building and land tax	(13 909)	(4 339)
French local tax	(2 449)	
Adjustment of liability related to security deposit	-	(3 250)
Corporate tax adjustments in previous year	(356)	
Miscellaneous sundry items	(448)	(429)
Total (with regard to sign)	**(17 252)**	**(8 033)**

After the approval of the 2019 financial statements, the rules applicable to the recognition of development reserves, specified in Act LXXXI of 1996 on Corporate Tax and Dividend Tax, have changed. The corporate income tax return for 2019 was already prepared based on the new rules. The change resulted in the books in the adjustment of the corporate income tax applicable to previous years.

Due to the properties acquired by the Group in 2020, the amount of the building and land tax increased in 2020 compared to 2019.

All data are stated in HUF thousands unless otherwise indicated.

7. Financial revenues and expenditures

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Other interest received	7 453	-
Other interest payable	(5 732)	(2 055)
Revaluation of foreign currency assets and liabilities	83 080	(8 782)
Expected Credit Loss (ECL)	(4 512)	(3 005)
Total (with regard to sign)	**80 288**	**(13 842)**

The foreign currency revaluation gain is the result of the year-end revaluation of the euro loan to the related company and of the outstanding euro investment loan.

8. Gain or loss on disposal of subsidiary

The derecognition of the subsidiary was attributable to the alienation of ALQ69 Zrt. The profit or loss impact is deduced as follows:

Designation	For the financial year ending on 31 December 2020
Selling price	890 000
Derecognised net asset	(41 107)
Derecognised goodwill	(802 309)
Derecognition of NCI	13 388
Total (with regard to sign)	**59 972**

9. Income tax expenditure

This expenditure position comprises the following tax items:

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Corporate income tax	(11 893)	(157 365)
Deferred tax expenditure/income	11 689	(252 992)
Local business tax	(3 712)	(1 198)
Total (with regard to sign)	**(3 915)**	**(411 554)**

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

The corporate income tax rate was 9% during the year. The local business tax rate was 2%.

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

All data are stated in HUF thousands unless otherwise indicated.

B. Profit or loss from discontinued operations

The Group present the profit or loss of the alienated subsidiaries within the discontinued operations.

Due to this change in the classification, the statement of comprehensive income was represented.

The Groups total comprehensive income from discontinued operations is as follows:

COMPREHENSIVE INCOME STATEMENT	01/01/2020 – 31/12/2020	01/01/2019 – 31/12/2019
Revenue	30 999	-
Direct expenditures	(11 817)	(23 322)
Gross profit or loss	**19 182**	**(23 322)**
Administrative and sales expenditures	(1 195)	(673)
Other expenditures, net	(868)	(1 512)
Financial expenditures, net	(13 170)	(9 116)
Profit or loss before tax	**3 949**	**(34 623)**
Income tax expenditure	(904)	(5 276)
After-tax profit or loss from discontinued operations	**3 045**	**(39 899)**
Other comprehensive income (after income tax)	**-**	**-**
Total comprehensive income from discontinued operations	**3 045**	**(39 899)**
Earnings per share from discontinued operations (in HUF)	**0,09**	**(4,08)**
Diluted earnings per share from discontinued operations (in HUF)	**0,09**	**(4,08)**

The profit or loss related to these activities are detailed below.

Sales revenue from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Revenue from property lease	30 999	-
Total	**30 999**	**-**

Direct operating expenditures from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Overhead expenses	(905)	(8)
Maintenance fees	(16)	(4 370)
Depreciation	(9 889)	(18 944)
Property insurance	(114)	-
Waste disposal	(94)	-
Parking space rent	(800)	-
Total	**(11 818)**	**(23 322)**

All data are stated in HUF thousands unless otherwise indicated.

Administrative expenditures from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Fee for bookkeeping services	(490)	-
Fee for financial services	(652)	(673)
Official fees and levies	(5)	-
Miscellaneous expenses	(19)	-
Total	**(1 167)**	**(673)**

Costs of sales from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Listing and maintenance fees, fees paid directly to securities brokers	-	-
Communication and marketing costs	(28)	-
Total	**(28)**	**-**

Other revenues and expenditures from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Fine, penalty and default interest	(1)	(31)
Building and land tax	(867)	(1,461)
Miscellaneous items	-	(20)
Total (with regard to sign)	**(868)**	**(1,512)**

Financial revenues and expenditures from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Other interest payable	(1 363)	54
Revaluation of foreign currency assets and liabilities	(11 806)	(9 170)
Total (with regard to sign)	**(13 170)**	**(9 116)**

Income tax expenses from discontinued operations

Designation	For the financial year ending on 31 December 2020	For the financial year ending on 31 December 2019
Corporate income tax	(301)	(3 439)
Local business tax	(603)	(1 837)
Total (with regard to sign)	**(904)**	**(5 276)**

All data are stated in HUF thousands unless otherwise indicated.

VI. Supplementary notes to the balance sheet

10. Investment properties

The data related to the properties of the Group on 31 December 2020 are as follows:

Gross value	**Industrial property**	**Residential property**	**Total**
Balance at 31 December 2019	**2 364 794**	**2 645 171**	**5 009 965**
Purchase	-	122 130	**122 130**
Extension	29 154	-	**29 153**
Disposals	-	(67 600)	**(67 600)**
Impact of exchange rate changes		88 809	**88 809**
Categorisation on acquisition	-	150 440	**150 440**
Impact of exchange rate changes on acquisition	-	110 019	**110 019**
Decrease due to sale of subsidiary	-	(674 071)	**(674 071)**
Correction of investment	-	(40 766)	**(40 766)**
Balance at 31 December 2020	**2 393 948**	**2 334 132**	**4 728 079**

Depreciation	**Industrial property**	**Residential property**	**Total**
Balance at 31 December 2019	**(98 397)**	**(24 544)**	**(122 942)**
Derecognition due to sales	**-**	6 084	**6 084**
Categorisation on acquisition	-	-	**-**
Depreciation recognised	(83 019)	(20 588)	**(103 607)**
Decrease due to sale of subsidiary	-	29 644	**29 644**
Balance at 31 December 2020	**(181 417)**	**(9 403)**	**(190 820)**

Net value	**Industrial property**	**Residential property**	**Total**
Balance at 31 December 2019	**2 266 397**	**2 620 627**	**4 887 023**
Balance at 31 December 2020	**2 212 531**	**2 324 729**	**4 537 260**

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

The Parent Company sold the property, owned by it, located at 1022 Budapest, Ribáry utca 6, ground floor 4, on 21 December 2020.

The Group has the following properties:

Owner of the property	Address of property	Classification of property	Plot size (m^2)	Superstructure size (m^2)	Status of utilisation
Akko Invest Plc.	1133 Budapest, Kárpát utca 50 ground floor	residential property	-	121	Let out
MOON Facility Zrt.	5000 Szolnok, Kombájn utca	industrial property	48 627	3 330	Let out
Vár-Logisztika Zrt.	8800 Nagykanizsa, Vár utca 12.	industrial property	8 223	2 064	Let out

(continued on next page)

All data are stated in HUF thousands unless otherwise indicated.

Owner of the property	Address of property	Classification of property	Plot size (m²)	Superstructure size (m²)	Status of utilisation
ALQ SAS	18 Avenue, Louis Gallet, Juan-Les-Pins, Antibes, France	residential property	-	1 185	under reconstruction
4Stripe Zrt.	2040 Budaörs, Kinizsi 4-6	industrial property	3 932	3 904	Let out
A PLUS Invest Zrt.	1121 Budapest, Eötvös út 31	residential property	2 269	438	under reconstruction
Aquaphor Zrt.	8621 Zamárdi, Rózsa utca 53	residential property	918	0	under reconstruction
Aquaphor Zrt.	8621 Zamárdi, Liliom utca 3	residential property	1 626	876	under reconstruction

The net value of the properties on 31 December 2020 is shown in the table below:

Property	Initial cost	Accumulated depreciation	Net value
Office in Kárpát utca	98 800	(3 628)	95 172
Industrial property in Szolnok	587 400	(38 296)	549 104
Industrial property in Nagykanizsa	418 872	(81 858)	337 013
Cyrano Hotel, France	1 786 634	-	1 786 634
Industrial property in Budaörs	1 389 934	(63 521)	1 326 413
Residential property in Eötvös utca in Budapest	188 240	(5 776)	182 463
Zamárdi, holiday home	260 459	-	260 459
Total	**4 730 338**	**(193 079)**	**4 537 260**

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

Property	Initial cost	Accumulated depreciation	Net value
Flat in Ribáry utca	67 600	(2 787)	64 813
Industrial property in Szolnok	587 400	(16 966)	570 434
Industrial property in Nagykanizsa	418 872	(62 153)	356 719
Cyrano Hotel, France	1 738 591	-	1 738 591
Industrial property in Budaörs	1 360 781	(21 538)	1 339 243
Residential property in Eötvös utca in Budapest	188 240	(2 001)	186 239
Budapest, residential property in Mártonhegyi út	650 740	(19 756)	630 984
Total	**5 012 224**	**(125 201)**	**4 887 023**

Fair values of the properties on 31 December 2020 were as follows:

	Fair Value 2020. 12. 31.
Office in Kárpát utca	101 800
Industrial property in Szolnok	593 000
Industrial property in Nagykanizsa	394 000
Cyrano Hotel, France	1 800 000
Industrial property in Budaörs	1 553 000
Residential property in Eötvös utca in Budapest	654 800
Zamárdi, holiday home	330 000

All data are stated in HUF thousands unless otherwise indicated.

At the end of the comparative period the book value and the fair value of the investment properties did not differ significantly, considering the date of the transactions being close to the end of the reporting period.

The fair value of the assets – with one exception – was determined by an expert valuer, with methods usual on that field. The experts held appropriate qualifications. In case of the Zamárdi estate the valuation was not based on a hypothetical transaction but a foracast transaction was available, since the Group held an indicative purchase offer.

The assets are mostly utilized through operating lease. The leases have undefined term with short termination period.

11. Plant, fixtures and equipment

The data of plant, fixtures and equipment for 31 December 2020 are as follows:

Gross value	Plant, fixtures and equipment
Balance at 31 December 2019	**636**
Purchase	682
Balance at 31 December 2020	**1 318**

Depreciation	Plant, fixtures and equipment
Balance at 31 December 2019	**(636)**
Depreciation recognised	(283)
Balance at 31 December 2020	**(919)**

Net value	Plant, fixtures and equipment
Balance at 31 December 2019	**0**
Balance at 31 December 2020	**398**

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

12. Goodwill, negative goodwill

Designation	31 December 2020	31 December 2019
Opening	1 068 044	-
Goodwill on acquisition	-	1 450 202
Goodwill impairment	-	(382 158)
Derecognition of goodwill due to the sale of the subsidiary	(802 309)	-
Total	**265 735**	**1 068 044**

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

Company	A PLUS INVEST Zrt.
Purchase price settled in cash	279 000
Purchase price in shares	-
Net assets on acquisition	13 264
Goodwill on initial recognition	265 735

All data are stated in HUF thousands unless otherwise indicated.

Impairment (in 2019)	-
Derecognition	**265 735**
Goodwill at year-end	279 000

The Group performed goodwill impairment test in relation to the respective subsidiaries and found that there is no impaired goodwill.

13. Trade accounts receivable

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

Designation	31 December 2020	31 December 2019
Trade accounts receivable	6 660	51 142
Expected Credit Loss (ECL)	0	11
Total	**6 660**	**51 153**

14. Receivables from other companies

Designation	31 December 2020	31 December 2019
AGY69 AG	1 671 630	-
Expected Credit Loss (ECL)	(7 522)	-
Total	**1 664 108**	**-**

The receivable was repaid by the debtor by the date of the financial statements' publication.

15. Other receivables and prepayments and accrued income

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

Designation	31 December 2020	31 December 2019
Other non-income tax receivables	47 253	37 300
Advances granted	727	
Accrual of sales revenue, other interest income, other revenue	514	565
Prepaid costs, other interest paid, other expenditures	256	852
Receivables from the consideration for treasury shares sold	-	670 955
Overpaid suppliers	2 321	-
Miscellaneous items	-	63
Expected Credit Loss (ECL)	-	(3 019)
Total	**51 072**	**706 715**

In 2020 the Group classified VAT receivables and property tax as other non-income tax receivables.

All data are stated in HUF thousands unless otherwise indicated.

The Group states the costs and expenditures charged to profit or loss, incurred in 2020 but partially belonging to the year after the balance sheet date in the prepaid costs, other interest paid, other expenditures row.

16. Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Designation	31 December 2020	31 December 2019
Bank Accounts	70 378	75 650
Cash on hand	711	5 033
Cash accounts at brokers	165	193
Expected Credit Loss (ECL)	3	3
Total	**71 258**	**80 881**

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

17. Subscribed capital

The subscribed capital contains the face value of outstanding shares.

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

On 31 December 2020 the subscribed capital was HUF 833,880,000.

The table below shows the nominal value of the parent company's outstanding shares:

Designation	31 December 2020	31 December 2019
Nominal value of shares outstanding on 1 January	833 880	833 880
Change during the year	-	-
Total	**833 880**	**833 880**

The table below shows the quantity of the parent company's outstanding shares:

Designation	31 December 2020 (pcs) Nominal value: HUF 25/piece	31 December 2019 (pcs) Nominal value: HUF 25/piece
Ordinary shares issued	33 355 200	33 355 200
Total	**33 355 200**	**33 355 200**

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

Treasury shares are included in this position:

All data are stated in HUF thousands unless otherwise indicated.

Designation	31 December 2020	31 December 2019
Total nominal value of shares	833 880	833 880
Of which treasury shares (at nominal value)	4 750	-
Nominal value of outstanding ordinary shares	**829 130**	**833 880**

18. Share premium

Designation	31 December 2020	31 December 2019
Opening balance	5 479 954	1 855 464
Trading gain realised on the sale of treasury shares	-	3 624 490
Total	**5 479 954**	**5 479 954**

Share premium comprises the surplus value paid for the parent company's share and the trading gain on the sale of treasury shares.

19. Treasury shares

The quantity and value of treasury shares are as follows.

Designation	31 December 2020 (pcs)	31 December 2019 (pcs)
Opening balance	-	489 379
Number of treasury shares sold through the stock exchange	-	(489 379)
Treasury shares accepted as consideration for tangible assets	190 000	-
Changes in shares (pcs)	**190 000**	**-**
Of which: held by subsidiaries	-	-

Designation	31 December 2020	31 December 2019
Opening balance	-	(2 930 413)
Treasury shares sold through the stock exchange	-	2 930 413
Treasury shares accepted as consideration for tangible assets	(70 300)	-
Changes in treasury shares at carrying amount (with regard to sign)	**(70 300)**	**-**
Of which: held by subsidiaries	-	-

The signs shown in the table are from equity perspective.

20. Proprietary transactions

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

All data are stated in HUF thousands unless otherwise indicated.

Designation	31 December 2020	31 December 2019
Opening balance	82 017	0
Surplus realised on the acquisition of minority interest in Vár-Logisztika Zrt - 18/04/2019	-	68 826
Surplus realised on the acquisition of minority interest in MOON Zrt - 15/05/2019	-	13 191
Difference realised on the acquisition of minority interest in 4 strip Zrt .- 01/01/2020	(242 789)	-
Difference realised on the acquisition of minority interest in Plus Invest Zrt - 13/01/2020	(45 868)	-
Difference realised on the acquisition of minority interest in Aquaphor Zrt. - 26/05/2020	(33 874)	-
Total	**(240 514)**	**82 017**

The realised surplus was achieved as follows:

Designation	4 Stripe Zrt. acquisition of 26% 10/01/2020	A PLUS Invest Zrt. acquisition of 26% 13/01/2020	Aquaphor Zrt. acquisition of 26% 26/05/2020
Net assets on acquisition	8 885	4 128	(99)
Consideration	250 000	50 000	33833
Difference	**(241 115)**	**(45 872)**	**(33 932)**
Profit or loss attributable to non-controlling interest until acquisition	(1 674)	4	58
Total transactions with owners	**(242 789)**	**(45 868)**	**(33 874)**

21. Accumulated exchange difference

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

Designation	31/12/2020
Assets at closing exchange rate	917 309
Liabilities at closing exchange rate	950 583
Equity at historic exchange rate	(26 752)
Difference	**(6 522)**

22. Non-controlling interest

Changes in non-controlling interest are presented in the table of equity movements. By 31 December 2020 the Group was left without non-controlling interest.

All data are stated in HUF thousands unless otherwise indicated.

Designation	31 December 2020	31 December 2019
Opening non-controlling interest	25 551	-
Non-controlling interest resulted from the acquisition of Vár-Logisztika - 15/02/2019	-	73 818
Adjustment due to the acquisition of minority interest - 18/04/2019	-	(73 818)
Non-controlling interest resulted from the acquisition of MOON Facility Zrt. – 22/03/2019	-	93 191
Adjustment due to the acquisition of minority interest - 15/05/2019	-	(93 191)
Non-controlling interest resulted from the acquisition of 4 strip Zrt. – 02/10/2019	-	10 888
Non-controlling interest resulted from the acquisition of A PLUS Facility Zrt. – 18/12/2019	-	4 661
Non-controlling interest resulted from the acquisition of ALQ 69 Zrt. – 18/12/2019	-	20 270
Non-controlling interest resulted from the acquisition of Aquaphor Zrt. – 09/01/2020	(41)	
Adjustment due to the acquisition of minority interest in 4 strip Zrt .- 01/01/2020	(7 211)	-
Adjustment due to the acquisition of minority interest in Plus Invest Zrt.- 13/01/2020	(4 132)	-
Adjustment due to the acquisition of minority interest in Aquaphor Zrt. - 26/05/2020	41	-
Profit or loss attributable to current year’s non-controlling interest	(820)	(10 267)
Derecognition of NCI due to the sale of subsidiary (01/07/2020)	(13 388)	-
Total NCI	**-**	**25 551**

23. Liabilities from bank loans (long- and short-term)

The Group has the following liabilities from loans:

Debtor	Expiry date	Interest rate	31 December 2020	Due within 1 year	Due within 5 year	Due over 5 years
VÁR-Logisztika	15/06/2023	2,5%	56 159	12 000	44 159	-
4 Stripe Zrt.	30/11/2030	1,9%	456 412	42 311	130 483	283 618
Total			**512 571**	**54 311**	**174 642**	**283 618**

Vár-Logisztika Zrt. concluded an investment loan contract on 3 July 2018 with Orgovány és Vidéke Takarékszövetekezet “in liq.”.

4 Stripe Zrt. concluded an investment loan contract with Oberbank AG in 2020. The bank disbursed the loan in euro on 5 March 2020.

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

In its Decree No. 47/2020 (18/03/2020) on Immediate measures to mitigate the effects of the coronavirus pandemic on the national economy, the Government of Hungary announced a moratorium on principal, interest and fee payments arising from credit and loan contracts. Since the effective date of the Decree the loan repayments of the Group are suspended. The Government extended the moratorium on payments until 30 June 2021.

All data are stated in HUF thousands unless otherwise indicated.

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

	Long term loans	Short term loans
Opening balance	228 945	45 052
Removed from the Group due to the sale of the subsidiary	(196 114)	(26 743)
Borrowing during the year	420 050	-
Principal instalment	-	(11 263)
Interest payment in 2020	(423)	-
Reclassification due to maturity	(45 311)	45 311
Amendment of liability	3 986	-
Year-end revaluation	50 690	1 954
Closing	**462 246**	**54 311**

24. Deferred tax assets and liabilities and subsequently payable taxes

During the reporting period the following deferred tax balances occurred:

Designation	31 December 2020	31 December 2019
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Deferred tax liability (consolidated net position)	449 045	309 270

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

Reconciliation of deferred tax:

31 December 2020	Carrying amounts	Tax value	Difference
Investment properties	4 537 260	2 604 273	1 932 987
Plant, fixtures and equipment	398	398	-
Goodwill	265 735	265 735	-
Trade accounts receivable	6 660	6 660	-
Receivables from other companies	1 664 108	1 668 611	(4 503)
Other receivables and prepayments and accrued income	51 072	51 072	-
Cash and cash equivalents	71 258	71 258	-
Long-term bank loans	458 260	458 260	-
Short term loans	54 311	54 311	-
Trade accounts payable	2 403	2 403	-
Other short-term liabilities and accruals	25 748	25 748	-
Income tax liabilities	2 965	2 965	-
Development reserve	-	(3 060 908)	3 060 908
	7 140 178	**5 211 694**	**4 989 392**
Total deductible difference			**-**
Total taxable difference			**4 989 392**

All data are stated in HUF thousands unless otherwise indicated.

Total deferred tax assets	
Total deferred tax liabilities	**449 045**

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

25. Trade accounts payable

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

Designation	31 December 2020	31 December 2019
Trade accounts payable	2 403	38 088
Total	**2 403**	**38 088**

Within the Group there is no supplier with outstandingly high balance, and no major concentration can be identified within the balance.

26. Other short-term liabilities and accruals

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

Designation	31 December 2020	31 December 2019
Tax balances	2 223	3 017
Wage-related items	-	270
Penalty, self-revision and default penalty	12	-
Accrued expenses and expenditures charged to the period before the balance sheet date	2 495	2 126
Security deposit received	17 218	17 015
NTCA duty	3 800	27 482
Miscellaneous items	-	671
Total	**25 748**	**50 581**

The anticipated duty on the property purchased by the Parent Company in Kárpát utca has been recognised in the amount of HUF 3,800,000. The final amount will be assessed by the tax authority based on its own appraisal.

During the reporting year the following Group members received security deposit:

Designation	31/12/2020
4Stripe Zrt.	15 286
VÁR-Logisztika	1 826
ALQ SAS	106
Total	**17 218**

27. Income tax liability

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

Designation	31 December 2020	31 December 2019
Liability from corporate income tax	3 477	131 356
Liability from local business tax	(512)	20 243
Total	**2 965**	**151 599**

28. Earnings per share (EPS)

Ownership ratios on 31 December 2020 by share types:

Designation	Number of shares	Parent company's profit or loss attributable to shareholders
Ordinary share	33 355 200	56 055 456
Total	**33 355 200**	**56 055 456**

Due to the sale of ALQ 69 Zrt, the Group divided the 2020 data into continued and discontinued operations.

Designation	31 December 2020	31 December 2019
Annual profit or loss from continued operations attributable to the Group's shareholders	50 453	(692 957)
Annual profit or loss attributable to ordinary shares	52 069	(690 367)
Weighted arithmetic mean of outstanding ordinary shares	33 349 995	9 769 057
Earnings per share from the continuing operations (in HUF)	**1,56**	**(70,67)**
Parent company's profit or loss attributable to holders of ordinary shares upon dilution	52 069	(690 367)
Weighted arithmetic mean of diluted ordinary shares	33 349 995	9 769 057
Diluted earnings per share from continuing operations (in HUF)	**1,56**	**(70,67)**

Designation	31 December 2020	31 December 2019
Annual profit or loss from discontinued operations attributable to the Group's shareholders (HUF thousands)	3 045	(39 899)
Annual profit or loss attributable to holders of ordinary shares	3 045	(39 899)
Weighted average number of outstanding ordinary shares	33 349 995	9 769 057
Earnings per share from discontinued operations (in HUF)	**0,09**	**(4,08)**
Parent company's profit or loss attributable to holders of ordinary shares upon dilution	3 045	(39 899)

All data are stated in HUF thousands unless otherwise indicated.

Weighted arithmetic mean of diluted ordinary shares	33 349 995	9 769 057
Diluted earnings per share from discontinued operations (in HUF)	**0,09**	**(4,08)**

29. Fair value hierarchy of financial assets and liabilities

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

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

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

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

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

The Group possesses the following financial assets and liabilities:

Financial assets and balances		
Designation	**31/12/2020**	**31/12/2019**
Trade accounts receivable	6 660	51 153
Receivables from other companies	1 664 108	-
Other receivables and prepayments and accrued income	51 072	667 998
Cash and cash equivalents	71 258	80 881
Total	**1 793 098**	**800 032**

Financial liabilities and balances		
Designation	**31/12/2020**	**31/12/2019**
Bank loans	516 557	273 997
Trade accounts payable	2 403	38 088
Other short-term liabilities*	17 218	17 015
Total	**532 192**	**329 100**

* Only items qualifying as financial instruments.

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

All data are stated in HUF thousands unless otherwise indicated.

Designation	31 December 2020			31 December 2019		
	Measurement level 1	Measurement level 2	Measurement level 3	Measurement level 1	Measurement level 2	Measurement level 3
Financial assets						
Trade accounts receivable	-	-	6 660	-	-	51 153
Receivables, prepayments and accrued income	-	-	1 715 180	-	-	667 998
Cash and cash equivalents	71 258	-	-	80 881	-	-
Total (assets)	**71 258**	**-**	**1 721 840**	**80 881**	**-**	**719 152**
Financial liabilities						
Bank loans	-	-	516 557	-	-	273 997
Trade accounts payable	-	-	2 403	-	-	38 088
Other short-term liabilities	-	-	17 218	-	-	17 015
Total (liabilities)	**-**	**-**	**536 178**	**-**	**-**	**329 100**

All data are stated in HUF thousands unless otherwise indicated.

VII. Other disclosures

30. Operating segments

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

The Group identified two operating segments:

- Industrial property segment
- Residential property segment

Consolidated income statement by segments on 31 December 2020:

Designation	Industrial property segment	Residential property segment	Not allocated to segment	Total
Revenue from property lease	107 579	4 000	-	**111 579**
Revenue from recharged costs	6 886	1 061	-	**7 947**
Revenue from property sales	-	70 300	-	**70 300**
Sales revenue of the segment	**114 465**	**75 361**	**-**	**189 826**
Direct expenditures	(116 840)	(91 765)	-	**(208 605)**
Administrative and sales expenditures	(5 183)	(12 243)	(32 434)	**(49 861)**
Other expenditures, net	(9 048)	(8 046)	(158)	**(17 252)**
Financial expenditures, net	(47 925)	(576)	128 789	**80 288**
Income from the sale of subsidiaries	-	-	59 972	**59 972**
Segment's profit or loss before tax	**(64 532)**	**(37 269)**	**156 169**	**54 369**

Consolidated sales revenue and profit or loss by segments on 31 December 2020:

Designation	Industrial property segment	Residential property segment	Not allocated to segment
Sales revenue from external parties	114 465	75 361	-
Intragroup sales revenue	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**114 465**	**75 361**	**-**
Profit or loss of the segment (before tax)	**(60 532)**	**(37 269)**	**156 169**

Reconciliation of sales revenues	**31 December 2020**
Total sales revenues allocated to segment	189 826
Elimination of intragroup sales revenues	-
Revenues not allocated to segment	-
Reconciliation of profit or loss	
Profit or loss allocated to segment	(101 801)
Profit or loss not allocated to segment	156 169
	54 369

All data are stated in HUF thousands unless otherwise indicated.

Comparative data of the Group for 31 December 2019:

Designation	Industrial property segment	Residential property segment	Not allocated to segment	Total
Revenue from property lease	35 464	103	-	**35 566**
Revenue from recharged costs	2 268	-	-	**2 267**
Sales revenue of the segment	**37 733**	**103**	**-**	**37 835**
Direct expenditures	(67 057)	(10 026)	-	**(77 084)**
Administrative and sales expenditures	(340)	(13 148)	(53 396)	**(66 883)**
Negative goodwill	-	-	228 761	**228 761**
Goodwill impairment	-	-	(382 158)	**(382 158)**
Other expenditures, net	(7 575)	(239)	(219)	**(8 033)**
Financial expenditures, net	(3 950)	(833)	(9 058)	**(13 842)**
Segment's profit or loss before tax	**(41 190)**	**(24 144)**	**(216 070)**	**(281 403)**

Consolidated sales revenue and profit or loss by segments

Designation	Industrial property segment	Residential property segment	Not allocated to segment
Sales revenue from external parties	37 733	103	-
Intragroup sales revenue	-	-	-
Sales revenue of the segment (including inter-segment revenues)	**37 733**	**103**	**-**
Profit or loss of the segment (before tax)	**(41 190)**	**(24 144)**	**(216 070)**

Reconciliation of sales revenues	**31 December 2019**
Total sales revenues allocated to segment	37 836
Elimination of intragroup sales revenues	-
Revenues not allocated to segment	-
Reconciliation of profit or loss	
Profit or loss allocated to segment	(65 334)
Profit or loss not allocated to segment	(216 070)
	(281 403)

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

31. Transactions with related parties

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

All data are stated in HUF thousands unless otherwise indicated.

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

Designation	Governing Board	Audit Committee	Total
Wages	1 902	-	1 902
Benefits	7 904	-	7 904
Total	**9 806**	**-**	**9 806**

Car rent and fees were recognised within benefits.

32. Dividends paid

The parent company's Governing Board does not propose to pay dividends. None of the subsidiaries paid dividends in 2020.

33. Description of risks and sensitivity analysis

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

Market risk

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

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

The Group identified interest rate risk as its current risk.

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

	Reporting year's data	Interest rate change of 1 percentage point	Interest rate change of 5 percentage points	Interest rate change of 10 percentage points
Profit or loss before tax	54 369	49 203	28 541	2 713
Interest expenditure	83 080	88 245	108 908	134 735
Amount of interest-bearing liabilities	516 557	516 557	516 557	516 557
Bank loans	516 557	516 557	516 557	516 557
Average interest rate	16,08%	17,08%	21,08%	26,08%
Interest rate change		6,22%	31,09%	62,18%
Change in profit or loss		**-9,50%**	**-47,50%**	**-95,01%**

Based on the analysis the following conclusions may be drawn:

All data are stated in HUF thousands unless otherwise indicated.

- A 1% change in the average interest rate would result in a change of -9,5% in net profit or loss,
- A 5% change in the average interest rate would result in a change of -47,50% in net profit or loss,
- A 10% change in the average interest rate would result in a change of -95,01% in net profit or loss.

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

	Reporting year's data	Interest rate change of 1 percentage point	Interest rate change of 5 percentage points	Interest rate change of 10 percentage points
Profit or loss before tax	54 369	71 010	154 215	320 626
Interest income	7 453	24 094	107 299	273 710
Current year value of interest-bearing assets	1 664 108	1 664 108	1 664 108	1 664 108
Receivables from other companies	1 664 108	1 664 108	1 664 108	1 664 108
Average interest rate	0,448%	1,448%	6,448%	16,448%
Interest rate change		223,3%	1339,7%	3572,5%
Change in profit or loss		30,61%	183,65%	489,72%
Elasticity		**13,71%**	**13,71%**	**13,71%**

Based on the analysis the following conclusions may be drawn:

- A 1% change in the average interest rate would result in a change of 30,61 % in net profit or loss,
- A 5% change in the average interest rate would result in a change of 183,65 % in net profit or loss,
- A 10% change in the average interest rate would result in a change of 489,72 % in net profit or loss.

Credit risk

Credit risk is the risk that a debtor defaults on its contractual obligations, which may cause a financial loss to the Group. From the Group's perspective the credit risk is the risk of default on the payment of the loan granted to AGY69 AG (the rest of the risks are marginal from the Group's perspective). The loan granted to AGY69 AG was repaid by the borrower before the publication of the financial statements has been authorised, and thus the credit risk has ceased in this respect. Other financial items – in view of their magnitude – carry no tangible credit risk.

In the comparative period, the receivables from treasury shares sold also generated credit risk, but those have been also settled.

Liquidity risk

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

The liquidity analysis shows the following maturity dates:

All data are stated in HUF thousands unless otherwise indicated.

31 December 2020	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Cash and cash equivalents	71 258		-	-	71 258
Receivables from other companies		1 664 108			1 664 108
Other receivables and prepayments and accrued income	-	51 072		-	51 072
Trade accounts receivable	-	6 660		-	6 660
Income tax receivable	-	-	-	-	-
Goodwill	-	-	-	265 735	265 735
Investment properties	-	-	-	4 537 260	4 537 260
Plant, fixtures and equipment				398	398
Financial receivables	**71 258**	**1 721 840**	**-**	**4 802 995**	**6 596 491**

31 December 2020	Expired	Due within 1 year	Due within 1-5 years	Due over 5 years or in certain situations	Total
Tax and other short-term liabilities	-	28 713	-	-	28 713
Trade accounts payable	-	2 403	-	-	2 403
Deferred tax	-	449 045	-	-	449 045
Bank loans	-	516 557	-	-	516 557
Equity	-	-	-	5 599 773	5 599 773
Financial liabilities	**-**	**996 718**	**-**	**5 599 773**	**6 596 491**
Cumulative position	**71 258**	**725 122**	**725 122**	**(796 777)**	**0**

The comparative data are shown in the table below:

31 December 2019	Immediately liquid	Due within 1 year	Due within 1-5 years	Liquid over 5 years or in certain situations	Total
Cash and cash equivalents	80 881	-		-	80 881
Other receivables and prepayments and accrued income		706 715		-	706 715
Trade accounts receivable		51 153		-	51 153
Goodwill	-	-	-	1 068 044	1 068 044
Investment properties	-	-	-	4 887 023	4 887 023
Financial receivables	**80 881**	**757 868**	**-**	**5 955 067**	**6 793 816**

31 December 2019	Expired	Due within 1 year	Due within 1-5 years	Due over 5 years or in certain situations	Total
Tax and other short-term liabilities	-	202 180	-	-	202 180
Trade accounts payable	175	37 913	-	-	38 088
Deferred tax	-	309 270	-	-	309 270
Bank loans	-	45 052	228 945	-	273 997
Equity	-	-	-	5 970 282	5 970 282
Financial liabilities	**175**	**538 342**	**228 945**	**5 970 282**	**6 793 816**
Cumulative position	**80 706**	**163 454**	**(228 945)**	**(15 215)**	**0**

The broad liquidity analysis of the Group shows no imbalance.

34. Disclosure related to the COVID-19 pandemic

The coronavirus pandemic has fundamentally changed the social and economic environment in early 2020. The Group also analyses on a continuous basis to what extent the changed circumstances alter and influence the Group's operation.

In order to prevent the spread of the coronavirus pandemic numerous restrictive measures have been implemented in Hungary as well during the financial year, which also impacted the property rental market. The Group had several industrial and residential properties, part of which were utilised through letting. Its revenues from rents have not decreased significantly as a result of the economic measures, and there was no other perceivable impact in this area.

The company places special emphasis on the assessment of the impact of labour supply, supplier chain and market solvency. For the time being no circumstance of material or significant financial impact has been identified.

In connection the continuous operation it can be established that the potential illness of the staff may have negative impact on the Company's work processes; however, those are essentially not at risk.

35. Disclosures due to interests in other entities

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

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

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

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

36. Material events after the reporting period; dividend proposed

The Group identified the following significant events after the balance sheet date. However, as those are not adjusting events, they have no impact on the quantitative part of the statements.

- In its Governing Board resolution No. 5/2021, the Company decided on 1 February 2021 to increase its share capital. Largest amount to which the Governing Board may increase the Company's share capital: maximum ten times the amount of the Company's share capital registered in the company register on the date of the Extraordinary General Meeting held on 1 February 2021 (HUF 833,880,000).
- The parent acquired 100% of the shares of Elitur Invest Zrt on 26th February 2021.
- The parent acquired 49% of the shares of NEO Propoperty Zrt on 26th February 2021.
- On 26 February 2021, the Company notified the shareholders in an extraordinary disclosure that pursuant to the sales and purchase contracts signed on 7 September 2020 the purchase of the shares of NEO Property Services Zrt. has been completed in view of the fact that the credit line provided by OTP Bank Plc. has been drawn down and the Company paid the

All data are stated in HUF thousands unless otherwise indicated.

required purchase price. Following the transaction, AKKO Invest Plc. holds 100% of the shares of NEO Property Services Zrt.

- NEO Property Zrt. proposes a dividend of 1 450 233 tHUF for the AGM. This proposal will be decided on the AGM held on 16th April.
- On 1st February 2021 the BoD (in the capacity of the AGM) elected a new member of the Board Matskási István, who will also serve as a member of the Audit Committee.

37. Disclosures related to Auditor

Pursuant to Act C of 2000 on Accounting, the consolidated financial statements of the Group are subject to mandatory audit by an independent auditor. In 2000, audit activities were carried out by UNIKONTO Számvitelkutatási Kft. (1093 Budapest, Fővám tér 8. III/317.3.; tax number: 10491252-2-43; Chamber registration number: 001724).

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

Pursuant to the Accounting Act, the annual auditing fee is HUF 1.300.000 + VAT for the audit of consolidated financial statements drawn up according to the International Financial Reporting Standards (IFRS). The auditor has not performed and does not perform any activity at the Group other than the statutory audit.

38. Disclosures related to the provider of accounting services

These financial statements have been compiled by Hajnalka Réti, a registered IFRS chartered accountant (registration number: 202580). The chartered accountant performed her duty on behalf of Rean Hungary Kft.

39. Statements

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

40. Authorisation of the publication of the financial statements

Akko Invest Plc. has authorised the publication of the Group’s consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for 2020 by the Governing Board and the Audit Committee on 15 April 2021.

Budapest, 15 April 2021

on behalf of Akko Invest Plc.

…………………………………….	…………………………………….
Zoltán Prutkay	Imre Attila Horváth
Chairman of the Governing Board	Board Member