

BUSINESS REPORT
TO THE CONSOLIDATED IFRS REPORT OF
KONZUM Befektetési és Vagyonkezelő Nyrt.

FOR THE YEAR 2018

05 April 2019



KONZUM

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1. Executive Summary

Profitability

The 2018 business year was unmatched in many respects in the life of KONZUM Befektetési és Vagyonkezelő Nyrt. The capital increases planned by the Company management were completed successfully and upgraded its relations with HUNGUEST Hotels Szállodaipari Zrt while broadening the portfolio of the latter through acquisitions for tourism purposes. By purchasing Ligetfürdő Kft's business shares, Hotel Forrás and Napfényfürdő Aquapolis have once again come under its direct control and operation. In addition, the international portfolio was also expanded by the Sun Resort Hotel in Montenegro, acquired together with Ligetfürdő; two units in the Austrian town Heiligenblut; the Relax Resort Hotel in the ownership of the Kreischberg-Murau GmbH from the private capital fund KONZUM PE Magántőkealap, and Hotel Alpenblick, also located in Murau and purchased from Wellnesshotel Építő Kft. The value of the above-listed group of tourism assets amounts to HUF 22 billion per year, and this significant increase in HUNGUEST Hotels Zrt will improve the company group's profitability already over the short term.

In addition to tourism, the Company retained its predominant position in the commercial property utilization market and through the acquisition of a qualifying interest worth HUF 8.2 billion in CIG Pannónia Életbiztosító Nyrt, it considerably improved its position in the money and capital market business line as well. .

In the financial year 2018, KONZUM had an outstanding achievement: in addition to a consolidated equity amounting to HUF 73.8 billion, the Company closed the year with HUF 28.2 billion sales revenue and HUF 11.7 billion EBITDA.

Judgment by the share market

Last year the Company management participated in several investment roadshows and professional conferences, and their successful involvement drew the attention of international investors, who appreciated the growth pace and assessed the Company's strategy as attractive. The course designated by the management was considered specifically good. One of the lessons learned during these roadshows was that scale was among the most efficient means of successful appearance on the international stock markets and of attracting the interest of international investors. Among others this conclusion triggered the idea of a merger with OPUS GLOBAL Nyrt, which is already in the arrangement phase. This merger will result in one of the largest participants in the market of Hungarian corporations, which will also be notable by international standards.

Since September 2017, our Company's shares have been included in the BUX and BUMIX baskets, and since March 2018, in the CECE index of the Vienna stock exchange. As a result of the annual review of FTSE Russell, on 18 March 2019 KONZUM's shares were added to the FTSE Small Cap, FTSE All Cap and FTSE Total Cap indices in the FTSE Global Equity Index – Emerging Europe series of indices. With the inclusion of our Company's shares in the three Emerging Europe indices of FTSE, KONZUM entered one of the elite clubs of the world, and in addition to the recognition of the company's performance, this may draw additional international attention to the planned fusion of KONZUM and OPUS GLOBAL. The investors monitoring the emerging indices of FTSE will provide additional demand for the Company's shares, and this may in turn further increase KONZUM's capitalization and share trade.

Strategy

The management thinks that further growth requires increasing our presence in the Central and Eastern European Region, and we consider the future involvement of both Hungarian and international capital indispensable for financing of these regional transactions. In the opinion of international investors, achieving a critical size is indispensable for attracting major capital contributions. With due consideration to these factors, in October 2018, in agreement with the managements of OPUS GLOBAL Nyrt, our Company proposed a fusion between the two companies for the general assemblies of OPUS GLOBAL Nyrt and KONZUM Nyrt.

As a participant in the Hungarian, and hopefully the international money and capital market, this merger may open a new dimension for our Company and for OPUS GLOBAL Nyrt to implement regional growth projects of significant volumes. After the merger our Company is expected to reach the critical size required for an international presence, and in addition to the inevitable streamlining of the operating model, this will open the door to the increasingly efficient capitalization on the benefits offered by the money and capital market business line, which is our express objective.

With this merger Hungary's leading investment holding may be established, which will invest into the strategic sectors of the Hungarian economy and thus obtain a predominant position. Thus our Company's portfolio, including OPUS GLOBAL Nyrt's investments, will be added new and outstandingly profitable business lines.

2. Description of the Company

KONZUM Befektetési és Vagyonkezelő Nyrt (registered office: H-1062 Budapest, Andrássy út 59, tax no.: 10210901-2-42, company reg. no.: 01-10-049323, hereinafter: Company) was established in 1987, and its shares have been traded on the Budapest Stock Exchange since 1 November 1990. During its history, it has been active in numerous sectors, and it has been an investment holding since 2016.

2.1. Amount of the share capital and changes affecting the share capital

The Company's share capital includes 330,523,148 ordinary shares (ISIN: HU0000160650, total nominal value: HUF 826,307,870) The Company does not have any equity shares in its ownership.

The Company's major owners, holding shares in excess of 5 percent, included the following:

- KONZUM PE Magántőkealap – 45.14%
- Lőrinc Mészáros – 12.35%
- Gellért Jászai – 6.59%

Due to the series of private capital increases described in detail in Section 3 and implemented during 2018, the Company's subscribed capital rose from HUF 521,500,000 to HUF 826,308,000. As the capital was increased by more than 20 percent of the subscribed capital, the Company compiled a prospectus, which was approved by the National Bank of Hungary. The Company published the prospectus on 24/SEP/2018 on the website of the Budapest Stock Exchange.

2.2. Company management

2.2.1. Directorate:

- Gellért Jászai – Member of the Board of Directors, Chairman of the Board of Directors
- Dr Beatrix Mészáros – Member of the Board of Directors
- Ágnes Homlok-Mészáros – Member of the Board of Directors
- Lőrinc Mészáros jr. – Member of the Board of Directors
- Aladin Ádám Linczéni – Member of the Board of Directors

2.2.2. Supervisory Board and Audit Committee

-
- János Tima – Chairman of the Supervisory Board and of the Audit Committee
 - Dr Orsolya Egyed Páricsi - Member of the Supervisory Board and of the Audit Committee.
 - Dr Ádám Balog – Member of the Supervisory Board and of the Audit Committee

The only change regarding the executive officers of the Company in 2018 was the appointment of Dr Ádám Balog to replace Dr Kadosa Adorján Antal in the supervisory board and in the audit committee.

Currently, the Company performs its activity with 4 part-time employees.

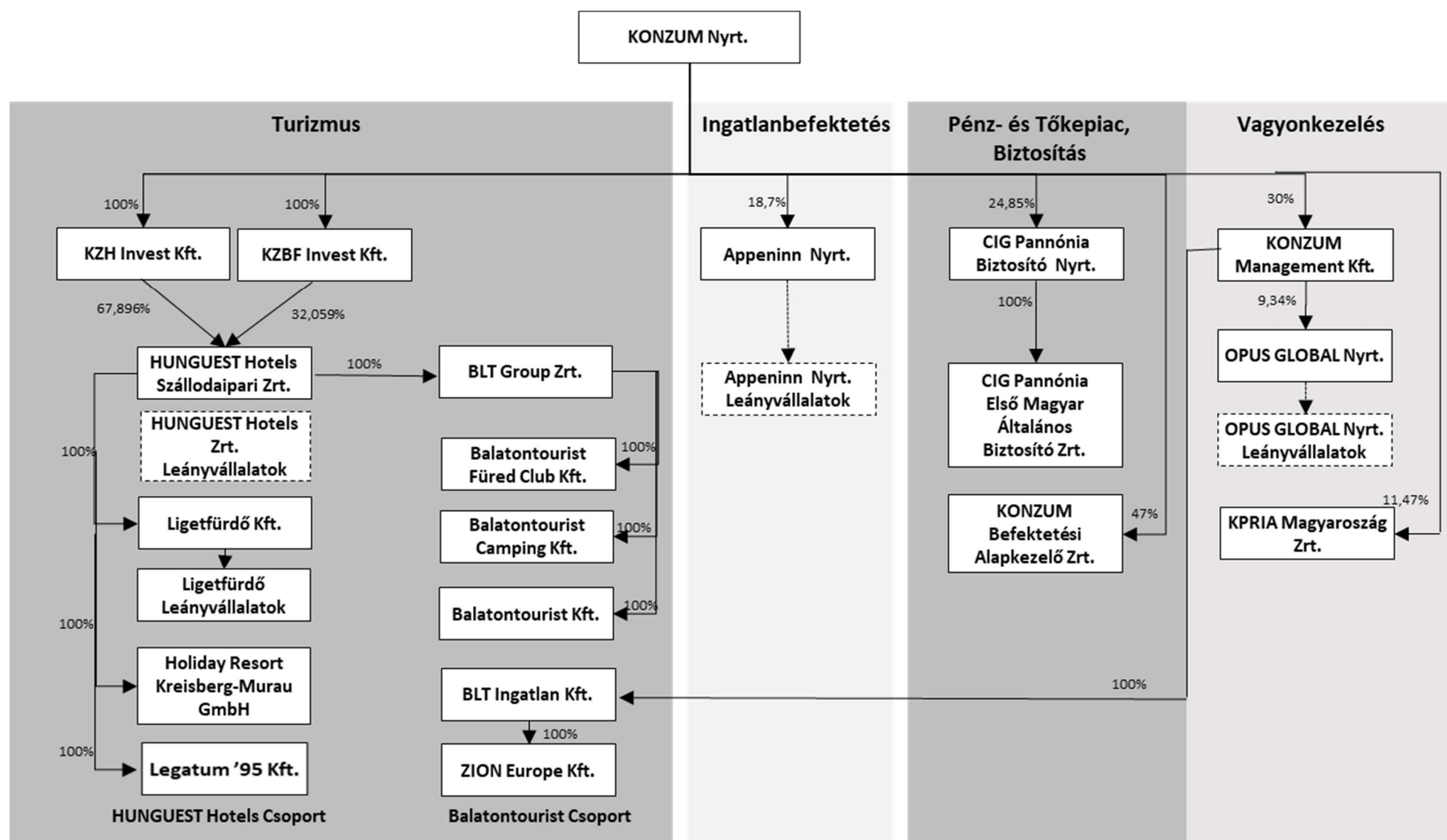
2.3. Accounting and audit of the Company's books:

The Company's books are kept by K&T Gazdasági Tanácsadó. The person responsible for book-keeping and for the compilation of the reports is Katalin Kovács (registered by the Chamber of Hungarian Accountants under no.: 146499). The Company maintains its books in accordance with the international accounting standards (IFRS), and compiles its report according to these standards.

The Company's books are audited by ESSEL Audit Kft. (registered office: H-1162 Budapest, Fertály u. 7, tax number: 12688322-2-42, company registration number: 01-09-698566, Chamber of Hungarian Accountants, registration no.: 001109), personally by Dr László Sasvári membership ID: 001630).

2.4. The Company's activity:

The Company's core activity is the letting of own and rented property (NACE code: 6820'08), recorded in the company register, and continued in the 2018 business year. The other activity important for the Company's operation is asset management and holding (NACE: 6420'08); in the framework of the latter, the following corporate structure is operated:



3. Description of the subsidiaries

This chapter presents the subsidiaries and companies under the Company's control or influence through participating interest which have made a major contribution to the Group's consolidated profit by their activities or assets.

3.1. KONZUM Befektetési és Vagyonkezelő Nyrt.

(registered office: H-1062 Budapest, Andrássy út 59., company registration number: 01-10-049323)

The parent company, which is the centre of the Group, had an important role in the series of capital increases, which was the predominant event in the Company's life last year, as also reflected in its separate figures. On a consolidated level the tourism line could capitalize most of the increases.

The Company's core activity has not changed since the 2018 semi-annual report, asset management and holding remains the actual core activity. Prior to a more detailed presentation of the various business lines and subsidiaries, an overview is given of the key financial data:

| | (adatok ezer Forintban) | | |
|--------------------------------|---------------------------|-------------------------|---------------------------|
| | tény 2018.december.31. | tény 2018.június.30. | tény 2017.december.31. |
| Értékesítés nettó árbevétele | 28 216 922 | 11 329 722 | 16 823 847 |
| EBITDA | 11 660 104 | 2 287 044 | 3 497 731 |
| EBIT | 10 238 227 | 1 768 200 | 2 613 471 |
| Adózás előtti eredmény | 7 392 844 | 2 485 576 | 11 340 161 |
| Teljes átfogó övedelem | 6 082 187 | 2 253 207 | 19 649 697 |
| Éven túli eszközök összesen | 133 937 844 | 126 416 231 | 46 788 793 |
| Forgóeszközök összesen | 11 001 295 | 5 960 943 | 19 611 383 |
| Saját tőke összesen | 73 840 741 | 58 319 324 | 40 847 908 |
| Ebből nem ellenőrző részesedés | 16 429 937 | 12 017 491 | 22 288 880 |

Capital increases and company restructuring had a favourable impact on the key figures and indicators, however, the point is in the background, namely in the fundamentals. A considerable part of the capital increases affected tourism, and its impact can be approached from two perspectives. On the one hand, it is technical in nature, as the balance-sheet items of the

subsidiaries are presented in a larger extent in the consolidation and the uncontrolled interest decreases. For instance, during the in-kind contribution of KZBF Invest Kft and KZH Invest Kft's business share, which also means that its influence is more direct and it is simpler for the Company to control HUNGUEST Hotels Zrt, a company in its ownership. On the other hand, a major leap was made in the EBITDA, due to successful subsidiary operation and to the contribution of a considerable value represented by the assets added in the framework of the capital increases. The fact that it is nearly double the EBITDA requires explanation. The figures disproportionately reflect Appenninn Nyrt's data in its income statement according the consolidation methodology and the revaluation of the income-generating investment properties included in its books have an impact on the profit according to the IFRS methodology. The figures are improved by a significant single item exceeding EU 16 million. Naturally, in addition fair value generation also increase, due to the performance of subsidiaries and to the reliable and brisk business environment.

The Company's capital structure remains stable and there is nothing extraordinary in it in any respect. The ratio of equity to debt slightly exceeds 50 percent, which remains somewhat below the corresponding figure last year, but can still be considered good. The capital structure does not reveal any significant tension either, and the financing strategy is moderately aggressive.

3.1.1. Description of KONZUM Nyrt's business lines:

Prior to the summary of subsidiaries, an overview is given of the business lines where the Company has investments and thus exposures:

KONZUM Nyrt is a diversified investment holding that invests into the strategic economic sectors having the highest growth potential in Hungary and in the Central and Eastern European region. KONZUM Nyrt divides its activities into the following four business lines:

Tourism business line: The company group performs its tourism activity through HUNGUEST Hotels Szállodaipari Zrt, acquired in 2016, which includes the Balatontourist Group, directly owned from 2019 and presented in the Company Group's consolidated annual report prepared according to the IFRS as a subsidiary, as in line with the plans, the in-kind contribution of the related business shares was implemented in 2018 Q4, and a sale and purchase agreement was concluded with HUNGUEST Hotels Zrt for resale.

The tourism business line includes the following activities:

- Rural health, wellness and conference tourism in Hungary (HUNGUEST Hotels Group);
- Campsites around Lake Balaton (Balatontourist Group);
- Accommodations in Austria, Montenegro and Romania (HUNGUEST Hotels and Ligetfürdő Kft).

Currently HUNGUEST Hotels is one of Hungary's largest hotel groups in exclusive Hungarian ownership. From among its 26 hotels operated under various titles in the reporting period, 20 are located at Hungary's most well-known health spas, resort and hill areas or in large cities, and there are also HUNGUEST Hotels elsewhere in the region (on the Montenegro coast, at the foot of Mountain Grossglockner and in Murau in Austria, and in Transylvania, Romania). These hotels provide services to satisfy the widest range of demand, including classical health, recreational, fitness, wellness and conference opportunities and diverse business and tourism program offers.

Balatontourist, which has a past of 67 years, runs ten campsites under its brand and either on its own or in a franchise system around Lake Balaton. Most of these campsites are not in its ownership but are rented by the Company from business organizations or local governments.

Property investment business line: KONZUM performs its property investment activity through one of Hungary's most rapidly growing property investment companies, Appeninn Vagyonkezelő Holding Nyrt (hereinafter: Appeninn). Appeninn's core activities include property letting, the related maintenance, operation and marketing services, and the active management of the property portfolio. Currently Appeninn manages a portfolio of 39 commercial properties, the majority being category A or B office buildings and retail trade or logistics facilities. KONZUM's purpose is to rapidly increase the property portfolio by further office building purchases and development, and by the improvement of retail units.

Money and capital market and insurance business line: In this business line Konzum Befektetési Alapkezelő Zrt's activity was predominant in 2017. During the year, the managed portfolio increased, on the one hand by the transfer of the private fund METIS Magántőkealap and by the registration of METIS 2 Magántőkealap, which directly or indirectly owned 49 percent of MKB Bank Zrt at the time of closing the prospectus, and on the other, by the takeover of the property investment fund Diófa Ingatlanbefektetési Alap, one of the key participants of the market with its assets representing more than HUF 10 billion. 2018 saw the merger of KONZUM RE

Intézményi Ingatlanbefektetési Alap, which had already been managed, and Diófa Ingatlanbefektetési Alap, to continue their activity under the name KONZUM II Ingatlanbefektetési Alap, and then directly and through its subsidiary KONZUM II Invest Kft, it purchased the MATTONI company group's real property portfolio worth more than HUF 2.5 billion and mainly including flats and shops in Budapest.

The direct and indirect participations of METIS Magántőkealap and METIS 2 Magántőkealap in MKB Bank Zrt increased to 48.62 percent of MKB Zrt's ordinary shares on closing KONZUM Nyrt's transactions described in the special notice published on BÉT's website on 27 August 2018. The company group does not have any ownership interest in the above-listed funds; they are controlled by Konzum Befektetési Alapkezelő Zrt.

Through Konzum Befektetési Alapkezelő Zrt, the company group's activity includes fund management. In February 2017, KONZUM Nyrt and KONZUM MANAGEMENT Kft entered into an agreement about KONZUM Nyrt's exercise of direct control over Konzum Befektetési Alapkezelő Zrt in the framework of their joint control over Konzum Befektetési Alapkezelő Zrt (direct control only and exclusively meaning that KONZUM Nyrt is entitled to appoint the majority of the executive officers of Konzum Befektetési Alapkezelő Zrt), in compliance with the prohibition of the concentration of businesses in the Act on the Prohibition of Unfair Market Practice and Limitation of Competition. In agreement with the relevant IFRS regulations, KONZUM Nyrt has been consolidating Konzum Befektetési Alapkezelő Zrt as its subsidiary since 2017.

Asset management business line: Asset management is one of the main profiles of the company group. KONZUM Nyrt has direct and indirect minority interests in strategic companies with significant income-generating capacity. In March 2017, pursuant to an over-the-counter agreement, KONZUM MANAGEMENT Kft (in which KONZUM Nyrt has a 30-percent minority share) acquired a 15.41 percent ownership share in OPUS GLOBAL, and thus grew to become one of Hungary's largest company groups. In addition to its participation in OPUS GLOBAL, KONZUM Nyrt has a 11.47 per cent minority share in KPRIA Zrt.

In December 2017, KONZUM Nyrt announced its intention to obtain influence in CIG Pannónia and its subsidiaries. The core activity of CIG Pannónia is life insurance and the related insurance and supplementary financial activities. CIG Pannónia performs its non-life insurance activity through CIG Pannónia Első Magyar Általános Biztosító Zrt (hereinafter: EMABIT), a subsidiary in its 100 per cent ownership. EMABIT focuses on Hungarian small and medium-sized enterprises, state and municipal institutions, corporations, professional chambers, unions and associations.

With regard to the fact that the Company's share in CIG Pannónia fails to reach the level to consolidate it as its subsidiary, it is accounted in its asset management business line.

3.1.2. Summary per business line:

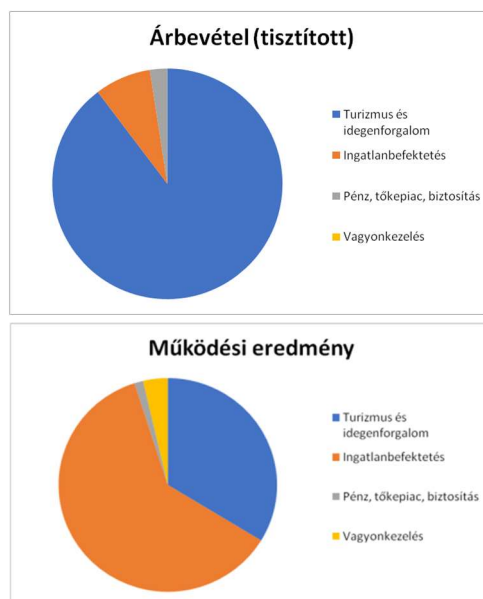
In a breakdown by business lines, the key financial indicators of the KONZUM group are the following:

| Szegmens információk | (adatok ezer Forintban) | | | |
|---------------------------------|----------------------------|--------------------|----------------------------|-------------------|
| | Turizmus és idegenforgalom | Ingatlanbefektetés | Pénz, tőkepiac, biztosítás | Vagyonkezelés |
| Árbevétel (tisztított) | 25 359 490 | 2 233 976 | 692 319 | 374 |
| Közvetlen költségek | -18 118 936 | -893 726 | -20 882 | -32 232 |
| Bruttó fedezet | 7 240 554 | 1 340 250 | 671 437 | -31 858 |
| Közvetett költségek | -2 077 223 | 5 549 448 | -516 961 | -358 359 |
| Értékcsökkenés | -1 383 444 | -12 927 | -9 510 | -15 996 |
| Működési eredmény | 3 779 887 | 6 876 771 | 144 966 | -406 213 |
| Társult vállalkozások eredménye | 3 087 | -364 082 | 0 | -2 528 511 |
| Badwill | -1 245 910 | -78 563 | 0 | 0 |
| Pénzügyi műveletek eredménye | 48 067 | -214 710 | -118 | 581 885 |
| Adóráfordítás | -831 203 | -678 117 | -13 625 | -9 588 |
| Adózott eredmény | 1 753 928 | 5 541 299 | 131 223 | -2 362 427 |
| Befektetett eszközök | 84 086 081 | 37 984 358 | 23 774 | 29 054 655 |
| Forgó eszközök | 7 740 951 | 2 312 098 | 323 161 | 625 022 |
| Saját tőke | 54 092 152 | 20 025 470 | 281 567 | 17 210 890 |
| Hosszú lejáratú kötelezettségek | 24 225 784 | 17 168 267 | 1 004 | 567 952 |
| Rövid lejáratú kötelezettségek | 13 509 096 | 3 102 720 | 64 364 | 11 900 835 |

An analysis of the above figures reveals that the Company's effectiveness was clearly due to the sales revenue earned in the tourism business line. HUNGUEST Hotels Zrt and the Balatontourist Group included as its subsidiary at the beginning of 2019

contribute 89.65 per cent of the total net sales revenue, with the data of Balatontourist only taken into consideration time proportionately since the year-end date of the in-kind contribution. This is a fundamental feature of the Company's operation, as despite its efforts at diversifying its investments,

due to the peculiarities of the IFRS consolidation policy and investment operation, certain balance-sheet and income statement lines may be distorted. Thus although Appeninn, which is



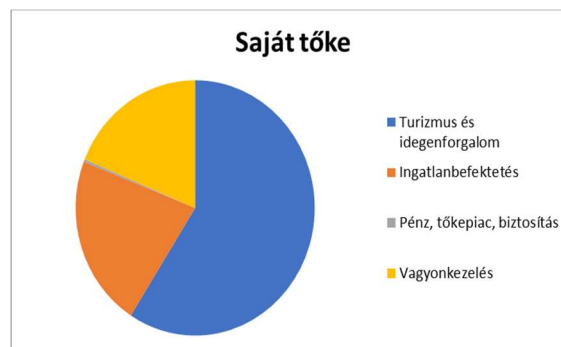
included in the property investment line, has more moderate sales revenue data, its return to the equity is considerably higher whether considering the gross coverage (tourism: 28.55%; property investment: 59.99%) or the operating profit (tourism: 14.911%; property investment: 307.83%). At this point it is important to note that the operating profit is distorted by a single item arising from the revaluation of the property portfolio. When the profit after taxes is established, it should be pointed out that (based on IAS 12) the above table takes account of any deferred taxes that would be realized relative to the original cost if Appeninn sold its properties at their current increased value. In the money and capital market and in the insurance lines, Konzum Befektetési Alapkezelő Zrt. (hereinafter: Fund Manager) is the principal participant, as the Company maintains records of CIG Pannónia Nyrt as an investment in its asset management business line. The Fund Manager also has a notable return on investment (the ratio of its gross coverage to the sales revenue is: 96.98%; the ratio of profit after taxes to the sales revenue is: 20.94%). These results also reflect the specifications of the business line.

There are two business events that deserve mentioning in the asset management line. On the one hand, in 2018 CIG Pannónia Nyrt paid HUF 234,660,200 as dividend to the Company. On the other hand, pursuant to the applicable accounting standards, KONZUM MANAGEMENT Kft was compelled to recognize HUF 2,888,951 million impairment proportionate to its ownership in OPUS GLOBAL Nyrt's shares, as in the reporting year share prices decreased considerably and this affected the equity. This loss is reflected in this business line's profit after taxes. However, this loss is a technical item just as the profit on property revaluation: it does not have any feasible effect on the Company unless it is realized in a transaction.



One of the best indicators of business line specification is the distribution of fixed assets, and based on the above, this gives a more balanced view. Considering a chain of hotels predominant in the Hungarian economy, the operation and maintenance of the tourism business line is rather capital-intensive, and so it is no accident that it is also heading the business lines in this respect. However, the evidently asset-intensive property investment and asset management are also significant factors in distribution, while the service-providing asset manager's share is marginal.

These same three business lines also predominate in the equity, and the capital is also distributed per business line similarly to that of fixed assets. Regarding the capital structure, tourism has adopted a mildly aggressive financing strategy, however, it is well capitalized at nearly 60 percent, and its indebtedness is not outstanding. The property investment business line operates along a balanced financing strategy, the time schedules of assets and liabilities are matching, and the business line is sufficiently capitalized. The money and capital market line is highly capitalized, it is not financed, as however, this business line is represented by the fund manager, it is subject to serious supervisory requirements regarding capitalization and liquidity. Nevertheless, its share still remains insignificant relative to the business lines serving as the engines of operation. The asset management line is also sufficiently capitalized, however, its financing strategy is expressly aggressive, the asset-liability structure needs to be aligned, as in the current form it involves risks.



3.2. Evaluation of KONZUM Nyrt's subsidiaries

A brief evaluation of the subsidiaries is presented to the shareholders as follows:

3.2.1. HUNGUEST Hotels Szállodaipari Zrt.

(registered office: H-2053 Herceghalom, Zsámbéki út 16. company registration no.: 13-10-041729)

HUNGUEST Hotels Zrt (hereinafter: HH) is one of Hungary's leading hotel chains. Within HH's company law framework, it operated 18 hotels and two spas, offering a total of 6491 beds in 3228 rooms. These hotels are found at priority tourist destinations (spas and resorts in the regions of Hajdúszoboszló, Gyula, Szeged, Hévíz, Bükfürdő, Zalakaros, Mátra, Lake Balaton). HH also has interests in two operators in Austria (Relax Resort**** and Alpenblick**** in Murau, and Hotel Heiligenblut and Landhotel Post in Heiligenblut) and a company running a seaside hotel (HH Sun Resort****) in Montenegro.

On 1 January 2018, Erkel Hotel Kft, which had been in HH's 100-percent ownership, merged into HH, and thus from the beginning of this year, the hotel located in Gyula continues its operation within the framework of HUNGUEST Hotels Zrt. On 10 January 2018, three more units were added to HH: Saliris Resort Spa&Conference Hotel **** and Saliris Spa&Gyógy és Termálfürdő at Egerszalók and Lifestyle Hotel Mátra**** at Mátraháza. As from 1 July 2018, additional units were added to the hotel portfolio operated by HH. HH take over the operation of both HUNGUEST Hotel Forrás**** and Napfényfürdő Aquapolis, directly related to the former. Simultaneously, three hotels abroad were also subjected to HH's operative supervision: two in Heiligenblut in Austria (HUNGUEST Hotel Heiligenblut and Landhotel Post) and one in Herzeg Novi in Montenegro (HUNGUEST Hotel Sun Resort****).

On 28 December 2018, HH obtained the ownership of several hotel operating companies and hotels which had properties HH had previously operated in a leasing scheme:

- Ligetfürdő Kft, which owns Hotel Forrás and the property Napfényfürdő in Szeged, and thus HH also obtained indirect ownership of Heiligenblut Hotel GmbH and HUNGUEST Hotels Montenegrod.o.o., both owned by Ligetfürdő Kft;
- Legatum 95 Kft, which has the ownership title to Hotel Apollo in Hajdúszoboszló

- Saliris Resort Spa&Conference Hotel ***** and Saliris Spa&Gyógy és Termálfürdő at Egerszalók,
- HUNGUEST Hotel Bál Resort at Balatonalmádi,
- a Holiday Resort GmbH (this company owns Relax Resort in Murau),
- In late March 2019, HH acquired Balatontourist campsites and the shares of BLT Group Zrt, a company that operates them through its companies.

Based on the preliminary (still unaudited) data, the assessment of HH's 2018 annual performance suggests that it had a successful year: the company made a major improvement in both revenue and profit. The **net sales revenue** was HUF 23,676,781,000; which increased to HUF 9,072,338,000 on the reference year, including the additional revenues earned by the new entities taken over for operation.

Regarding cost management, it should be pointed out that in **staff costs** HUF 4,124,271,000 additional cost was incurred against the additional revenue, and this surplus is closely connected to the increase in the number of hotels and the aggregate turnover of visitors. Surplus is characteristically incurred in relation to material costs (foodstuffs and energy carriers) and the cost of purchasing mediated services (mediated spa entry tickets), as these are directly related to higher numbers of visitors and higher sales revenue.

Staff costs showed a surplus of HUF 2,631,315,000 on a year earlier. In addition to the increase in the number of hotels, the main reason for this is the wage cost of the increased headcount required for serving the increased number of visitors, and the force to pay higher wages caused by the increasing wage pressure in the labour market. This is well illustrated by the 18.5 per cent rise in staff costs against the reference year, and if the units taken over this year are also included, wage-related costs have risen by nearly 54 per cent.

The **operating profit** was realized in the amount of HUF 3,809,343,000; which is up by HUF 1,821,585,000 on the reference period. The **EBITDA** adjusted by items not involving actual cash flows amounted to HUF 4,646,861,000 in 2018, representing HUF 2,183,273,000 increase on the reference year. The surplus was achieved as a result of a rise in the mean room rates and in revenues from catering at a high room occupancy rate (68.7 per cent), and due to the takeover of hotels with outstanding profit rates, Hotel Saliris and Hotel Forrás, during the year.

In 2018 HUNGUEST Hotels Zrt realized taxes on the corporate level at HUF 3,433,250,000; representing HUF 1,591,765,000 surplus on the reference period.

Based on the good performance of the Hungarian economy, increase in the domestic demand in relation to the intensive real income growth and the 2019 projections, HUNGUEST Hotels expects its revenues to increase at a rate exceeding cost increase.

HUNGUEST Hotels Szállodaipari Zrt.

(adatok ezer Forintban, nem auditált)

| | tény 2018.december.31. | tény 2017.december.31. |
|---|---------------------------|---------------------------|
| Értékesítés nettó árbevétele | 23 676 781 | 14 917 947 |
| Anyagjellegű ráfordítások | 9 138 750 | 6 750 095 |
| Személyi jellegű ráfordítások | 7 506 052 | 4 874 737 |
| Egyéb bevételek/ráfordítások egyenlege (ráfordítás) | 887 804 | 522 405 |
| Értékcsökkenési leírás | 623 878 | 483 055 |
| Üzemi eredmény (EBIT) | 3 809 343 | 1 987 758 |
| Adózás előtti eredmény | 3 515 657 | 1 882 108 |
| EBITDA (korrigált) | 4 646 861 | 2 781 539 |
| Éven túli eszközök összesen | 59 720 917 | 35 176 806 |
| Forgóeszközök összesen | 8 475 269 | 21 003 633 |
| Saját tőke összesen | 40 745 825 | 36 814 391 |
| Hosszú lejáratú kötelezettségek | 10 143 777 | 10 640 597 |
| Rövid lejáratú kötelezettségek | 17 306 585 | 6 330 071 |

3.3.2 Balatontourist Group

(registered office: H-8200 Veszprém, Jutasi út 23)

The Company Group

The Balatontourist Group has been operating campsites on the shores of Lake Balaton for several decades. The campsites are not in the company's ownership but are rented from business organizations or local governments. The company manages the property in another party's ownership with the as might be expected of a careful owner.

The Balatontourist group comprises 3 members: Balatontourist Kft, Balatontourist Camping Kft, and Balatontourist Füred Club Camping Kft, which have the same profiles and the same owner, all three companies are included in the KONZUM Nyrt holding.

Balatontourist group is controlled by the companies from the Veszprém head office.

Balatontourist Camping Kft has been engaged in campsite operation since 2016: It rents campsites from business organizations in Balatonakali and Balatonszemes in the framework of annually renewed rental agreements.

In 2018 the number of rented campsites fell by the campsite in Keszthely and Zalakaros.

Balatontourist Kft has been operating campsites for several decades. Currently it rents campsite areas from the local municipalities in Révfülöp and Balatonberény. The rental agreement expires in 2028 at Balatonberény and in 2023 at Révfülöp.

Balatontourist Füred Club Camping Kft has been engaged in campsite operation since 2016: it rents the largest camp around Lake Balaton from the town's municipality. The term of the rental agreement is 10 years and will expire in 2027, the lessor may cancel the agreement once every year.

The uniform management of the companies is ensured by the fact that the persons of the managing director and the owner are the same.

The Balatontourist company group prefers holiday-making campsites located right at the shore, while campsites at hot-water spas and in forests are not included in its core profile.

The listed Balatontourist brand of a history of several decades is widely associated with camping at Lake Balaton and provides a predictable and acceptable standard of service and reliability.

The campsite services market

In addition to the use of a kind of accommodation, camping is also **a lifestyle**. Campsite guests do not like limitations, they decide independently on the services they use on their holiday venues (meals, excursions, sports etc.), package offers are nearly unmarketable to them.

Camping **includes** the opportunity to set up caravans, campers, motorhomes and tents and to rent **mobile homes, holiday homes and rented tents** on the territories of campsites. Demand is increasingly shifted in this direction. For the sake of a few weeks spent in the summer with holidays, visitors do not necessarily want to commit their money in generally expensive and difficult to store assets, they prefer the accommodation provider to provide such services. Visitors, and often even part of the participants in the tourism sector are not aware of the **complexity** of campsite accommodation provision and the diversity of opportunities available on campsites.

As the Central Statistical Office does not collect data of visitors accommodated in holiday homes on the territories of campsites separately, accurate market share data can only be presented about campsite accommodations. Balatontourist's campsites transacted **more than half of the visitor nights at campsites around Lake Balaton** in 2018, including mobile homes, not separately recorded by CSO within camping. The company's total **market share in the holiday home capacity around Lake Balaton**, and not only those located on campsites, **is about 30 per cent**.

Campsites are significant factors in the accommodation of visitors in these localities. Based on the visitor nights spent at commercial accommodations at the given **localities**, the campsites operated by the company group have **shares between 23 and 92 per cent**.

Services inside the campsite

In addition to accommodation services, visitors may use numerous other services. These include **catering** services (restaurants, canteens, buffets, cocktail bars), **commercial** services (convenience stores, gift shops, fashion shops, camping goods shop), **sporting** facilities (water ski, sports requisites rental shop, pools, waterslides, beach football grounds, beach volleyball courts, table tennis, tennis and mini golf courts, rent-a-bike, rent a kart, sailing etc.), **animation**, **personal** services (hair dressers, massage, tattoo saloons etc.), **other supplementary** services (laundry, safe rental, cooling box, WI-FI etc.). Part of the services can be used free of charge.

Operating profile

The operation of campsites near Lake Balaton is a **highly seasonal** activity. Campsites are typically open in the period between May and September. Sales revenues are generated seasonally. The company starts the pre-sale of accommodations for the next tourist season in November each year. It finances the costs of preparing for the next tourist season from the advances collected and using the accumulated profit from the previous years.

Given the seasonal nature of the activity, **very few employees are employed throughout the year**, and only in the most important jobs. The **majority of the business activities are outsourced**: contractors perform cleaning, gardening, animation, IT and water recovery and legal services, and a large number of students are employed seasonally.

The **support services** that cannot be efficiently provided to the campsites individually on each location are **provided** by the company **centre**. These sales, technical, decoration, work safety, fire prevention, operational, financial, accounting and payroll services.

The companies usually have the assets required for operating campsites, some in their ownership and others leased from Balatontourist Kft, a member of the group.

Within the Balatontourist group, marketing and sales activities are performed by Balatontourist Camping Kft in consideration for a fee also for the other two companies of the group.

The predominant part of the company's net sales revenue comes from individual guests. Accommodation revenues from re-sellers and revenues from the lease of areas and premises within campsites comprise the minority of revenues.

In the framework of a sales and marketing contract, Balatontourist Camping Kft has also authorized 4 other campsites outside the Balatontourist group to use the brand name Balatontourist. In consideration for a fee, the company also provides sales and marketing services to the 4 campsites operating in Siófok, Zamárdi, Zalakaros and Vonyarcvashegy.

2018 changes

In the 2018 tourist season Balatontourist Camping Kft did not **rent the Ifjúság campsite in Siófok and the Napsugár campsite in Fonyód**, as the previous owners of the properties had sold the campsites and the buyers are trying their hands at operation themselves. The rental agreement of the **Zala campsite in Keszthely** was terminated in October 2018, and the owners operate the site on their own from this year's season.

In 2018 an area occupying 1.5 hectares and suitable for a campsite was **rented for 10 years** by Balatontourist Kft **near Révfülöp** as a result of a successful tender, thus creating the opportunity of mitigating the need of camping capacities due to the fact that the currently operating campsites have limited areas. In 2018, following a successful tender application, Balatontourist Camping Kft concluded a **10-year** rental and cooperation **contract** for the improvement and operation of the **Deseda campsite** of Kaposvár. Similarly to the campsites around Lake Balaton, this campsite is also located at the shores of a lake suitable for bathing and swimming, and so it fits into the character of the existing campsites used for waterfront holiday-making.

Developments in revenues, expenditures, profit and equity in 2018

In 2018 the Balatontourist company group realized a revenue of HUF 1915 million and HUF 1.826 (HUF million) net sales revenue with HUF 212 million as a profit before taxation. On a year earlier, the net sales revenue rose by 3 per cent and the profit increased by 26 per cent.

The company group's equity increased from HUF 799 million at the end of 2017 to HUF 997 million.

The capital was not increased and dividend was not paid at the companies in 2018.

The company **finances** operation **from its own funds**, and does not use any loan for liquidity purposes.

In 2018 the company group performed **investments** in the amount of HUF 108 million, primarily into furnishings and utensils required for campsite operation. The highest-value investment items included the purchases of mobile homes and the construction of the water ski piste at Balatonfüed.

2019 plans

The company group's activities will remain fundamentally unchanged in 2019> it will continue to operate waterfront campsites.

In addition to a moderate growth in the net sales revenue, in 2019 the company plans to realize **HUF 220 million as a profit before taxes**, representing a 4-percent rise.

Demand for camping around Lake Balaton will remain and slightly increase, while the offer of campsites has been reducing year by year. Thus demand for the campsites of the company group will remain solid despite the unattractive technical condition of the campsites. Without development projects, this situation is only tenable for 2 to 3 years at most.

Thus the company continues preparation for **participation in the campsite improvement tender** indicated in advance in a government decree. The company group plans significant investments projects that will sharply improve the standard of service when completed. Base on this, the 2019 business plan only targets the maintenance of visitor numbers, the technical condition and the service standards.

Nevertheless the standard of services provided at campsites is improving in 2019 as a result of the beach improvements including the renovation of waterfront and lake facilities implemented on the Balatonfüred campsite, the partial renovation of the sanitary units and laying sand in the water bed on the Révfülöp campsite to improve the pleasure of bathing. New areas will also serve campers at Révfülöp from 2019, and this area will be suitable for receiving visitors up to the end of the season, as the required infrastructure investments will be implemented.

As from 2019 the company group operates the Club Aliga complex in cooperation with HUNGUEST Hotels Zrt.

According to the company group's plans, the revenues predominantly raised from accommodation will increase in 2019. With a view to the gradual decline in the offer of campsite services around Lake Balaton, demand will shift towards the operating campsites. Thus Balatontourist expected to be able to enforce a **hike** of about 5 percent in its desk prices. From 2019, a dynamic pricing is applied to the most popular types of accommodation.

Balatontourist was compelled to increase prices on account of the **cost pressure**. The minimum wage increase of 2019 had to be implemented for the company's employees. The price hikes applied by suppliers with reference to this will have a more serious impact (cleaning, gardening, maintenance, laundry, animation, student association services, water recovery, security guarding etc.). Public utility fees and waste disposal charges will rise considerably.

BALATONTOURIST Csoport
(adatok ezer Forintban, nem auditált)

| | tény 2018.december.31. | tény 2017.december.31. |
|---|---------------------------|---------------------------|
| Értékesítés nettó árbevétele | 1 825 753 | 1 780 135 |
| Anyagjellegű ráfordítások | 1 163 208 | 1 247 348 |
| Személyi jellegű ráfordítások | 304 659 | 293 243 |
| Egyéb bevételek/ráfordítások egyenlege (ráfordítás) | 39 000 | 24 924 |
| Értékcsökkenési leírás | 54 863 | 57 219 |
| Üzemi eredmény (EBIT) | 201 245 | 157 401 |
| Adózás előtti eredmény | 206 853 | 166 957 |
| EBITDA (korrigált) | 256 108 | 214 620 |
| Éven túli eszközök összesen | 283 123 | 223 127 |
| Forgóeszközök összesen | 823 624 | 847 237 |
| Saját tőke összesen | 996 614 | 798 708 |
| Hosszú lejáratú kötelezettségek | 5 166 | 6 520 |
| Rövid lejáratú kötelezettségek | 104 966 | 216 298 |

3.2.2. Appeninn Vagyonkezelő Holding Nyrt.

(registered office: H-1062 Budapest, Andrássy út 59, company registration number: 01-10-046538)

Appeninn Nyrt's 2018 activity focused on the elaboration of a strategy aimed at long-term rapid growth, setting its directions and beginning its implementation.

As a **member of the KONZUM group**, Appeninn receives efficient support in capitalizing on market opportunities, finding acquisition targets and implementing purchases. There is a significant growth potential in lease through the utilization of group-level synergies. In August 2018, **BDPST Zrt** obtained 20.59 per cent ownership in the Company as a **strategic investor**, and this allows Appeninn Nyrt to further increase its influence in the real property market in Hungary and in Central and Eastern Europe. Since March this year OTP Ingatlanbefektetési Alap also has an ownership title to more than 5 per cent of the company's shares.

In the framework of a programme launched by the Budapest Stock Exchange, **Concorde published a comprehensive analysis of the Company** and recommended Appeninn's shares for accumulation at a **HUF 743 target price**. The analysis also pointed out that Appeninn may become one of the predominant and fastest growing property management companies in the region in the near future. On 23 August 2018, notice was released of the appointment of a new management. Gábor Tomcsányi joined the Company as CEO, while Péter Somfalvi undertook the Deputy CEO's tasks. Both come from the property market and have several decades of experience and high-level professional expertise.

Approved and published strategy for 2018-2023:

In June 2018, Appeninn published its **strategy** and business plan **for the next 5 years**. The strategy set **rapid growth and development** as the company's objective to be achieved through new acquisitions and property improvements on its own. The market environment (rapid increase in demand in the Budapest market of office buildings, the uninterrupted increase in retail trade and the favourable financing opportunities) and the company's strengths (stable income-generating capacity, many years of experience in property investment and operation, the ownership background) provide an excellent opportunity for this.

The strategy sets three important growth directions for the Company:

- expansion in the market of premium category A offices in Budapest;
- expansion in the retail property market;
- implementation of the Company's own property development.

Expansion in the market of category A premium offices in Budapest:

In 2018 **demand for offices in Budapest further increased**. The vacancy rate was only 7.3 per cent, an all-time low ratio. Increasing demand continuously causes rental fee hikes.

In 2018 Appeninn Nyrt implemented two important transactions in order to capitalize on the market opportunities as much as possible:

- On 9 February 2018, the Company concluded an agreement for the purchase of the category A building located at **59 Andrassy Street for HUF 2.2 billion**. The Neo-Renaissance Andrassy Manor was built in 1882 on a useful area of 2400 square metres. The building located close to Oktogon was converted into a category A office building in 2001. On closing the business share sale and purchase, Appeninn Holding intends to utilize the property through letting. An annual yield

above 7 percent can be expected of rental. (This building is the second in line in Andrásy Street, the first one was a listed office building at 105 Andrásy Street, which was bought in December 2017.)

- On 12 April 2018 the Company acquired the ownership of **Ü48 Corner Center**. Appeninn Nyrt utilizes the category A office building located in Üllői Street, occupying a floor area of 8145 square metres and acquired by a transaction in the framework of a capital increase by **HUF 4.6 billion** by letting; return on the investment is guaranteed by rental contracts concluded with Takarék Kereskedelmi Bank and Takarékinfó and generating sales revenues in the amount of nearly EUR 1.3 million.

Expansion in the retail property market:

Growth in Hungarian consumption from 4.8 per cent in 2017 to 5.3 per cent in 2018 also had a beneficial impact on the market of retail properties. Local and international retailers show healthy demand in expansion activity. In 2018 the total annual investment volume exceeded EUR 720 million (HUF 229.2 billion) in the retail trade sector, the highest ever value in Hungary. The **rental fees** charged for retail properties continued to increase.

In 2018 the Company also conducted significant transactions in the retail property market:

- In the framework of a **HUF 4.5 billion** transaction closed on 2 August 2018, Appeninn Nyrt acquired **18 retail units on long-term rent by SPAR Magyarország Kereskedelmi Kft.** These properties are located in the agglomeration of Budapest, in rural cities (including county seats) or in holiday locations. By the transaction the company acquired ownership of commercial areas on more than 18,000 square metre, land of nearly 80,000 square metres belonging to the superstructures and more than 1200 car parks. Thus the company, which previously focused primarily on Budapest, spread nationwide, these 18 properties represent a considerable weight in Appeninn's current portfolio comprising a total of 41 units. The annual revenue from the letting of these properties exceeds HUF 572 million.
- On 8 August 2018, the Company purchased the property registered by the Land Registry of the Miskolc District Office under no. 3475/13 for **HUF 513 million** and wishes to let it for a long term to Zemplén Rent Kft.

Launching property development on the Company's own:

In the five-year strategy in addition to property acquisition and sale, an emphatic role is assigned to **property development in the markets of both retail and category A offices, in Hungary as well as in the Central and Eastern European region.**

In 2018 the preparation of the company's own property improvement began with the following transactions:

- In the framework of a transaction announced on 26 July 2018, but closed only on 31 January 2019, Appeninn Nyrt acquired 79.9 per cent of the shares of Pro-Mot Hungária Kft, and thus an indirect ownership title to approx. 37 hectares of **Club Aliga** in Balatonvilágos and the right to manage an area of about 10 hectares. The value of the sale and purchase exceeded **HUF 4.5 billion**. Following a revision of the previous owner's plans, Appeninn intends to implement developments in tourism, and if required, it will elaborate a new development concept for property utilization.
- On 8 August 2018, in the above-mentioned transaction the Company purchased the property registered by the Land Registry of the Miskolc District Office under no. 3475/13 for **HUF 513 million** and wishes to let it for a long term.

- Additional greenfield investments are expected to be made. Furthermore, Appeninn Nyrt concluded a contract for two properties: one in Eger and the other at Biatorbágy, where the company will build storehouses for long-term letting.

Outstanding business achievements:

In 2018 Appeninn Nyrt **accomplished and in certain cases exceeded the time-proportionate goals set in the strategy**. The following are the company's the most important audited, consolidated business data for the 2018 business year:

- In the 2018 business year, the Company's **revenues earned on letting property was EUR 7,006,255**; exceeding the **EUR 4,933,089** value recorded in **2017** by more than 42 per cent.
- From the sale of investment **properties, subsidiaries and investments**, the company realized a **total profit of EUR 629,948**.
- The **EUR 19,022,086** of the EBITDA is more than fourfold the **EUR 4,406,621** recorded in **2017**, while **profit before taxation** increased more than fivefold, from **EUR 3,829,078** to **EUR 18,532,565**. This is primarily due to the revaluation of income-generating investment properties.
- **At the end of the year the total value of the properties** in Appeninn Nyrt's ownership amounted to **EUR 117,820,822**, representing **HUF 37,880,572,436** and exceeding the **2017 value of EUR 72,529,000** by nearly two-thirds.
- **In 2018 the number of properties** in the Company's ownership **more than doubled from 18 to 41**. This included, the **gross rentable area rose by 47 per cent from 63,000 square metres to 93,000 square metres** during the year.
- Appeninn Nyrt's **subscribed capital increased to EUR 15,217,006** against **EUR 13,245,347** recorded in the previous year, while the **equity amount** nearly **doubled** from **EUR 32,186,649** recorded in 2017 **to EUR 62,285,681**.
- Appeninn Nyrt will not pay dividends for the year 2018, in line with the five-year strategy and with the interests of large and small investors, it will use the **full amount of the profit earned to finance growth**.

Business results

In 2018 the Appeninn group had an income of EUR 7 million from rental fees. ***In 2018 the Group had direct coverage in the amount of EUR 4.2 million.***

| Consolidated comprehensive income statement | for the year ended on 31/DEC/2018 EUR | for the year ended on 31/DEC/2017 EUR |
|---|--|--|
| Income from the lease of property | 7,006,255 | 4,933,089 |
| Direct costs of property letting | (2,802,833) | (1,420,286) |
| Direct coverage | 4,203,422 | 3,512,803 |
| Administration costs | (1,252,527) | (526,990) |
| Staff expenses | (719,054) | (81,359) |
| Other revenues/(expenditures) | 139,202 | 799,481 |
| Profit (loss) on the sale of subsidiaries and investments | 145,835 | (1018) |
| Revenue from the sale of investment properties | 484,113 | (535,868) |
| Profit on the revaluation of income-generating investment properties | 16,040,000 | 2,458,897 |
| Capital projects on real property | (18,905) | (562,051) |
| Accounted loss realized on participations | - | (657,274) |
| Operating P/L | 19,022,086 | 4,406,621 |
| Depreciation and amortization | (40,541) | (3332) |
| Other (expenses on)/income from financial operations | 692,825 | (19,677) |
| Balance on interest revenues and (expenses) | (1,141,805) | (1,094,534) |
| Profit before taxation | 18,532,565 | 3,289,078 |
| Income taxes | (2,126,656) | (740,810) |
| P/L for the reporting year | 16,405,909 | 2,548,268 |
| Other comprehensive income | | |
| Exchange rate differences incurred during the conversion of foreign exchange for various activities | - | - |
| Other comprehensive P/L less taxes, for the reporting year | - | - |
| TOTAL COMPREHENSIVE RESULT OF THE REPORTING YEAR | 16,405,909 | 2,548,268 |
| Of the profit: | | |
| Part per non-controlling shares | - | - |
| Part due to the Company' owners | 16,405,909 | 2,548,268 |

| | | |
|--------------------------------------|-------|------|
| Basic earnings per share, EUR cent | 36.53 | 6.53 |
| Diluted earnings per share, EUR cent | 36.53 | 6.53 |

In agreement with the refashioning objectives within the Appeninn group, in 2018 coverages increased.

The Group's 2018 balance (administrative and staff costs) was **EUR 1,971,000 recognized as expenditure.**

The Group sold its property located in Menyét Street and made a profit of EUR 484,000 on it in the reporting year. In addition, in relation to the fair valuation of the properties, profit was accounted in the amount of EUR 16,040,000 in 2018.

The P/L excluding interests and depreciation (EBITDA) was EUR 19.02 million in 2018.

As an aggregate item of interests, prices and depreciation, the Group closed the year with EUR 18.5 million as profit before taxes with an expenditure of EUR 490,000.

3.3.4 Konzum Befektetési Alapkezelő Zrt.

(registered office: H-1062 Budapest, Andrássy út 59, company registration number: 01-10-045654)

At the beginning of 2018, the Competition Authority approved the change in the ownership of Konzum Befektetési Alapkezelő Zrt, and thus KONZUM MANAGEMENT Kft's ownership was terminated and half of its share was obtained by the previous owner, KONZUM Nyrt, however, in the aggregate, its ownership share did not change considerably: it rose to 47 per cent. With 53 per cent Lőrinc Mészáros became the majority owner of Konzum Befektetési Alapkezelő Zrt.

Regarding the fact that under company law, the managed funds are not in any way directly related to KONZUM Nyrt, they do not qualify as related companies and are not included in the consolidation, and so we do not itemize them. The only company that had direct effects on KONZUM Nyrt's operation was KONZUM PE Magántőkealap. The effects are described above.

Since the fund manager Konzum Befektetési Alapkezelő Zrt is the only consolidated company, its semi-annual P/L are presented.

In agreement with the previous communications and reports, as Konzum Befektetési Alapkezelő manages all the funds taken over in 2017 throughout the year, it had the expected financial results. No flow affecting a significant net asset value took place. The only events that deserve mentioning included the establishment of REPRO I. Magántőkealap in January 2018; the merger of KONZUM RE Intézményi Ingatlanbefektetési Alap and KONZUM II Ingatlanbefektetési Alap; and the demerger of EIRENE Magántőkealap from METIS Magántőkealap. In addition, as a final result of a complex transaction, KONZUM PE Magántőkealap and its investment, KZF Vagyonkezelő Kft, acquired 49.31 per cent of 4iG Nyrt's shares. In addition, it was also KONZUM PE Magántőkealap that sold all the share packets held in Appennin Vagyonkezelő Holding Nyrt to BDPST Zrt.

As a result of the latter two transactions, the assets controlled by Konzum Befektetési Alapkezelő Zrt underwent a considerable change. The shift was positive, and the total wealth significantly exceeds even HUF 150 billion.

All the funds began 2018 in the management of Konzum Befektetési Alapkezelő Zrt and this is reflected in the key data. In the 2018 business year the fund manager's sales revenue was HUF 692.3 million, against the annual HUF 261.6 million in 2017 (2017 H1: HUF 37.2 million). The new funds taken over for management last year naturally increased the amount of work related to them, and

this pushed up staff and material costs significantly, as both the human and the material infrastructure (e.g. IT and offices) had to map the increased amount of duties.

However, it can be said that the speed of expansion had achieved balance by the end of the year in terms of revenues and expenses, and so the fund manager closed the year with HUF 66.8 million operating profit and HUF 218.0 million profit after taxes, below the plans. To give a complete view one should mention that a HUF 80 million single amount had to be recognized as and expense in this item, although actually this was a compensation for fund management.

KONZUM Befektetési Alapkezelő Zrt.

(adatok ezer Forintban, nem auditált)

| | tény 2018.december.31. | tény 2017.december.31. |
|---|---------------------------|---------------------------|
| Értékesítés nettó árbevétele | 692 318 | 261 513 |
| Anyagjellegű ráfordítások | 236 894 | 81 603 |
| Személyi jellegű ráfordítások | 280 170 | 124 895 |
| Egyéb bevételek/ráfordítások egyenlege (ráfordítás) | 98 972 | 5 520 |
| Értékcsökkenési leírás | 9 510 | 3 354 |
| Üzemi eredmény (EBIT) | 66 772 | 46 141 |
| Adózás előtti eredmény | 66 654 | 47 530 |
| EBITDA (korrigált) | 76 164 | 50 884 |
| Éven túli eszközök összesen | 20 721 | 23 684 |
| Forgóeszközök összesen | 301 339 | 157 264 |
| Saját tőke összesen | 208 173 | 147 914 |
| Hosszú lejáratú kötelezettségek | 0 | 0 |
| Rövid lejáratú kötelezettségek | 57 500 | 47 264 |

3.3.5 KONZUM MANAGEMENT Kft

(registered office: H-1065 Budapest, Révay u. 10, company registration no.: 01-09-913725)

In 2018 H1, KONZUM MANAGEMENT Kft continued its asset management activity within the group. As described above, it supports the work done by the group by acquisition mapping opportunities. Attending to this task, at the beginning of the year it transacted the purchase of Appeninn Nyrt's 924,832 ordinary shares, as described in the next section, and then resold them to KONZUM Nyrt.

In accordance with the original concept and information, it contributed one of the most significant asset in its management, its business share held in BLT Group Zrt, through which it had an ownership title to the Balatontourist Group, to KONZUM Nyrt at the end of 2018.

The other significant assets include 50,113,993 ordinary shares issued by OPUS GLOBAL Nyrt. In the annual report, the difference between the previous year's closing price (HUF 700 per share) and the 2018 year-end price (HUF 490 per share) must be accounted as exchange rate loss in the share price in proportion to the ownership shares.

3.3.6 CIG Pannónia Életbiztosító Nyrt.

(registered office: H-1033 BUDAPEST, Flórián tér 1, company registration number: 01-10-045857)

In line with the strategic cooperation framework announced on 30 January 2018, KONZUM Nyrt acquired actual influence in CIG Pannónia Életbiztosító Nyrt and its subsidiaries in 2018 Q2. Accordingly, in the framework of a private capital increase, KONZUM Nyrt acquired 23,466,020 ordinary shares in CIG Pannónia Nyrt at an issue price of HUF 350 per share, obtaining 24.85 per cent share in the insurance company. CIG Pannónia Életbiztosító Nyrt, on the other hand, acquired interest in KONZUM Nyrt by purchasing (1,368,851) ordinary shares in an OTC transaction.

As both the ownership share and the influence fail to reach the level that allows full consolidation under the applicable accounting regulations, the insurance company's profit or loss is recognized in the balance sheet of KONZUM Nyrt by the equity method. The change in the capital on the modified the Company's P/L by HUF 125.8 million in 2018.

Below is a summary of the key data presented in CIG Group's consolidated 2018 report:

- In 2018 the CIG group's profit after taxes was HUF 2.055 billion, and its total comprehensive income was a profit of HUF 1.01 billion. Relative to 2017 and adjusted for one-off effects, this represents a rise by HUF 1.71 billion.
- The revenues earned from the insurance premiums amounted to HUF 25.83 billion, 96 per cent of the amount raised in the previous year.
- In the life insurance line, HUF 3.12 billion worth new contracts were sourced, although less than in 2017, the CIG group increase its alternative sales channels to turn the trend. The product mix moved towards risk and traditional products.
- In the non-life business line, the group continued portfolio cleaning and the phasing out of retail vehicle liability insurance policies.
- CIG Pannónia Nyrt's equity increased by 93 per cent in 2018 from HUF 9.02 billion to HUF 17.39 billion, due to a major extent to the company's private capital increase.
- As a founder, CIG Pannónia Nyrt decided to raise EMABIT's share capital by HUF 30,000,000 through the private offering of new shares. In the course of increasing the share capital, EMABIT issued 30 registered, dematerialized EMABIT ordinary shares, each with the nominal value of HUF 1,000,000; at the issue price of HUF 50,000,000 per share. As a result of the share capital increase, EMABIT's equity increased by HUF 1,500,000,000. The Companies Court registered the capital increase with effect from 31 December. At the same time a decision was also made of EMABIT's dividend payment policy: the resolution provided that if the regulatory capital and the liquidity position allowed, 100 per cent of the profit available for dividend payment after taxes should be paid to the parent company.
- On 28/NOV/2018, CIG Pannónia Nyrt concluded a group life and casualty insurance policy with Magyar Közút Nonprofit Zrt, under which risk sharing started on 01/JAN/2019. The annual insurance premium of the contract is HUF 156,444,204 and the number of persons insured is 7418.
- On 29 November 2018, the Board of Directors of CIG Pannónia Nyrt resolved to establish the Employee Share Plan (hereinafter: ESH). The ESH was adopted in order to implement the remuneration policy approved by CIG Pannónia Nyrt's General Assembly. The ESH is also available for EMABIT employees.

- On 29 November 2018, the Board of Directors of CIG Pannónia Nyrt resolved to establish CIG Pannónia Pénzügyi Közvetítő Zrt as its subsidiary with a share capital of HUF 100 million and with CIG Group's 95 per cent participation. The subsidiary started operation as a dependent agent in January 2019, with 100 registered consultant. The clear purpose of the establishment was to widen the range of sales channels and thus to increase the number of new contracts.
- At the 2019 annual meeting of the General Assembly, the Board of Directors will recommend decrease in CIG Pannónia Nyrt's share capital. The capital would be decreased by a reduction of the nominal value of the shares with the aim of divesting. As a result of the capital decrease, CIG Pannónia Nyrt's equity would drop from HUF 3,777,130,400 to 3,116,132,580, and the nominal value of the shares from HUF 40 to HUF 33. The planned capital decrease represents 17.5 per cent of the insurance company's equity, and based on this the expected payment will be HUF 3 billion (HUF 31.96 per share).
- The capital adequacy ratio of CIG Pannónia Nyrt. according to the Solvency II Directive was 329 per cent on 31 December 2018, and EMABIT's capital adequacy ratio was 180 per cent. Thus both companies comply with the 150 per cent minimum requirement set by the Supervisory Authority.

4. Important business events in 2018

The most important task in the 2018 business year was the streamlining of the previously developed and built holding structure and to reinforce the Company structure. Thus a clearer view is given for investors and strong fundamentals are presented in the parent company. The implementation of the series of steps developed in December 2017 began as early as the beginning of 2018, and includes the following events:

- **On 11 January 2018**, an agreement was made between Konzum Befektetési Alapkezelő Zrt, a company under the control of KONZUM Nyrt, and Appeninn Nyrt on the in-kind contribution of the Ü48 office building located in Üllői Street, Budapest, in the framework of a capital increase by HUF 4.6 billion, which was implemented in May 2018. As a result, KONZUM II Property Investment Fund controlled by Konzum Befektetési Alapkezelő Zrt. acquired 13.68 per cent of Appeninn Nyrt's shares in the framework of a private capital increase. With this transaction, KONZUM Nyrt's previous 24.51 per cent share dropped to 18.7 per cent, while KONZUM Group's consolidated participation in Appeninn Nyrt increased to 53.77 per cent, of which 20.59 per cent was held by KONZUM PE Magántőkealap, 13.68 per cent by Konzum II Ingatlanbefektetési Alap and 0.8 per cent by KPE Invest Kft.
- **On 30 January 2018**, the General Assembly of CIG Pannónia granted consent to the acquisition of 24.85 per cent interest in CIG Pannónia by a capital increase in KONZUM Nyrt. As a result of the private capital increase, KONZUM Nyrt had an exclusive right to subscribe for the 23,466,020 registered, dematerialised, series 'A' ordinary voting shares with a nominal value of HUF 40 and an issue price of HUF 350 each. The Companies Court registered the increase in the share capital of CIG Pannónia with effect from 8 May 2018, and as a result, KONZUM Nyrt obtained 24.85 per cent direct influencing interest. Furthermore, the General Assembly of CIG Pannónia also approved the sale of 1,368,851 ordinary shares with the nominal value of HUF 25 each, issued to CIG Pannónia by KONZUM PE Magántőkealap, which is controlled by Konzum Befektetési Alapkezelő Zrt, a company controlled by KONZUM Nyrt, for a price of HUF 3000 per share. The private equity fund made the proceeds collected from the sale available for KONZUM Nyrt in the form of a loan for the purpose of prepaying its bank loan granted for the transaction. By this claim, pursuant to its contract for an in-kind contribution dated 8 May 2018, it performed a capital increase in KONZUM Nyrt.

- **On 14 February 2018** KONZUM PE Magántőkealap used 100 per cent of KZH Invest Kft's business shares and 10 per cent of KZBF Invest Kft's business shares to increase the capital by in-kind contribution in KONZUM Nyrt. The total value of contributions was HUF 16,164.9 million based on the expert report of PricewaterhouseCoopers Magyarország Kft.
- **On 9 March 2018**, in the framework of an OTC transaction, the Company purchased 924,832 ordinary shares of Appeninn Nyrt from KONZUM MANAGEMENT Kft at the previous day's closing price of HUF 638 per share. Thus its ownership title increased to 22.55 per cent, representing 51.4 per cent on a group level.
- **On 12 March 2018**, in the framework of an OTC transaction, KONZUM Nyrt sold 2,020,372 dematerialized ordinary shares issued by Appeninn and carrying a nominal value of HUF 100 each to OTP Ingatlanbefektetési Alap. On closing the transaction, KONZUM Nyrt's share in Appeninn fell to 18.28 per cent and the Company Group's to 46.46 per cent.
- **On 3 April 2018** in the framework of a private capital increase, KONZUM PE Magántőkealap contributed 100 per cent of the shares held in Holiday Resort Kreischberg-Murau GmbH to KONZUM Nyrt. In addition, Wellnesshotel Építő Kft contributed its receivables outstanding and not yet due vis-a-vis KONZUM Nyrt under the title of an unpaid purchase price as a non-pecuniary, in-kind contribution, and thus KONZUM Nyrt acquired ownership title to Saliris Resort Spa&Conference Hotel and Hotel Alpenblick, the latter located in Murau. Based on the expert report of PricewaterhouseCoopers Magyarország Kft, the total value of contributions was HUF 3571.6 million.
- **On 3 April 2018**, in the framework of a stock exchange transaction, the Company purchased 200,000 ordinary shares in Appeninn Nyrt at an average price of HUF 615.8 each, and thus the number of shares rose to 8,860,027 while its ownership title to 18.7 per cent.
- **On 2 May 2018** also on the basis of an expert opinion given by PricewaterhouseCoopers Magyarország Kft, KONZUM II Ingatlanbefektetési Alap increased KONZUM Nyrt's capital by HUF 1.988 million through the contribution of Bál Resort Hotel, held in its ownership and located in Balatonalmádi.
- **On 6 June 2018**, acting in concert with OPUS GLOBAL Nyrt and REPRO I. Magántőkealap, KONZUM PE Magántőkealap, a company controlled by Konzum Befektetési Alapkezelő Zrt, which in turn is under the control of KONZUM Nyrt, concluded agreements with the former two for acquiring influence in 4iG Nyrt through the purchase of 50.28 per cent of its issued

ordinary shares. On the same day as the first step in the implementation of the transaction, KONZUM PE Magántőkealap acquired 427,745 of 4iG Nyrt's ordinary shares representing 22.75 per cent of the total amount of its shares.

- With the resolution adopted at the special meeting held **on 14 June 2018**, the General Assembly of KONZUM Nyrt approved the modification of the structure of KONZUM Nyrt's class A ordinary shares, currently carrying the nominal value of HUF 25 each. As a result of the modification, i.e. the split of the nominal value of each ordinary share issued by KONZUM Nyrt and reducing its value to 1/10, i.e. one-tenth, the share capital of the company limited by shares comprises 292,841,590 ordinary shares with the nominal value of HUF 2.5 each. The expected date of applying the split procedure may follow the distribution of the new shares made during the series of capital increases.
- **On 29 June 2018** KONZUM Nyrt acquired 100 per cent of Ligetfürdő Kft's shares in the framework of a sale and purchase agreement, and thus KONZUM Nyrt obtained direct or indirect influence in or ownership title to the following assets.

| Direct or indirect method (the indirect method includes a company that goes into KONZUM NYRT's ownership) | Ratio of ownership or influence | Assets obtained by the Company Group as a result of the transaction |
|---|---------------------------------|---|
| Direct | Full ownership | HUNGUEST Hotel Forrás |
| Direct | Full ownership | Napfényfürdő Aquapolis |
| Indirect (Heiligenblut Hotel GmbH) | 100% control | HUNGUEST Hotel Heiligenblut |
| Indirect (Heiligenblut Hotel GmbH) | 100% control | Landhotel Post |
| Indirect (HUNGUEST Hotels Montenegrod.o.o.) | 100% control | HUNGUEST Hotel Sun Resort |

KONZUM PE Magántőkealap paid a part of the purchase price payable for the 100 per cent of Ligetfürdő Kft's shares as an assistant in performance. On payment of the purchase price, KONZUM PE Magántőkealap made its receivables from KONZUM Nyrt in consideration of the purchase price available for KONZUM Nyrt in the framework of a private capital increase as an in-kind contribution.

- **On 23 August 2018**, KONZUM PE Magántőkealap, controlled by Konzum Befektetési Alapkezelő Zrt, which in turn operates under the control of KONZUM Nyrt, concluded a contract with BDPST Ingatlanforgalmazó és Beruházó Zrt for the 9,775,567 ordinary shares of

Appenin Vagyonkezelő Holding Nyrt in BDPST's ownership. Following the closure of the transaction, KONZUM Nyrt's influence in Appenin Nyrt fell to 33.2 per cent.

- In line with the previously provided information, **on 27 and 28 August 2018**, KONZUM PE Magántőkealap, controlled by Konzum Befektetési Alapkezelő Zrt, which in turn is under the control of KONZUM Nyrt, acquired 233,660 ordinary shares in 4iG Nyrt, and thus the number of shares in its ownership increased to 661,405 and its ownership share rose from 22.75 per cent to 35.18 per cent.
- **On 2 October 2018**, after the National Bank of Hungary had issued the relevant authorizations, RKOFIN Befektetési és Vagyonkezelő Kft, a company in the ownership of METIS Magántőkealap, which is controlled by Konzum Befektetési Alapkezelő Zrt, a company controlled by KONZUM Nyrt, purchased MKB Bank Zrt's 9,620,597 ordinary shares of the nominal value HUF 1000 each, and thus its interest in the financial institution rose to 13.62 per cent.
- **On 01 and 02 August 2018**, KONZUM PE Magántőkealap, controlled by Konzum Befektetési Alapkezelő Zrt, which in turn is under the control of KONZUM Nyrt, acquired 177,532 ordinary shares in 4iG Nyrt in the framework of a stock exchange transaction, and thus the number of shares in its ownership increased from 661,405 to 838,937; while its ownership share rose from 35.18 per cent to 44.62 per cent.
- **On 10 October 2018**, KONZUM PE Magántőkealap, controlled by Konzum Befektetési Alapkezelő Zrt, which in turn is under the control of KONZUM Nyrt, acquired 880,170 ordinary shares in 4iG Nyrt, and thus the number of shares in its ownership increased from 8,389,370 to 9,269,540; while its ownership share rose from 44.62 per cent to 49.31 per cent. Between the previous and this event, the nominal value of 4iG Nyrt's shares was split.
- **On 25 October 2018**, KONZUM PE Magántőkealap, which is controlled by Konzum Befektetési Alapkezelő Zrt, which is in turn controlled by KONZUM Nyrt, sold 4,242,610 of the 9,269,540 ordinary shares of 4iG Nyrt in its ownership to REPRO I. Invest Kft, a company owned by REPRO I. Magántőkealap, which is in turn controlled by Konzum Befektetési Alapkezelő Zrt. After the transaction the ownership share of KONZUM PE Magántőkealap dropped to 26.74 per cent. Through this transaction, KONZUM Group's overall influence in 4iG Nyrt did not change.

- In Resolution 4/2018 of the Company's General Assembly, the Company approved the splitting of the Company's 29,284,159 ordinary shares, representing a nominal value of HUF 25 each and comprising the share capital. The event was performed on the value date **12 October 2018**, when each ordinary share with the nominal value of HUF 25 was replaced by 10 ordinary shares with the nominal value of HUF 2.5 and thus the total number of ordinary shares included in the share capital rose to 292,841,590.
- **On 17 October 2018**, the Company's Board of Directors decided to begin the preparatory works required for a merger with OPUS GLOBAL Nyrt (registered office: H-1062 Budapest, Andrássy út 59, company registration number: 01-10-042533). Thus a merger unprecedented in the history of the Budapest Stock Exchange began and may result in the fourth largest issuer of BÉT with an equity of HUF 320 billion and a planned EBITDA of HUF 30 million.
- As the closing step in the series of capital increases in the reporting year, on **15 November 2018** KONZUM PE Magántőkealap raised its company's share capital by the HUF 10,538.5 million receivables outstanding from them, of which HUF 9,677.3 million was receivable incurred in relation to the Ligetfürdő transaction.
- **15 November 2018** Gellért Jászai and KONZUM MANAGEMENT Kft increased the capital in the Company by contributing a package of 100 per cent of the shares representing their ownership title to BLT Group Zrt (registered head office: H-1062 Budapest, Andrássy út 59, company registration number: 01-10-049059). The value of the capital increase was HUF 977,290,000 based on the business valuation conducted by PricewaterhouseCoopers.
- **On 27 November 2018** and **on 10 October 2018**, KONZUM PE Magántőkealap, controlled by Konzum Befektetési Alapkezelő Zrt, which in turn is under the control of KONZUM Nyrt, acquired 42,205,246 ordinary shares issued by OPUS GLOBAL Nyrt of the shares generated on the basis of the capital increases resolved on 31 July 2018 and 14 September 2018.
- **On 03 December 2018**, at a special General Assembly meeting the owners of the Company resolved in favour of a merger with OPUS GLOBAL Nyrt. In the course of the merger the cut-off date for the individual draft funds-flow statements was 31/DEC/2018. In the course of the merger KONZUM Nyrt's total assets will be transferred to OPUS GLOBAL Nyrt as its legal successor.

- On **13 December 2018**, the Company's direct subsidiary, HUNGUEST Hotels Zrt signed a long-term cooperation agreement with the Chinese BTG JIANGUO Group Co Ltd. Beijing. In addition to operating 110 top-class business and resort hotels in 20 cities, the BTG Jianguo group also operates an airline and it is engaged in fleet management, the operation of amusement parks and the development of shopping malls. The agreement serves the improvement of business opportunities and the mutual strengthening of social participation. Through the cooperation and the opportunities inherent in the ensuing closer business relations, HUNGUEST Hotels has the opportunity to launch gap filler services and to develop marketable products that make a major contribution already in the first step to the expansion of the circle of customers and considerably influence HUNGUEST Hotels' market position as a final goal.

- On **19 and 21 December 2018**, Gellért Jászai, the Chairman of the Company's Board of Directors sold a total of 1,866,838 KONZUM shares to companies included in the company group and to private persons. The ratio of the shares sold corresponds to the shares registered to the name of Gellért Jászai and generated during the capital increase resolved by the Company on 15 November 2018, and so the amount of shares in his ownership has not decreased in comparison to the period preceding the capital increase.

- On **28 December 2018**, the Company concluded a sale and purchase agreement with HUNGUEST Hotels Szállodaipari Zrt for all the assets in its ownership and having relevance in tourism. In a breakdown, these include the following:
 - Saliris Resort &SpaConference Hotel – Egerszalók
 - Bál Resort Hotel – Balatonalmádi
 - Alpenblick Hotel – Murau, Ausztria
 - Holiday Resort Kreischberg-Murau GmbH, 100% of the business share
 - BLT Group Zrt, 100% of the ordinary shares and of the subsidiaries
 - Ligetfürdő Kft and its subsidiaries, 100% of the business share

5. The Company's resources, risks and achievements

5.1. Macro-economic environment

In 2018 the Hungarian economy continued to soar. For several years it has surpassed the international estimates and expectations. Last year the economy grew by 4.9 per cent, as against the 4.5 per cent expected by the market. This growth pace is outstanding not only in the region but also in the entire EU. Hungary is highly likely to be second to Poland in producing the fastest economic growth. All the sectors of the national economy made its contribution to growth, but the most significant contribution was made by market-based services. In respect of industry sectors, the sector linked to tourism and catering is of outstanding significance for the Company as the previous consolidated reports reveal that it contributes more than 90 per cent to the parent company's performance. Based on the annual summary of the Hungarian Tourism Agency, since 2010 tourism has scored a record in each year in Hungary, and 2018 saw the best year of all times in tourism. The revenues earned from the fees charged for commercial accommodations amounted to HUF 300.9 billion and 88.4 per cent of them was raised in hotels. The number of visitor nights also increased by a considerable 8.4 per cent on 2017. Both incoming and domestic tourism have been on the rise since 2010, and the 2019 changes in the cafeteria scheme are expected to open up further opportunities in these fields.

The inflation rate remains low, although by the end of last year the pace of rise in consumer prices had come near the 3 per cent target. The central bank verbally informed the market participants that if the core inflation exceeds 3 per cent, it would tighten its monetary policy.

The ratio of the general government deficit to GDP declined in comparison to the plans last year. It was successfully moderated from 2.4 to 2.0 per cent, which is a proportionately significant reduction and quite an achievement.

The government debt to GDP could drop from 73.3 per cent in 2017 to about 71 per cent by the end of the year, due among others to the strong HUF at the year-end. With this the trend of decline launched in 2011 continued.

Last year Hungary's employment rates have further improved and rose to a level that is outstanding even in a EU comparison, as the Community expects 75 per cent employment by 2020 in the 20-64 age group, and in Hungary this ratio is already 74.6 per cent. In addition, the unemployment data is also astonishing as it keeps breaking historical lows. Between May and June 2018, it was 3.6 per cent, the third lowest rate in the EU, and the 3.7 percent rate of the 15-74 age group in the January-December period is also notable.

5.2. The Company's key financial indicators

The presented financial data of KONZUM Befektetési és Vagyonkezelő Nyrt are audited consolidated financial data approved by the Company's Board of Directors and Supervisory Board. The 2018 annual report was compiled on the basis of the financial statements prepared by 31 December 2018, according to the IFRS, and the separate reports of the subsidiaries were consolidated after conversion to an IFRS format.

(‘000)

| | 2018 | 2017 | Változás (2018/2017) |
|--|--------------------|-------------------|----------------------|
| Éven túli eszközök | 133 937 844 | 46 788 793 | 286,26% |
| Forgóeszközök | 11 001 295 | 19 611 383 | 56,10% |
| Eszközök összesen | 144 939 139 | 66 400 176 | 218,28% |
| Saját tőke | 73 840 741 | 40 847 908 | 180,77% |
| Hosszú lejáratú kötelezettségek | 42 513 759 | 13 316 940 | 319,25% |
| Rövid lejáratú kötelezettségek | 28 584 639 | 12 235 328 | 233,62% |
| Források összesen | 144 939 139 | 66 400 176 | 218,28% |
| Értékesítés nettó árbevétele | 28 216 922 | 16 823 847 | 167,72% |
| Eladott áruk és szolgáltatások | (11 999 711) | (1 414 033) | 848,62% |
| Anyagjellegű ráfordítások | (446 691) | (6 158 508) | 7,25% |
| Személyi jellegű ráfordítások | (8 790 561) | (5 497 418) | 159,90% |
| Egyéb ráfordítások | 4 648 147 | (271 609) | 1711,34% |
| Pénzügyi műveletek és adófizetés előtti eredmény (EBIT) | 10 238 227 | 2 613 471 | 391,75% |
| Pénzügyi műveletek bevétele | 2 691 774 | 8 812 718 | 30,54% |
| Pénzügyi műveletek ráfordítása | (2 647 650) | (485 756) | 545,06% |
| Adózás előtti eredmény | 7 392 844 | 11 340 161 | -65,19% |
| Adófizetési kötelezettség (prompt és halasztott) | (1 310 657) | (993 626) | 131,91% |
| Nettó eredmény | 6 082 187 | 10 346 535 | -58,78% |
| EBITDA | 11 660 104 | 3 497 731 | 333,36% |
| EPS | 22,31 | 496 | -4,50% |

5.3. The Company's financial standing

The magnitude and impact of the series of capital increases announced at the end of 2017 and implemented in 2018 and of the simultaneously implemented transactions described in detail in Section 4 on the company groups data are truly apparent in the table included in the previous section. The following is a brief summary of the most important facts and correlations:

- In addition to capital increases for tourism purposes, the acquisition made in Appenin Nyr are also represented in the change in the portfolio of long-term assets, however, in this line the impact of non-controlling interests is considerable, as the ownership share of the Company and of KONZUM Group (and not their influence) dropped significantly during the year.
- The explanation for growth in long-term liabilities is the same. On the one hand, the excellent interest rates facilitated the financing part of the investment projects from bank loans, and on the other, part of the capital increases were performed by financed assets in a way that title to the goods in question were transferred to the Company's ownership in a sale and purchase transaction, but only the purchase price claimed in excess of the loan constituted the object of the in-kind contribution.
- The significant rise in the net sales revenue was primarily due to the subsidiaries' performance, which is related to the contributed assets, as in the predominant part of the year they had the opportunity to operate them.
- The salient value of the cost of goods sold is explained by the resale of assets related to tourism and contributed to KONZUM Nyr to HUNGUEST Hotels, but in the course of consolidation, this was removed from the amount of raw materials and consumables and other external charges, which explains the low amount of the latter. The revenues earned on sale is not reflected in the figures as an intra-group movement, it is consolidated.

- In the case of other revenues and expenditures, a positive balance is technical and a considerable part of it arises from the revaluation of Appeninn's property portfolio. This shows the current worth of the portfolio in the market in comparison to the previous book value.
- Similarly, a significant part of the expenses on financial operations are due to the accounting of loss on the traded prices of OPUS GLOBAL shares in the ownership of KONZUM MANAGEMENT Kft. Actually, this is also a technical item, which does not readily generate a financial loss. It shows the loss the owner would realize if it sold the previously appreciated portfolio of securities at a price valid on the cut-off date.
- The significant amount of tax payment liability is also deferred tax, i.e. it shows the tax payment liability that would be incurred if the companies sold the individual assets at market value for the price valid on the cut-off date and realized the gain. In the current tax return period the group's actual tax payment liability arising from this item is HUF 229,526,000.
- Last year's P/L was heavily influenced by the above-mentioned market value of the OPUS GLOBAL share packet owned by KONZUM MANAGEMENT Kft. The current P/L should be considered as a result recognized on a portfolio discounted on the basis of a different trend. After the merger of KONZUM Nyrt and OPUS GLOBAL Nyrt, as a result of the methodology applied during the establishment of the terms of trade, this item will be automatically filtered out when the annual profit is determined.
- Regarding staff costs, the KONZUM group adjusted to the labour market trends and expectations. In addition, it should be remembered that in the case of a part of the contributed and fully consolidated assets (e.g. Ligetfürdő Kft, Balatontourist Group) staff expenses were included as a new element with new employees, and this explains the significant spike.

Overall, KONZUM Group's financial position is stable after adjustment for one-off items, it has a positive efficiency and adds significant value to OPUS Groups performance after the merger.

5.4. Risks related to the Company's operation

The Company functions primarily as an investment holding. Thus the majority of the risks related to operation do not affect it directly but indirectly, typically through its investments. For instance, the human risks related to the labour market do not have a direct impact on operation as no staff is maintained. However, HUNGUEST Hotels Szállodaipari Zrt, functioning as an investment, is exposed to this risk, as it is service provider and highly live work intensive. Within the key risk types the following risk factors may have the most serious impact on operation:

5.4.1. Environmental risk:

This risk group includes all the factors arising from the Company's operating environment. This primarily means legal, regulatory, economic and competition-related risks. Its direct impact on the company cannot be directly determined. The indirect risk factor is the prediction that presumes the moderation of growth in the Hungarian economy. The presumption is based on two risks. One of them is the slowing international business cycle, especially the loss of momentum in the European economies, and the other is the expansion of internal consumption, which has started deteriorating the external equilibrium through import demand. The latter raises the question if the current pace of wage hikes is tenable? These risks cannot be mapped on the Company's operation. So much the more on the companies operating as its subsidiaries. As today all the employers face significant labour market challenges in the Hungarian market, especially if they are looking for semi-skilled or skilled workers. In addition to the trade unions' pressure put on the government to increase the minimum wage, a significant factor includes the market dynamics live work-intensive sectors including tourism must meet. This requires a considerable amount of additional expenses of the participants on the offer side of the market, and only a part of this can be enforced in the price if they are to maintain competitiveness.

The other relevant environmental risk is inflation, although it only has a leveraged impact. February 2019 saw the first warning signs of the core inflation reaching and even exceeding 3 per cent, in this case the central bank would apply monetary tightening and this would trigger a base rate hike. The latter is a genuine risk for the Company as its loan rates are linked to BUBOR and a

rate hike cycle may lead to increases in financial expenses. Subsidiaries on the other hand are partially indebted in foreign exchange. The ECB has not given any guidelines for them only the option of tightening was raised.

The third group of questions concerns foreign exchange rates, but the Company is not exposed to FX rates, and so the risks involved do not affect its business. The subsidiaries, including HUNGUEST Hotels Zrt and Appeninn Vagyonkezelő Holding Nyrt, have receivables outstanding in foreign exchange, however, both companies also have revenues in foreign exchange (or denominated in FX), and thus natural coverage is solved, on the one hand, and in 2018 Appeninn Nyrt took considerable actions to restructure its exposures and align the currencies of liabilities and revenues.

5.4.2. Management risk:

With a view to the fact that the organization practically functions under the control of a single managing body, there is no relevant organizational or interest risk. The same may be said of the complete company group.

5.4.3. Service risk

Regarding the service risk, in the current situation the diversification of the investments by the Company as leader of a holding is analysed. In the description of the various business lines, the factors that constitute the Company's strengths in the current market environment are explained and in addition to the facts outlined there, in this section the risks are only confirmed.

Regarding the income statement, the Company group relies heavily on HUNGUEST Hotels Zrt and the Balatontourist Group. Although the Appeninn group is also significant as a participant, its data place it in the second row, and if it is adjusted for single items, it is pushed to the background. The money and capital market and insurance could be powerful participants in this portfolio, if CIG Pannónia Nyrt were fully consolidated, but under the current scenario, the report only takes account of changes in its capital. Konzum Befektetési Alapkezelő also produces excellent data but in a different magnitude. The investment holding is massive and stable but highly concentrated. For this reason merger into the OPUS group is a reasonable decision.

5.4.4. Financial Risk

In relation to environmental risks we mentioned that increase in the core inflation may trigger base rate hikes by the central bank, and the National Bank of Hungary has already communicated it to the market in the form of an oral intervention. Projected at the current exposure of the KONZUM Group, a rise by 100 basis points results in nearly HUF 700 million surplus. With knowledge of the company group's efficiency, this is a reasonable extent that can be fulfilled, however, mentioning it as a risk is indispensable.

The other relevant financial risk is the difference in the asset-liability structure described in the asset management business line in the presentation of business lines. In this case the detection of the expected income-generating ability of the investments and the alignment to the current financing structure are objectives to be achieved as soon as possible in order to prevent the use of short-term funds in financing of assets intended to be held over the long term and rather to convert such schemes depending on the expected recovery.

6. Events after the balance-sheet cut-off date and the Company's future plans

One of the most significant event that took place after the balance-sheet cut-off date was the admission of the Company's shares to the FTSE index, and for reasons related to work organization, in the company performing the audit the person in charge of the issuer has changed.

Under the above conditions, on 14 February 2019, KZF Vagyonkezelő Kft, a company in the 100 per cent ownership of KONZUM PE Magántőkealap, which is controlled by Konzum Befektetési Alapkezelő Zrt, which is in turn controlled by the Company, purchased 4,242,610 of 4iG Nyrt's shares from by REPRO I. Invest Kft, a company owned by REPRO I. Magántőkealap, which is in turn controlled by Konzum Befektetési Alapkezelő Zrt, and thus KZF Vagyonkezelő Kft increased its participation to 22.57 per cent, while the influence of the KONZUM Group remained unchanged as a result of the transaction.

In addition to this, the most important event was the resolution adopted by the Company's Board of Directors and Supervisory Board on 06 March 2019 to approve the Company's transformation plan related to its merger into OPUS GLOBAL Nyrt, and in relation to this a special meeting of the General Assembly was convened for the shareholders to adopt a decision on this matter. The economic reasonableness of this decision has been discussed at several places above. The consolidated company is capital-stronger, has more diversified investments and higher income-generating potential. Due to its size, it will be more attractive also for institutional investors, its introduction to the international markets will be easier and as a result, it will have easier access to funds that help the implementation of its strategic goals.

7. Diversity policy

The Company refuses any discrimination based on gender, age, disability, ethnic origin, race, religion or sexual orientation, and refuses all forms of discrimination at work. Non-discrimination and ensuring equal opportunities for the employees are outstanding objectives for the Company, with cultural and legal peculiarities taken into account.

In the course of the merger currently in progress, the Company also endeavours to fulfil the theoretical maxims of diversity policy in every respect.

Pursuant to its articles of association, the Company has a Board of Directors of five members and a supervisory board of three members. The current Board of Directors has five members and the Supervisory Board has three members. Three women work in total in the management body.

8. Environmental information:

Between 1991 and 1998 the Company owned and used the property located at 39-41 Kossuth Street, Marcali, H-8700, where MM Rt. “under liquidation” and MMW Fémipari Zrt “under liquidation” pursued a joint activity. The expert tests conducted on the spot revealed chlorine and other hydrocarbon contamination in the soil, due in 2.88 per cent to the Company’s activity. Based on various authority decisions adopted since then and reviewed by the Curia, the three companies are jointly and universally responsible for indemnification and monitoring. As the above-mentioned two businesses have been terminated since then, the competent authority requested a consultative procedure in the course of 2018 to repeatedly clarify the circumstances. Since then no effective improvement has been made in this matter. The Company resorts to all available remedies to prevent any consequences of the procedure that would be disproportionate or unfair to the Company. Regarding the uncertainty of its outcome and of the financial consequences, the Company does not include this item in its report until the latter is closed. Pursuant to the relevant standards, the Company did not make a provision for this litigation due to the uncertainty of its future outcome, as on the basis of the current information, the expected costs cannot be reliably estimated and the probability of incurring them is also uncertain.

In the course of the 2018 business year the company did not have any new business event that would require the assumption of environmental responsibility. The Company does not plan any environment improving development project additional to its business activity, and does not claim any aid for this purpose. The Company does not apply a separate environmental policy.

9. Declaration by the company management

The Company declares that the annual report for 2018, compiled by the Company according to the applicable accounting requirements and to the best of its abilities provides a fair and reliable representation of the assets, obligations, financial position, profit and loss of the Company and its subsidiaries acting as the issuer, and the executive summary gives a reliable representation of the Company Group's situation, development and performance, giving details of the main risks and uncertainties.

It also declares that it will publish the corporate governance declaration provided in Section 95/B (1) Act C of 2000 on Accounting with the content specified in subsection (2) in the Responsible Corporate Governance Report based on Section 3:289 of the Civil Code and display it on the websites of the Company and of Budapest Stock Exchange.

Budapest, 03/APR/2019

Gellért Jászai
Chairman of the Board of Directors

Aladin Linczésny
Member of the Board of Directors

10. Annexes

KONZUM NYRT.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 DECEMBER 2018

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Consolidated Balance Sheet

| ASSETS | Annex | 31 December 2018 | 31 December 2017 |
|---|-------|---------------------|-------------------|
| Long term loans | | | |
| Intangible assets | 3 | 305,585 | 59,574 |
| Real property | 4 | 101,395,705 | 34,120,502 |
| Income-generating investment properties | 4 | 0 | - |
| Plant, machinery, equipment and vehicles | 4 | 677,536 | 171,688 |
| Other equipment, furniture, fittings, tools, fixtures, vehicles | 4 | 364,000 | 363,878 |
| Deferred tax assets | 5 | 158,911 | 455 |
| Financial investments | 6 | 1010 | 709 |
| Participation in affiliated companies | 7 | 14,855,120 | 12,071,987 |
| Goodwill | 8 | 16,179,977 | - |
| Long-term assets, total | | 133,937,844 | 46,788,793 |
| Current assets | | | |
| Inventories | 9 | 413,579 | 199,632 |
| Receivables from customers | 10 | 862,777 | 254,259 |
| Receivables from related companies | 11 | 550,740 | 15,557,299 |
| Other short-term receivables | 12 | 2,310,763 | 991,212 |
| Corporate income tax assets | 12 | 71,073 | 2,091 |
| Prepayments and accrued income | 13 | 764,054 | 427,262 |
| Securities | 14 | 200 | 200 |
| Cash and cash equivalents | 15 | 6,028,109 | 2,179,428 |
| Assets held for sale | | - | - |
| Current assets total | | 11,001,295 | 19,611,383 |
| Assets, total: | | 144,939,139 | 66,400,176 |

The annexes on pages 60-128 constitute inseparable parts of the consolidated report.

'000 unless otherwise stated

| LIABILITIES | | 31 December 2018 | 31 December 2017 |
|--|----|---------------------|-------------------|
| Equity | | | |
| Subscribed capital | 16 | 826,308 | 521,500 |
| Capital reserve | 16 | 37,458,643 | - |
| Valuation reserve | 16 | - | 9,303,162 |
| Profit reserve | 16 | 17,618,351 | 44,950 |
| P/L for the reporting year | 16 | 1,507,501 | 8,689,416 |
| Non-controlling shares | 17 | 16,429,937 | 22,288,880 |
| Shareholder's equity, total: | | 73,840,741 | 40,847,908 |
| Long-term liabilities | | | |
| Long-term loans and advances | 18 | 34,207,037 | 10,499,623 |
| Long-term liabilities to related companies | 22 | 3,300,866 | - |
| Provisions on expected liabilities | 19 | 93,638 | 32,783 |
| Deferred tax liabilities | 20 | 4,650,342 | 2,782,478 |
| Other long-term liabilities | 21 | 261,876 | 2056 |
| Long-term liabilities, total | | 42,513,759 | 13,316,940 |
| Current liabilities | | | |
| Short-term loans and advances | 18 | 14,702,240 | 4,138,123 |
| Liabilities to creditors | 23 | 2,984,267 | 803,758 |
| Liabilities to related parties | 22 | 374,356 | 687,920 |
| Other tax liabilities | 23 | 460,085 | 122,953 |
| Other liabilities | 23 | 4,135,000 | 3,669,759 |
| Corporate income tax liability | 23 | 42,230 | 16,460 |
| Accrued expenses and deferred income | 24 | 5,886,461 | 2,796,355 |
| Current liabilities, total | | 28,584,639 | 12,235,328 |
| Liabilities and shareholders' equity, total | | 144,939,139 | 66,400,176 |

The annexes on pages 60-128 constitute inseparable parts of the consolidated report.

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Átfogó jövedelemkimutatás

| | | 2018. december 31. | 2017. december 31. |
|--|----|-----------------------|-----------------------|
| Értékesítés nettó árbevétele | 25 | 28 216 922 | 16 823 847 |
| Eladott áruk és szolgáltatások | 26 | (2 434 979) | (1 414 033) |
| Aktivált saját teljesítmények | | 31 998 | 15 452 |
| Anyagjellegű ráfordítások | 27 | (10 011 423) | (6 158 508) |
| Személyi jellegű ráfordítások | 28 | (8 790 561) | (5 497 418) |
| Értékcsökkenés és értékvesztés | | (1 421 877) | (884 260) |
| Egyéb ráfordítások/ egyéb bevételek | 29 | 4 648 147 | (271 609) |
| Működési költségek | | (17 978 695) | (14 210 376) |
| Működési eredmény | | 10 238 227 | 2 613 471 |
| Pénzügyi bevételek | 30 | 2 691 774 | 8 812 718 |
| Pénzügyi ráfordítások | 31 | (2 647 650) | (485 756) |
| Részesedés tőkemódszerrel értékelt vállalatok | 32 | (2 889 507) | 399 728 |
| Adózás előtti eredmény | | 7 392 844 | 11 340 161 |
| Adófizetési kötelezettség | 33 | (229 526) | (75 346) |
| Halasztott adófizetési kötelezettség | 33 | (1 081 131) | (918 280) |
| Adózott eredmény | | 6 082 187 | 10 346 535 |
| Árfolyamváltozás hatása | | - | - |
| Társult vállalkozás egyéb átfogó jövedelméből való | | - | 9 303 162 |
| Halasztott adó | | - | - |
| Egyéb átfogó jövedelem | | 0 | 9 303 162 |
| Teljes átfogó jövedelem | | 6 082 187 | 19 649 697 |
| Adózott eredményből | | | |
| Anyavállalatra jutó rész | | 1 507 501 | 8 689 416 |
| Külső tulajdonosra jutó rész | | 4 574 686 | 1 657 119 |
| Egyéb átfogó eredményből | | | |
| Anyavállalatra jutó rész | | - | 9 303 162 |
| Külső tulajdonosra jutó rész | | - | - |
| Teljes átfogó eredményből | | | |
| Anyavállalatra jutó rész | | 1 507 501 | 17 992 578 |
| Külső tulajdonosra jutó rész | | 4 574 686 | 1 657 119 |
| EPS mérleg fordulónapi névérték mellett | | | |
| (Részvények névértéke 2018.év: 2,5 Ft/db, 2017.év: 25 Ft/db) | | | |
| EPS alap (Ft/db) | | 22,31 Ft | 496,00 Ft |
| EPS hígított (Ft/db) | | 22,31 Ft | 496,00 Ft |
| Időszaki összehasonlítás biztosítása | | | |
| számított EPS azonos névérték mellett | | | |
| (Részvények névértéke 2018.év: 2,5 Ft/db, 2017.év: 2,5Ft/db) | | | |
| EPS alap (Ft/db) | | 22,31 Ft | 49,60 Ft |
| EPS hígított (Ft/db) | | 22,31 Ft | 49,60 Ft |

The annexes on pages 60-128 constitute inseparable parts of the consolidated report.

'000 unless otherwise stated

Change in the shareholders' consolidated equity

| | Annex | Subscribed capital | Capital reserve | Profit reserve | Revaluation reserve | P/L in the reporting year | Parent company's equity total | Non-controlling participation | Equity total |
|---|---------|--------------------|-------------------|-------------------|---------------------|---------------------------|-------------------------------|-------------------------------|-------------------|
| Balance as at 31 December 2016 | | 521,500 | 0 | 122,536 | 0 | (44,586) | 599,450 | (2476) | 596,974 |
| Book transfer of P/L from the previous year | | | | (44,586) | | 44,586 | | | 0 |
| Acquisition of a subsidiary | | | | | | | | 20,634,237 | 20,634,237 |
| Book transfer of cash contribution from the capital | | | | (33,000) | | | (33,000) | | (33,000) |
| Total comprehensive income | | | | | 9,303,162 | 8,689,415 | 17,992,577 | 1,657,119 | 19,649,696 |
| Balance as at 31 December 2017 | | 521,500 | 0 | 44,950 | 9,303,162 | 8,689,415 | 18,559,027 | 22,288,880 | 40,847,907 |
| Book transfer of profit and loss | | | | 8,689,416 | 0 | (8,689,416) | 0 | | 0 |
| Change in the accounting policy | | | | 9,303,162 | (9,303,162) | | 0 | | 0 |
| P/L for the reporting year | | | | | 0 | 1,507,501 | 1,507,501 | 4,574,686 | 6,082,187 |
| Capital increase | 304,808 | 37,458,643 | | | | | 37,763,451 | | 37,763,451 |
| Acquisition of a new subsidiary | | | | | | | 0 | 11,775,569 | 11,775,569 |
| Transactions with NCI control | | | | (486,924) | | | (486,924) | (22,214,449) | (22,701,374) |
| Assigned cash contributions | | | | 73,000 | | | 73,000 | | 73,000 |
| Dividend | | | | | | | 0 | | 0 |
| Other | | | | (5252) | | | (5252) | 5252 | 0 |
| Balance as at 31 December 2018 | | 826,308 | 37,458,643 | 17,618,352 | 0 | 1,507,500 | 57,410,803 | 16,429,937 | 73,840,741 |

The annexes on pages 60-128 constitute inseparable parts of the consolidated report.

'000 unless otherwise stated

Consolidated cash-flow statement

| | 31 December 2018 | 31 December 2017 |
|---|---------------------|---------------------|
| Cash-flow from business activity | | |
| Profit or loss after taxes | 6,082,187 | 10,346,534 |
| Adjustments: | | |
| Depreciation in the reporting year | 1,421,877 | 884,260 |
| Deferred tax | 3,870,420 | 784,231 |
| Change in provisions | 60,805 | 0 |
| Valuation of an affiliated company with the equity method | 2,889,507 | (399,728) |
| Revenues from the sale of tangible assets | 0 | |
| Change in the working capital | | |
| Change in inventories | (306,140) | 0 |
| Change in trade and other receivables | 9,167,195 | (117,196) |
| Change in prepayments and accrued income | (982,014) | (12,417) |
| Change in accounts payable | (12,369,767) | (2121) |
| Other short-term liabilities and deferrals | 929,385 | (1,297,096) |
| Change in accrued expenses and deferred income | 6,191,742 | 3,195 |
| Tax paid | (229,526) | (75,346) |
| Net cash flow from business activity | 16,725,671 | 10,114,316 |
| Cash flow from investment activity | | |
| (Purchase of) tangible and intangible assets | 64,662 | (884,260) |
| Acquisition of affiliated companies | 0 | (1,314,934) |
| Dividends received | 0 | |
| Acquisition of a subsidiary | (20,665,855) | (6,354,034) |
| Net cash flow from investment activity | (20,601,193) | (8,553,228) |
| Cash flow from financing activity | | |
| Borrowing from banks (repayment) | 7,724,202 | 594,937 |
| Contribution to / (-) withdrawal from the capital | 0 | 0 |
| Dividend payment | 0 | 0 |
| Loans granted | 0 | 0 |
| Purchase/sale of securities | 0 | 0 |
| Net cash flow from financing activity | 7,724,202 | 594,937 |
| Net change in cash and cash-like items | 3,848,680 | 2,156,025 |
| Balance of cash and cash-like items at the beginning of the year | 2,179,428 | 23,403 |
| Balance of cash and cash-like items at the end of the year | 6,028,109 | 2,179,428 |

The annexes on pages 60-128 constitute inseparable parts of the consolidated report.

1. General information

1.1 Description of the company

| | |
|---|---|
| Company name: | KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (hereinafter: "Company" or "Group") |
| Registered office: | H-1062 Budapest, Andrássy út 59. |
| Website URL: | www.konzum.hu |
| Date of foundation: | 1 January 1988, as a legal successor of Konzum Áruház Szövetkezeti Közös Vállalat (Konzum Storehouse Cooperative Joint Venture) |
| Date of incorporation: | 28 October 1988 |
| Company registration number: | 01-10-049323 |
| Core activity: | Letting of own and rented property |
| Persons authorised to sign the annual report: | Gellért Jászai, Member of the Board of Directors Aladin Ádám Linczési, Member of the Board of Directors jointly |
| Person in charge of the performance of accounting and book-keeping duties: | Katalin Kovács Registration number: 146,499 |
| Auditor of the Company: | ESSEL AUDIT Könyvvizsgáló Kft. Number of registration by the Chamber of Hungarian Accountants: 001109 |
| Person responsible for the audit: | Dr László Sasvári Number of registration by the Chamber of Hungarian Accountants: 001630 |

The Company's operative management is performed by the Board of Directors. The verification duties related to the Company's operation are performed by the Supervisory Board in the manner laid down in the Statutes.

Based on Resolution 80/2018 of the CEO of Budapesti Értéktőzsde Zrt, the ordinary shares of the Company are classified as premium shares as from 7 March 2018.

1.1 Description of the company (continued)

As of 31 December 2018, relative to the total share capital, KONZUM Nyrt had the following ownership structure:

| Owner's name | Ownership share 2018 | Ownership share 2017 | Vote share 2018 | Vote share 2017 |
|-------------------------------|----------------------|----------------------|-----------------|-----------------|
| KONZUM PE Magántőkealap | 45.61% | 40.31% | 45.61% | 40.31% |
| Lőrinc Mészáros | 12.35% | 19.57% | 12.35% | 19.57% |
| Gellért Jászai | 6.58% | 10.43% | 6.58% | 10.43% |
| Ratio of publicly held shares | 35.46% | 29.69% | 35.46% | 29.69% |
| | 100.00% | 100.00% | 100.00% | 100.00% |

1.2 Basis of balance sheet compilation

i) Approval and statement on compliance with the International Financial Reporting Standards

The consolidated financial statements are prepared on the basis of the Financial Reporting Standards promulgated and filed in the form of a regulation in the Official Journal of the European Union (EU). IFRS comprises standards and interpretations worded by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless otherwise indicated, the consolidated financial statements are presented in Hungarian forint, rounded to the thousand,

1.2 Basis of balance sheet compilation (continued)

ii) Basis of preparing the report

The consolidated financial statements were prepared according to the standards and on the definitions given by IFRIC as released on and in force since released on 31 December 2018.

The financial statements have been compiled on the basis of the direct cost principle, with the exception of the cases where IFRS requires the application of a different method of measurement, as described in the accounting policy. The financial year corresponds to the calendar year.

iii) Basis of the evaluation

In the case of the consolidated financial statements, the basis of valuation is the original direct cost, with the exception of the following assets and liabilities, which are recognized at fair value: derivative financial instruments, financial instruments and financial assets available for sale measured at fair value through profit or loss.

During the compilation of the financial statements compliant with the IFRS standards the management needs to apply professional judgment, estimates and assumptions that have an impact on the applied accounting policies and on the sum total of the assets and liabilities, revenues and costs recognized in the report. The estimates and related assumptions are based on past experiences and numerous other factors, which can be considered as reasonable under the given conditions, and which have a result that lays the ground for the estimate of the book value of the assets and liabilities that cannot otherwise be clearly specified from other sources. The actual results may differ from these estimates.

Estimates and basic assumptions are regularly reviewed. Modifications of the accounting estimates are disclosed in the period when the estimate is modified if the modification only affects the given year, and in the period of modification as well as in future periods if the modification affects both the current and the future years.

2. Accounting policy

The most important accounting policy principles applied during the preparation of the consolidated financial statements are described below. The accounting policies have been applied consistently for the periods reported in these consolidated financial statements. The most important accounting principles applied in the course of compiling the financial report include the following:

2.1 Key elements of the accounting policy

2.1.1 Basis of consolidation

Subsidiaries

The consolidated annual report presents the data of KONZUM Nyrt and its subsidiaries under its control. Control usually means that the Group has direct or indirect possession of more than 50 per cent of the company's voting rights and through its influence on the company's financial or operative activity, it enjoys benefits from its activity.

Acquisition accounting applies to the acquired business shares on the basis of the values at the time of the acquisition taking account of the market value valid on the acquisition of the assets and liabilities, i.e. on the day of obtaining control. The acquisition cost is the sum total of the consideration and the ratio of non-controlling interests in the acquired share. The companies acquired or sold during the year are represented in the consolidated financial statements from the date of the transaction or up to the date of the transaction.

The transactions between the companies included in the consolidation, their balances and results and any unrealized profits or losses are filtered out, unless such losses refer to impairment in the related assets. During the compilation of the consolidated annual report, similar transactions and events are recorded in accordance with uniform accounting principles.

In the balance sheet and in the income statement, the equity and the P/L applicable to non-controlling owners are recognized in separate lines. In relation to business combinations, non-controlling interests are specified at fair value of non-controlling interests or at the value falling on non-controlling shareholders from the fair value of the net assets of the acquired company. The valuation method is selected individually for each business combination. Following acquisition, non-controlling owners' share is the originally recorded value modified by the amount of changes in the acquired company's capital relative to non-controlling owners. The holders of non-controlling shares also have a share in the total comprehensive income of the period even if this results in a negative balance for their share.

2.1 Key elements of the accounting policy (continued)

The changes in the Group's participations in its current subsidiaries that do not result in a loss of control are recognized as capital transactions. The non-controlling participations of the Group and of the owners will be modified to have them reflect the changes in their participations in the subsidiaries. The difference between any amount modifying the owners' non-controlling participations and the consideration received or paid is recognized in the capital as a value due to the company's owners.

Joint ventures and affiliated companies

A joint venture is an agreement based on a contract with two or more parties (contractors) performing a business activity under joint control. Joint control is implemented if the strategic, financial and operative decisions require the contractors' unanimous consent. A jointly controlled business is a business association which requires the establishment of a company, partnership or other legal entity engaged in a business activity under the joint control of the Group and the other contractors.

An affiliated enterprise is an entity that is neither a subsidiary nor a jointly managed business, and yet the Group can have a significant influence on its financial and operating policies.

The Group's investments into joint ventures and affiliated companies are recognized with the equity method. Based on the equity method, investments in joint ventures and affiliated companies are recognized in the balance sheet at cost increased by the change applicable to the Group after acquisition of the net asset value of the business. The goodwill related to the business is included in the book value of the investment and it is not depreciated. The income statement contains the Group's share in the business's operating profit. If a change is offset against the equity of the company, the Group also offsets the part that applies to it, and where applicable, recognizes it as a change in its equity.

The reporting dates of joint ventures and affiliated companies are identical with those of the Group, and the businesses' accounting policies correspond to the one applied by the Group in similar transaction under similar conditions.

If a significant interest in a joint venture or affiliated company is terminated, the remaining participation is revaluated and recognized at fair value. The difference between the book value of an affiliated company and the sum of the fair value of the remaining participation and the consideration received for the sale is recognized in the P/L.

2.1 Key elements of the accounting policy (continued)

2.1.2 Reporting currency and foreign exchange balances

With a view to the content and circumstances of the underlying business events, the parent company's functional currency and the Group's reporting currency is the Hungarian forint.

The foreign exchange transactions performed in a currency other than HUF were initially recognised at the exchange rate valid on the day of performing such transactions. Foreign currency receivables and liabilities were converted to forint at the exchange rate valid on the balance-sheet cut-off date, disregarding whether return on the particular asset was doubtful or not. The exchange rate differences arising are recognized in the income statement among financial revenues and expenses.

Figures in the Company's financial statements were specified in Hungarian forint (HUF), rounded to the closest thousand, unless otherwise provided. In the consolidated financial statements data were given in Hungarian forint, as it is the Group's presentation currency.

The transactions performed in a foreign currency are recognized in the functional currency - the foreign currency amount considered at the exchange rate between the reporting currency and the foreign currency valid on the transaction date. In the comprehensive income statement the exchange rate differences arising during the arrangement of monetary items, on the initial presentation of the period or from the use of an exchange rate other than the exchange rate applied in the previous financial statements, are recognized as revenues or expenditures in the period when they are generated. The monetary instruments and liabilities denominated in foreign currency are converted at the exchange rate valid at the end of the reporting period. The items valued at fair value and denominated in foreign currency are converted at the exchange rate valid on the date of determining the fair value. Differences between accounts receivable and accounts payable are recognized in the operating profit, while loan margins are recognised in the line of revenues from or expenditures on financial operations.

2.1.3 Sales revenue

The revenues realized on sales transactions appears when the conditions of the supply contracts are appropriately met. Sales revenues are exclusive of the value added tax. All revenues and expenditures are recognized in the relevant period on the basis of the principle of matching.

2.1 Key elements of the accounting policy (continued)

2.1.4 Real Estates, Machinery and equipment

Intangible assets are recognized at value at cost reduced by accumulated depreciation. Accumulated depreciation includes the recognized costs of non-accelerated depreciation incurred in relation to the continuous use and operation of the asset and of accelerated depreciation required by the significant damage or injury to the asset due to an unexpected, extraordinary event.

The direct cost of tangible assets include the cost of purchasing the asset, and in the case of a capital investment project implemented by the business on its own, the material and staff costs as well as other direct costs incurred. The interest accounted on a loan taken for a tangible asset investment project increases the cost of the asset until the asset is brought to the condition corresponding to its intended purpose.

The book value of tangibles assets is revised at specified intervals in order to establish if the book value exceeds the fair market value of the asset, and if it does, accelerated depreciation is required to the fair market value of the asset. The fair market value of the asset is the higher of the sales price or the use value of the asset. Use value is the discounted value of future fund flows generated by the asset.

A discount rate includes the interest rate before corporate taxes, with a view to the time value of money and the effects of other risk factors related to the asset. If no future cash flow can be assigned to the asset independently, the cash flow of the unit that includes the asset must be taken as a basis. The impairment and accelerated depreciation determined by this method are recognized in the income statement.

The repair and maintenance cost of tangible assets and the costs of replacing spare parts are accounted to the debit of maintenance expenses. Value-increasing investments and renovations were capitalized. The direct costs and accumulated depreciation of assets sold, written off to zero or put out of service are derecognized. Any profit or loss made in this way is part of the P/L for the reporting year.

2.1 Key elements of the accounting policy (continued)

The value of the Company's assets is written off by the linear method during the useful life of the assets. Life in a breakdown of asset groups is as follows:

| | |
|-------------------------|-----------|
| Buildings | 50 years |
| Hotels | 33 years |
| Leased real properties | 10 years |
| Machinery and equipment | 3-7 years |

In the case of hotels, the Group set the residual value at 40 per cent. Useful lives and the depreciation methods are revised at least once every year on the basis of the actual economic benefit provided by the given asset. If required, the modification is offset against the profit of the reporting year.

2.1.5 Impairment

At the end of each reporting period the Group assesses whether any change suggesting impairment has happened to any asset. If such a change has taken place, the Group estimates the value of the expected return on the asset. The expected return on an asset or cash-generating unit is the higher of the fair value less sales costs or the use value. The Group recognizes impairment to the debit of the profit if the expected return on the asset is less than its book value. The Group performs the required calculations on the basis of an appropriate discounting of long-term future cash flow plans.

2.1.6 Intangible assets

Individually obtained intangible assets are recognized at cost, while the intangible assets acquired in the course of business combinations are disclosed at fair value at the time of the acquisition. An asset may be included in the books if its use can be proven to result in the future inflow of business benefits and its cost can be clearly established.

Following acquisition, the direct cost method applies to the intangible assets. The lives of these assets is either limited or cannot be determined. Assets with limited lives are depreciated with the

linear method based on the best estimate of their lives. The period and method of amortization are revised annually, at the end of each financial year.

2.1 Key elements of the accounting policy (continued)

Disregarding development costs, own manufactured intangible assets are not capitalized but are offset against the P/L in the year when they are incurred. Intangible assets are revised annually for impairment, either separately or at the level of the income-generating unit.

The costs of goods and software falling within the scope of brand names, licenses and industrial property rights are capitalized and linearly derecognized during their useful life:

| | |
|--|-----------|
| Concessions, licences and similar rights, and software | 3-6 years |
|--|-----------|

2.1.7 Goodwill

Goodwill is the and positive difference between the identifiable cost and the fair value of the net assets of the acquired subsidiary, affiliated company or jointly controlled company on the day of acquisition. Goodwill is not depreciated, but the Group examines every year if there are any signs suggesting that the book value will not be recovered. Goodwill is recognized at the original cost less any impairment.

2.1.8 Inventories

Inventories are recognized at historical cost less impairment for unnecessary or obsolete stocks or at their net realizable value, whichever is lower. Inventory values are determined at actual cost. The cost price of own-manufactured inventories includes the weighted average costs of raw materials, the indirect wage costs and wage taxes, and the depreciation and maintenance costs of machinery.

2.1.9 Receivables

Liabilities are recognized in the statements at a nominal value reduced by the appropriate impairment generated for estimated losses. Based on the complete supervision of the receivables outstanding at the end of the year, an estimate was made on doubtful claims.

2.1.10 Financial assets

The financial assets falling within the scope of the IAS 39 standard can be divided into at least four groups: financial assets offset against profit or loss at fair value (held for trading purposes), loans and receivables, investments held to maturity and financial assets available for sale. When financial assets are recognized, their initial valuation is performed at fair value.

After the initial presentation, the financial assets qualifying as “held for trade purposes” or “available for sale” are recognized at fair value; any unrealized exchange rate gain or loss on securities held for trade purposes is recognized as other revenue (expenditure); and any unrealized exchange rate gain or loss on securities available for sale appears as a separate equity element until the investment is sold or otherwise derecognized from the books, or until impairment is recognized on the given investment, and at that time the profit or loss accumulated in the equity is recognized as revenue.

Other long-term investments that qualify as held to maturity, e.g. certain bonds, are recognized at amortized cost after the first recognition. The amortized cost is calculated in the period to maturity, at a discount or premium valid at the time of acquisition. In the case of investments recognized at amortized cost, any profit or loss made during the depreciation period or when the investment is derecognized or impaired is accounted as a revenue.

In the case of investments included in stock market trade, the market value is specified on the basis of the official price announced on the balance-sheet cut-off date. In the case of non-listed or non-traded securities, the market value is the market value of any comparable/substitute financial investment, and if this method cannot be used, the market value must be determined on the basis of the estimated future cash-flow of the asset related to the investment.

On every cut-off date the Group analyses if impairment needs to be recognized for a particular financial asset or for a group of assets. If in the case of assets recognised at amortized cost, a condition requires impairment, the latter is the difference between the carrying value of the asset and its amount discounted by the original effective interest rate of the future cash flows of the asset.

Impairment is recognized in the income statement. If any time later the amount of the accounted impairment decreases, it is reversed to the extent that prevents the carrying value of the asset from exceeding its amortized value valid on the cut-off date.

Investments into securities are valued at the price valid on the day of performance and initially at cost. Short-term investments containing securities held for trading purposes are recognized at fair market value valid on the day of the next report, and their value is calculated at the publicly quoted price valid on the balance-sheet cut-off date. Unrealized profits and losses are included in the income statement.

2.1 Key elements of the accounting policy (continued)

In the case of marketable securities, any non-realized gain and loss (change in fair value) is recognized in the equity until the security is sold or a decision is made to recognize impairment, when the cumulated gain or loss recognized to that date in the equity is accounted in the income statement for the given period.

2.1.11 Financial liabilities

The Group's statement of the consolidated financial position includes the following financial liabilities: accounts payable and other short-term liabilities, loans, advances, bank overdrafts, forward and futures transactions. Their recognition and valuation are included in the relevant parts of the Notes to the consolidated financial statements as follows:

The Group values each financial liability at its fair value valid at the time of its initial recognition. In the case of loans account is taken of the transactions costs directly attributable to the acquisition of the financial liability.

The Group classifies the financial liabilities subject to IAS 39 into the following categories: financial liabilities at fair value through profit or loss, loans and advances, and hedging instruments held for hedging settlement purposes. The Group determines the classification of the individual financial liabilities when they are acquired.

Financial liabilities valued at fair value through the profit or loss are liabilities acquired by the Group for trading purposes or qualified on their initial presentation at fair value through the profit or loss. Financial liabilities held for trading purposes include liabilities purchased by the Group primarily for the profit expected of short-term price fluctuations. This category also includes futures transactions not considered as efficient hedging instruments.

Loans and advances are recognized in the statements of the financial position at the amortized cost value calculated by the effective interest rate method. The profits and losses related to loans and advances are recognized in the income statement during the calculation of depreciation by the effective interest rate method and when the financial liability is deregulated. Amortization is accounted as financial expenditure in the statement on income.

2.1 Key elements of the accounting policy (continued)

2.1.12 Derivative financial assets

Initially, derivative financial instruments are evaluated at cost, and on the date of the next report, they are revaluated at fair market value.

In addition to hedging transactions, any change in the fair value of derivative financial instruments is included in the income statement.

2.1.13 Provisions

The Group recognizes provisions for (legal or assumed) commitments incurred as a result of past events the Group is probably required to pay, provided that the amount of the commitment is reliably measurable.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking the risks and uncertainties characteristic of the obligation into account. If a provision is measured using the cash flow probably required for the payment of the existing commitment, the book value of the provision is the present value of such cash flows.

If some or all of the expenditures required to settle a provision is expected to be reimbursed by another party, such a receivable is recognized as an asset if it is virtually certain that the entity will receive the reimbursement and the amount receivable is reliably measurable.

Existing obligations arising from onerous contracts are recognized as provisions. The Group considers a contract onerous if the unavoidable costs of meeting the obligations undertaken in the contract exceed the economic benefits expected to be received from the contract.

A restructuring provision is recognized if the Group has prepared a detailed formal restructuring plan and when the implementation of the plan is started or the main features of the plan are announced to the stakeholders, expectations are triggered in the stakeholders regarding the implementation of the transformation. The reorganization only includes direct expenditures incurred in relation to reorganization and are indispensable for reorganization, and do not relate to the business entity's activity continued as a going concern.

2.1 Key elements of the accounting policy (continued)

2.1.14 Corporate income tax

The amount payable as corporate tax is based on the act on dividend tax and on tax payment liability specified by the act on local business taxes, and is modified by the deferred tax. The corporate income tax liability includes tax components due in the reporting year and deferred taxes.

The tax payable for the current year is determined on the basis of the taxable profit of the reporting year. The taxable profit differs from the profit before taxes recognized in the consolidated report, due to profits and losses not constituting a tax base and to items that are recognized in the taxable profits of other years. The Group's current tax payment liability is determined on the basis of the tax rate in force or announced (provided that announcement is equivalent to entry into force) up to the balance-sheet cut-off date. Deferred tax is calculated by the liability method.

Deferred tax liability is incurred when there is a temporary difference between the recognition of an item in the annual report and its reconciliation according to the Act on Taxation. Deferred tax assets and tax liabilities are established using the tax rates applicable to the taxable revenues in years when recovery of the difference is expected due to the time displacement. The amount of deferred tax liabilities and tax assets reflect the Group's estimate on the method of realizing tax assets and tax liabilities on the balance-sheet cut-off date.

Deferred tax assets are only included in the balance sheet with reference to deductible temporal differences, transferable tax benefits and a negative tax base, if in the course of its future activity the Group presumably realizes profit serving as a tax base and the deferred tax asset can be offset against it.

On every balance-sheet date the Group takes account of the deferred tax assets not recognized in the balance sheet and the book value of the recognized tax assets. It inventorizes that part of the receivables not previously included in the balance sheet on which recovery is expected as a reduction in the future income tax. In contrast, the Group's deferred tax assets must be reduced by any amount not expected to be covered by any available taxable profit.

The tax due in the reporting year and deferred tax are offset against the equity if they refer to items also offset against the equity in the same or in another period, including any amendments in the opening values of reserves due to retroactive changes in the accounting policy.

2.1 Key elements of the accounting policy (continued)

Deferred tax assets may be offset against deferred tax liabilities if the company is authorized by law to offset its actual tax assets and tax liabilities due from and to the same tax authority, and the Group intends to recognize these assets and liabilities on a net basis.

2.1.15 Leasing

Financial leasing is a transaction including a lessor who assumes all the risks and costs involved in the possession of the asset under the lease conditions. All other leasing transactions are considered as operative leasing.

In the case of financial leasing, the assets leased by the Group qualify as the Group's assets and are recognized at their market value valid at the time of acquisition. A liability to the lessor is presented in the balance sheet as a financial leasing liability. The costs incurred in relation to the leasing are the differences between the fair value of the purchased assets and the total leasing liability and are accounted to the debit of the profit during the entire lease term in a way to represent a permanent and periodically incurred expenditure on the existing amount of the liability in the individual periods.

They arise from the difference between the total amount of liabilities and the market value of the leased asset at the time of acquisition, or after the relevant leasing term, in order to trace any change in the balance of the remaining liability from time to time, or they are recognized in the income statement in the individual reporting periods.

2.1.16 Earnings per share (EPS)

The return on a share is determined with a view to the Group's profit and shares reduced by the average portfolio of own shares repurchased in the period reviewed.

The diluted earnings per share is calculated similarly to the earnings per share. However, during calculation all the outstanding shares suitable for dilution are taken into account, increasing the return payable on ordinary shares by the dividend and return on the convertible shares that can be taken into account in the given period, modified by any additional revenues and expenditure arising from conversion, increasing the weighted average number of outstanding shares by the weighted average number of those shares that would be outstanding if all the convertible shares were converted. No transaction was concluded either in the year ended on 31 December 2016 or in the one ended on 31 December 2017 that would dilute the value of the EPS ratio.

2.1 Key elements of the accounting policy (continued)

2.1.17 Off-balance sheet items

Off-balance sheet liabilities are not included either in the balance sheet or in the income statement comprising the consolidated annual report, unless they have been obtained in the course of business combinations.

They are presented in the Notes, unless the outflow of funds representing economic benefit is a remote option of a very slight probability. Off-balance sheet items are not included in the balance sheet and in the income statement included in the consolidated annual report, but if business benefits are likely to flow in, they are presented in the Notes.

2.1.18 Repurchased own shares

The nominal value of repurchased own shares deducted from the subscribed capital. The difference between the nominal value and the direct cost is recognized directly in the capital reserve.

2.1.19 Dividend

The Company accounts for dividend in the year it is approved by the owners.

2.1.20 Investment property

Property is recognised as investment property if the entity maintains it in order to make income from rental fees or value increase, or both, and not for subsequent sales, product manufacturing, service provision or business administration.

Initially, investment properties must be valued at direct cost, taking transaction costs into account. Following acquisition, investment properties are recorded in the registers at fair value. Change in the fair value is recognized among other revenues and other expenses.

Investment properties must be derecognized on alienation or when the investment property is permanently withdrawn from use and no economic benefits can be expected from its alienation in the future. Gains and losses on the derecognition and alienation of investment properties must be recognized as revenues or expenditure of the given period in the income statement.

2.1 Key elements of the accounting policy (continued)

2.1.21 P/L on financial operations

The financial P/L includes interest and dividend revenues, interest and other financial expenditures, the profit and loss on the fair valuation of financial instruments, and any realized or non-realized exchange rate differences.

2.1.22 State aid

A state aid is recognized if the aid is likely to be recovered and the conditions of reimbursement have been fulfilled. If the aid serves the purpose offsetting a cost, it must be recognized to the benefit of the income statement in the period when the cost to be offset is incurred (among other revenues). If an aid is linked to asset acquisition, it is recognized as deferred income and during the related useful life of the underlying asset it is recognised annually in equal amounts to the benefit to the P/L.

2.1.23 Events after the balance-sheet cut-off date

The events that took place after the end of the reporting period and provide additional information about the circumstances prevailing at the end of the Group's reporting period (amending items) are presented in the report. The events that took place after the reporting period and not requiring the modification of the reporting data are presented in the Notes, if relevant.

2.2 Changes in the accounting policy

The Group's accounting policies are identical with those applied in previous years.

Up to the publication of this report, the following standards and explanations have been released and were applied by the Company in 2018.

IFRS 9 Financial instruments: recognition and measurement (effective as from 1 January 2018)

This standard adopted new requirements related to the classification, measurement and impairment of financial assets and financial liabilities. The application of the IFRS 9 standard has an impact on the rating and measurement of the Group's financial assets, but does not influence the rating and evaluation of its financial liabilities. The new standard does not have a significant impact on the Group's consolidated report.

2.2 Change in the accounting policy (folytatás)

IFRS 15 Revenue from Contracts with Customers (effective as from 1 January 2018)

On 28 May 2014, IASB published a new standard about the recognition of sales revenues from contracts with customers. The application of the new income standard is mandatory for companies that adopt the IFRS in respect of the reporting periods beginning on or after 1 January 2018. The new standard will replace the current regulation of the contracts in the field of accounting for revenues under IAS 18 "Incomes" and IAS 11 "Investment contracts". According to the new standard, these companies will apply a "five-step" method to determine the time and amount of recognizing sales revenues. In this model, revenues must be disclosed to express the transfer of the promised product or service (contractual commitment) in the amount the company expects to be entitled to. The new standard does not have a significant impact on the Group's consolidated report.

IFRS 16 Leasing (effective as from 1 January 2019)

On 13 January 2016, IASB published a new standard about the recognition of leasing transactions. The application of the new leasing standard will be mandatory for the companies that adopt the IFRS in respect of the reporting periods beginning on or after 1 January 2019. The new standard replaces the current regulations of IAS 17 on leasing, and fundamentally changes the accounting of operative leasing followed to date. The Group will analyse the impacts of this amendment.

In 2018 the Group applied all the IFRS standards, amendments and interpretations effective as from 1 January 2018 and relevant for the operation of the Group.

- a) *The standards and interpretations issued by IASB and adopted by the EU but not yet in force and not expected to have any impact on the Group's financial statements:*
- IFRIC 23 "Uncertainty over Income Tax Treatments" (it will mandatorily apply for annual reporting periods beginning on or after 1 January 2019, but certain transitional concessions are available);
 - Amendments to IFRS 9: Prepayment features with negative compensation (the amendments are mandatorily applicable retroactively and have been in force from 1 January 2019, early application is allowed).
- b) *The standards and interpretations issued by IASB but not yet adopted by the EU and not expected to have any impact on the Group's financial statements:*
- IFRS 17 Insurance contracts (applicable in accounting periods beginning on or after 1 January 2022, re-establishing comparative data);
 - Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures (the amendments are mandatorily applicable retroactively and have been in force from 1 January 2019, early application is allowed);

2.2 Change in the accounting policy (continued)

- Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate/joint venture (IASB has postponed the effective date of these amendments, but if a business entity decides in favour of the early application of the amendments, they must be applied retroactively);
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (applicable to plan amendments, curtailments or settlements arising at the beginning or after the first reporting period beginning on or after 1 January 2019, early application is allowed);
- Annual improvements 2015-2017 cycle (published in December 2017) – As a result of the IFRS Development Project, certain standards (IFRS 3, IFRS 11, IAS 12 and IAS 23) were amended, primarily in order to eliminate the inconsistencies and to clarify explanations (applicable to reporting periods beginning on or after 1 January 2019).

2.3 Uncertainty factors

When the accounting policy described in Section 2.1 is applied, estimates and assumptions not clearly definable from other sources need to be used for the determination of the values of the individual assets and liabilities at the given moment of time. The estimation procedure includes the decisions adopted on the basis of the available information and the relevant factors. These significant estimates and assumptions influence the value of the assets and liabilities, revenues and expenditures recognized in the financial statements, as well as the presentation of contingent assets and liabilities in the Notes. The actual results may differ from the estimated data.

The estimates are updated on a regular basis. If a change only affects one given period, it must be recognized in the period of change in accounting estimates, and if the change affects both the period of change and future periods, it must be recognised in both periods.

The main areas of the critical decisions made on the uncertainty of estimation and on the accounting policy, which have the most significant impact on the consolidated financial statements include the following:

2.3.1 Market valuation of real property

For the day when the Group acquired the subsidiaries, it requested the consultant company KPMG to value the hotels of HUNGUEST Hotels Zrt and Erkel Hotel Kft, and the consultant performed the valuation on a DFC basis. During valuation it was established that the fair value of the hotels considerably exceeded their book values, by HUF 17,978,243,000. During the acquisition of subsidiaries, they were included at the fair value of equity, which also includes the above amount. The Company analyses the recoverable value of the properties in accordance with the accounting policy. The Group amortizes properties in 33 years with a 40 per cent residual value.

2.3.2 Depreciation

Property, plant and equipment and intangible assets are accounted at cost, and are written off linearly during their useful lives. For the years ended on 31 December 2018 and on 31 December 2017 the Group disclosed HUF 1,421,877,000 and HUF 884,260,000 as depreciation and amortization expenditures, respectively. The useful lives of assets are determined on the basis of previous experiences with similar assets and of changes that take place in the expected technological development and the wider economic or sectoral factors. The estimated useful lives are supervised annually.

2.4 Consolidated companies

As a subsidiary

| | Vote and ownership shares | |
|--|---------------------------|--------|
| | 2018 | 2017 |
| Appeninn Vagyonkezelő Holding Nyrt. | 18.70% | 23.86% |
| Balatontourist Camping Kft. | 100.00% | 0.00% |
| Balatontourist Füred Club Camping Kft. | 100.00% | 0.00% |
| Balatontourist Idegenforgalmi és Kereskedelmi Kft. | 100.00% | 0.00% |
| BLT Group Zrt. | 100.00% | 0.00% |
| Heiligenblut Hotel GmbH | 100.00% | 0.00% |
| Holiday Resort Kreischberg Murau GmbH | 100.00% | 0.00% |
| HUNGUEST Hotels Montenegro D.o.o. | 100.00% | 0.00% |
| HUNGUEST Hotels Szállodaipari Zrt. | 100.00% | 59.94% |
| Konzum Befektetési Alapkezelő Zrt. | 47.00% | 45.80% |
| KZBF Invest Vagyonkezelő Kft. | 100.00% | 90.00% |
| KZH Invest Kft. | 100.00% | 0.00% |
| Legatum '95 Kft. | 100.00% | 36.00% |
| Ligetfürdő Ingatlanfejlesztő és Fürdőüzemeltető Kft. | 100.00% | 0.00% |
| MB Hills Szállodaüzemeltető Kft. | 100.00% | 0.00% |
| Pollux Hotel Zrt. | 100.00% | 0.00% |
| Relax Gastro GmbH | 100.00% | 0.00% |
| Erkel Hotel Kft.* | 0.00% | 59.94% |
| Turizmus Stratégia Fejlesztő és Tanácsadó Kft.* | 0.00% | 59.94% |

* On 31/DEC/2017 they merged into HUNGUEST Hotels Zrt.

As an affiliated company

| | Vote and ownership shares | |
|-----------------------------|---------------------------|--------|
| | 2018 | 2017 |
| KONZUM MANAGEMENT Kft | 30% | 30.00% |
| CIG Pannónia Biztosító Nyrt | 24.85% | 0% |

2.4.1 Description of the consolidated subsidiaries

2.4.1.1 *Appeninn Nyrt.*

Registered office: H-1062 Budapest, Andrássy út 59.

KONZUM Nyrt obtained influence in Appeninn Nyrt in 2017.

In December 2017, Appeninn Nyrt implemented a capital increase and consequently KONZUM Nyrt's voting rights and ownership title had changed to 23.86 per cent by 31 December 2017.

On 22 August 2018, KONZUM Befektetési és Vagyonkezelő Nyrt, KONZUM PE Magántőkealap, KONZUM II Ingatlanbefektetési Alap, KONZUM MANAGEMENT Kft and KPE Invest Kft entered into an agreement on authorizing KONZUM Nyrt to appoint the majority of the executive officers of Appeninn Nyrt. As a result of the agreement, Appeninn Nyrt is included in KONZUM Nyrt's consolidated report as a subsidiary.

As a result of the share sale and purchase transactions conducted by KONZUM Nyrt in 2018, direct interest in Appeninn Nyrt dropped to 18.7%.

2.4.1.2 *Balatontourist Camping Kft.*

Registered office: H-8200 Veszprém, Kossuth u. 21.

Balatontourist Camping Kft rents campsites from various business organizations at Balatonakali, in Keszthely, at Balatonszemes and at Zalakoaros. The company has the assets required for campsite operation, partly in its ownership and partly leased from Balatontourist Kft, a member of the group.

As a subsidiary of BLT Group Zrt, Balatontourist Camping Kft is included in the consolidated report of the reporting year with 100 per cent indirect influence.

2.4.1.3 *Balatontourist Füred Club Camping Kft.*

Registered office: H-8200 Veszprém, Kossuth L. u. 21.

It has been engaged in campsite operation since 2016: it rents the largest camp around Lake Balaton from the town's municipality. The lease agreement was concluded for a term of 10 years up to 2027.

The company has the assets required for campsite operation: part of them are in its ownership and another part is leased from Balatontourist Kft, a member of the group.

The company operates the campsite on its own.

As a subsidiary of BLT Group Zrt, Balatontourist Füred Club Camping Kft is included in the consolidated report of the reporting year with 100 per cent indirect influence.

2.4.1 Description of the consolidated subsidiaries (continued)

2.4.1.4 *Balatontourist Idegenforgalmi és Kereskedelmi Kft.*

Registered office: H-8200 Veszprém, Kossuth L. u 21

Balatontourist Kft rents campsite areas from the local municipalities in Révfülöp and Balatonberény. The company has the assets required for the operation of campsites.

As a subsidiary of BLT Group Zrt, Balatontourist Kft is included in the consolidated report of the reporting year with 100 per cent indirect influence.

2.4.1.5 *BLT Group Zrt.*

Registered office: H-1062 Budapest, Andrásy út 59.

In November 2018 KONZUM acquired 100 per cent direct interest in BLT Group Zrt. With this transaction 100 per cent of the companies of the Balatontourist group was included in the Group's ownership.

2.4.1.6 *Heiligenblut Hotel GmbH*

Registered office: Austria, 9844 Heiligenblut Winkl 46

On 1 July 2018, KONZUM acquired 100 per cent of the ownership shares of Heiligenblut Hotel GmbH. The Company is the owner of the HUNGUEST Hotel Heiligenblut and Landhotel Post, located in Austria. The company is in the 100 percent ownership of Ligetfürdő Kft.

2.4.1.7 *Holiday Resort Kreischberg Murau GmbH*

Registered office: Kreischberg 2, 8861 St.Georgen ob Murau, Austria

The Groups was added Holiday Resort Kreischberg-Murau GmbH on 1 April 2018. The company owns Hotel Relax Resort in Murau, and the company is in the 100 per cent ownership of Konzum Nyrt.

2.4.1.8 *KZBF Invest Vagyonkezelő Kft.*

Registered office: H-1062 Budapest, Andrásy út 59.

KZBF Invest Vagyonkezelő Kft's core activity is asset management (holding). The subsidiary

2.4.1.9 *HUNGUEST Hotels Montenegro D.o.o.*

Registered office: Montenegro Herceg Novi, Sveta Bubala bb

HUNGUEST Hotels Montenegro D.o.o was added to the Group on 1 July 2018. The company owns the HUNGUEST Hotel Sun Resort located in Montenegro. The company is in the 100 percent ownership of Ligetfürdő Kft.

2.4.1 Description of the consolidated subsidiaries (continued)

2.4.1.10 *HUNGUEST Hotels Szállodaipari Zrt.*

Registered office: H-2053 Herceghalom, Zsámbéki út 16.

HUNGUEST Hotels Szállodaipari Zrt, the operator of 26 hotels, provides accommodation services as its core activity. Twenty of the hotels are located at Hungary's best-known health spas, resorts and hill areas or in large cities. Since 1 January 2017, HUNGUEST Hotels Zrt has been consolidated as a subsidiary.

In 2018 the Company acquired ownership of 100 per cent of the shares of KZH Invest Kft, a company that owns 99.9 per cent of the HUNGUEST Hotels shares, and further 10 per cent of KZBF Invest Kft. Thus KONZUM obtained 100 per cent control over the companies that own HUNGUEST Hotels Zrt.

The subsidiaries in HUNGUEST Hotels Zrt's 100 per cent ownership, include Pollux Hotel Kft, MB Hills Kft, Relax Gastro GmbH, and at the end of 2018 it acquired ownership title to the following companies by sale and purchase: Ligetfürdő Kft and its subsidiaries, Holiday Resort Kreischberg Murau GmbH and Legátum '95 Kft.

2.4.1.11 *KZH Invest Kft.*

Registered office: H-1062 Budapest, Andrásy út 59.

In February 2018, KONZUM obtained 100 per cent direct ownership in KZH Invest Kft through in-kind contribution. The Company's core activity is asset management. KZH Invest Kft owns 67.9 percent of the shares in HUNGUEST Hotels Zrt.

2.4.1.12 *Legátum 95' Kft.*

Registered office: H-4200 Hajdúszoboszló, Mátyás király sétány 12-14.

In addition to its 40 per cent ownership share in Legátum '95 Kft, the Group also acquired the remaining 60 per cent interest in the company. The company owns Hotel Apolló located in Hajdúszoboszló. Since late 2018, 100 per cent of its shares are in HUNGUEST Hotels Zrt's ownership.

2.4.1.13 *Ligetfürdő Ingatlanfejlesztő és Fürdőüzemeltető Kft.*

Registered office: H-6726 Szeged, Torontál tér 1.

As from 1 July 2018, Konzum Nyrt acquired 100 per cent of the ownership of Ligetfürdő Kft, and at the end of the year it sold the title to HUNGUEST Hotels Zrt within the group.

Ligetfürdő Kft owns 100 per cent of the shares of its subsidiaries, Heiligenblut Hotel GmbH and HUNGUEST Hotels Montenegro D.o.o.

2.4.2 Description of the affiliated companies included in the consolidation

2.4.2.1 KONZUM MANAGEMENT Kft

Registered office: H-1062 Budapest, Andrássy út 59.

KONZUM MANAGEMENT Kft's core activity is the sale and purchase of own properties. KONZUM MANAGEMENT Kft has the following subsidiaries:

| Name of the subsidiary | Vote and ownership shares (%) |
|------------------------|-------------------------------|
| BLT Ingatlan Kft | 100 |
| ZION Europe Kft | 100 |

KONZUM MANAGEMENT Kft's consolidated report was prepared with the equity method on 31 December 2018. In 2018 the Company contributed the shares of PLT Group Zrt in its ownership and thus acquired an ownership share in Konzum Nyrt, but during the year it sold these shares.

2.4.2.2 CIG Pannónia Biztosító Nyrt.

Registered office: H-1033 Budapest, Flórián tér 1.

In the framework of a private capital increase, KONZUM Nyrt acquired 23,466,020 ordinary shares in CIG Pannónia Nyrt at an issue price of HUF 350 per share, obtaining 24.85 per cent share in the insurance company.

2.5 Description of the business combinations

In 2018, the Company obtained control in the following subsidiaries:

Balatontourist Camping Kft.

| | |
|--|---------|
| Consideration for the share | 3000 |
| Book value of equity on acquisition | 362,149 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 362,149 |
| Of which: | |
| Parent company's share (100%) | 362,149 |
| Part per non-controlling share (0%) | - |

Badwill on acquisition (359,149)

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|-------|
| Consideration for the share | 3000 |
| Less: financial assets at the time of the acquisition | (212) |
| Net acquisition value | 2788 |

Balatontourist Kft.

| | |
|--|---------|
| Consideration for the share | 113,751 |
| Book value of equity on acquisition | 511,908 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 511,908 |
| Of which: | |
| Parent company's share (100%) | 511,908 |
| Part per non-controlling share (0%) | 0 |

Badwill on acquisition (398,157)

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|---------|
| Consideration for the share | 113,751 |
| Less: financial assets at the time of the acquisition | (133) |
| Net acquisition value | 113,618 |

2.5 Business combinations (continued)

Balatontourist Füred Club Camping Kft.

| | |
|--|---------|
| Consideration for the share | 3000 |
| Book value of equity on acquisition | 170,104 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 170,104 |
| Of which: | |
| Parent company's share (100%) | 170,104 |
| Part per non-controlling share (0%) | 0 |

Badwill on acquisition (167,104)

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|------|
| Consideration for the share | 3000 |
| Less: financial assets at the time of the acquisition | (42) |
| Net acquisition value | 2958 |

BLT Group Zrt.

| | |
|--|---------|
| Consideration for the share | 977,290 |
| Book value of equity on acquisition | 3,372 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 3,372 |
| Of which: | |
| Parent company's share (100%) | 3,372 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition 973,918

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|----------|
| Consideration for the share | 977,290 |
| Less: financial assets at the time of the acquisition | (80,632) |
| Net acquisition value | 896,658 |

For the valuation of BLT Group Zrt and its subsidiaries (Balatontourist Kft, Balatontourist Camping Kft and Balatontourist Füred Club Camping Kft) to establish its fair value on the acquisition day, KONZUM NYRT used the expert opinion prepared by PricewaterhouseCoopers Magyarország Kft.

2.5 Business combinations (continued)

. The goodwill generated in the subsidiaries and the goodwill due to the acquisition of the BLT Group are aggregated in the report, as BLT Group Zrt only holds the business shares of the three subsidiaries and the fair value is provided by the subsidiaries themselves.

Heiligenblut Hotel GmbH

| | |
|--|------------|
| Consideration for the share | 249,949 |
| Book value of equity on acquisition | -1,169,532 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | -1,169,532 |
| Of which: | |
| Parent company's share (100%) | -1,169,532 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition **1,419,481**

Equity to non-controlling shares at fair value -

Non-controlling share on the day of acquisition -

| | |
|---|---------|
| Consideration for the share | 249,949 |
| Less: financial assets at the time of the acquisition | - |
| Net acquisition value | 249,949 |

Holiday Resort Kreischberg Murau GmbH

| | |
|--|---------|
| Consideration for the share | 900,000 |
| Book value of equity on acquisition | 373,759 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 373,759 |
| Of which: | |
| Parent company's share (100%) | 373,759 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition **526,241**

Equity to non-controlling shares at fair value -

Non-controlling share on the day of acquisition -

| | |
|---|---------|
| Consideration for the share | 900,000 |
| Less: financial assets at the time of the acquisition | - |
| Net acquisition value | 900,000 |

2.5 Business combinations (continued)

HUNGUEST Hotels Montenegro

| | |
|--|-----------|
| Consideration for the share | 2,414,806 |
| Book value of equity on acquisition | 1,626,944 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 1,626,944 |
| Of which: | |
| Parent company's share (100%) | 1,626,944 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition **787,862**

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|-----------|
| Consideration for the share | 2,414,806 |
| Less: financial assets at the time of the acquisition | - |
| Net acquisition value | 2,414,806 |

KZH Invest Kft.

| | |
|--|------------|
| Consideration for the share | 14,701,249 |
| Book value of equity on acquisition | 1,740,981 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 1,740,981 |
| Of which: | |
| Parent company's share (100%) | 1,740,981 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition **12,960,268**

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|------------|
| Consideration for the share | 14,701,249 |
| Less: financial assets at the time of the acquisition | - |
| Net acquisition value | 14,701,249 |

KONZUM Nyrt used the expert opinion prepared by PricewaterhouseCoopers Magyarország Kft for the fair valuation performed on the day of acquiring ownership of BLT Group Zrt's business share. KZH Invest Kft owns 67.896 percent of the shares in HUNGUEST Hotels Zrt.

2.5 Business combinations (continued)

Legátum 95' Kft.

| | |
|--|---------|
| Consideration for the share | 778,517 |
| Book value of equity on acquisition | 524,221 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 524,221 |
| Of which: | |
| Parent company's share (100%) | 524,221 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition 254,296

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|---------|
| Consideration for the share | 778,517 |
| Less: financial assets at the time of the acquisition | (13) |
| Net acquisition value | 778,504 |

Ligetfürdő Kft

| | |
|--|------------|
| Consideration for the share | 12,500,000 |
| Book value of equity on acquisition | 13,745,910 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | 13,745,910 |
| Of which: | |
| Parent company's share (100%) | 13,745,910 |
| Part per non-controlling share (0%) | 0 |

Badwill on acquisition (1,245,910)

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|------------|
| Consideration for the share | 12,500,000 |
| Less: financial assets at the time of the acquisition | (287,886) |
| Net acquisition value | 12,212,114 |

2.5 Business combinations (continued)

2.5 Business combinations (continued)

Relax Gastro GmbH

| | |
|--|----------|
| Consideration for the share | 11,253 |
| Book value of equity on acquisition | -139,345 |
| Adjustment for fair value | - |
| Fair value of the equity on the day of the acquisition | -139,345 |
| Of which: | |
| Parent company's share (100%) | -139,345 |
| Part per non-controlling share (0%) | 0 |

Goodwill on acquisition **150,598**

| | |
|--|---|
| Equity to non-controlling shares at fair value | - |
| Non-controlling share on the day of acquisition | - |

| | |
|---|--------|
| Consideration for the share | 11,253 |
| Less: financial assets at the time of the acquisition | - |
| Net acquisition value | 11,253 |

In 2018, the Company obtained the following participations in affiliated companies:

CIG Pannónia Biztosító Nyrt.

| | |
|-------------------------------------|------------------|
| Consideration for the share | 8,213,107 |
| Book value of equity on acquisition | 16,935,845 |
| of this the parent company shared | 4,208,557 |
| Goodwill on acquisition | 4,004,550 |

3. Intangible assets

| HUF '000 | Total |
|--|----------------|
| Gross value | |
| 31 December 2016 | |
| Change in the scope of consolidated companies (increase) | 303,142 |
| Change in the scope of consolidated companies (decrease) | |
| Increase and reclassification | 33,132 |
| Decrease and reclassification | (2873) |
| 31 December 2017 | 333,401 |
| Change in the scope of consolidated companies (increase) | 119,704 |
| Change in the scope of consolidated companies (decrease) | |
| Increase and reclassification | 23,672 |
| Decrease and reclassification | 318,028 |
| 31 December 2018 | 794805 |
| Accumulated depreciation | |
| 31 December 2016 | |
| Change in the scope of consolidated companies (increase) | 258,446 |
| Change in the scope of consolidated companies (decrease) | |
| Annual write-off | 18,254 |
| Decrease | (2873) |
| 31 December 2017 | 273,827 |
| Change in the scope of consolidated companies (increase) | 71,629 |
| Change in the scope of consolidated companies (decrease) | |
| Annual write-off | 146,751 |
| Decrease | (2987) |
| 31 December 2018 | 489,221 |

Net book value

31 December 2016

31 December 2017

31 December 2018

59,574

305,585

4. Properties, machinery and equipment

| adatok eFt-ban | Ingatlanok | Gépek, berendezések | Befejezetlen beruházások és előlegek | Összesen |
|--|--------------------|------------------------|---|--------------------|
| Bruttó érték | | | | |
| 2016. december 31. | | (1 541 623) | (33 330) | (1 574 953) |
| Konszolidációs kör változása (növekedés) | 38 176 088 | 4 511 717 | 100 392 | 42 788 197 |
| Konszolidációs kör változása (csökkenés) | | | | |
| Növekedés és átsorolás | 72 295 | 489 402 | | 561 697 |
| Csökkenés és átsorolás | (3 962) | (85 875) | (29 727) | (119 564) |
| 2017. december 31. | 38 244 421 | 3 373 621 | 37 335 | 41 655 377 |
| Konszolidációs kör változása (növekedés) | 43 433 396 | 1 541 623 | 33 330 | 45 008 349 |
| Konszolidációs kör változása (csökkenés) | | | | |
| Növekedés és átsorolás | 57 445 151 | 241 640 | 170 647 | 57 857 438 |
| Csökkenés és átsorolás | (32 049 839) | (165 049) | (190 523) | (32 405 411) |
| 2018. december 31. | 107 073 129 | 4 991 835 | 50 789 | 112 115 753 |
| Halmozott értékcsökkenés | | | | |
| 2016. december 31. | (673 751) | (1 106 112) | | (1 779 863) |
| Konszolidációs kör változása (növekedés) | 4 118 186 | 3 878 626 | | 7 996 812 |
| Konszolidációs kör változása (csökkenés) | | | | |
| Éves leírás | 679 484 | 186 522 | | 866 006 |
| Csökkenés | | (83 647) | | (83 647) |
| 2017. december 31. | 4 123 919 | 2 875 389 | | 6 999 308 |
| Konszolidációs kör változása (növekedés) | 673 751 | 1 106 112 | | 1 779 863 |
| Konszolidációs kör változása (csökkenés) | | | | |
| Éves leírás | 930 999 | 86 223 | | 1 017 222 |
| Csökkenés | (457) | (117 424) | | (117 881) |
| 2018. december 31. | 5 728 212 | 3 950 300 | | 9 678 512 |
| Nettó könyv szerinti érték | | | | |
| 2016. december 31. | 673 751 | (435 511) | (33 330) | 204 910 |
| 2017. december 31. | 34 120 502 | 498 232 | 37 335 | 34 656 069 |
| 2018. december 31. | 101 344 917 | 1 041 535 | 50 789 | 102 437 241 |

5. Deferred tax assets

When deferred taxes are calculated, the Group compares the value that can be considered for taxation to the book value per asset and per liability. If the difference is temporary, i.e. if in the foreseeable future the difference is levelled off, the deferred tax liability or asset is recognized with a negative or positive amount. When an asset is posted, the Group assesses return separately.

The Group calculates deferred tax at a 9 per cent tax rate, as the specific assets and liabilities become actual taxes in periods when the tax rate remains unchanged.

The assets are supported by the tax strategy prepared by the management, which confirms that the asset will recover.

The following differences giving rise to deductible and taxable tax difference were identified in 2017 and 2018:

| | Opening 31/DEC/2017 | Change in the scope of consolidated companies | Increase | Decrease | Closing 31/DEC/2018 |
|------------------------|------------------------|--|------------|-------------|------------------------|
| Impairment | 50 | 14,221 | | 4109 | 10,162 |
| Tangible assets | | 1438 | | | 1438 |
| Losses carried forward | 405 | 229,753 | | | 230,158 |
| Provisions | | 2377 | 113 | | 2490 |
| Development reserve | | (85,337) | | | (85,337) |
| Total | 455 | 162,452 | 113 | 4109 | 158,911 |

6. Financial investments

| | 31 December 2018 | 31 December 2017 |
|------------------------------|------------------|------------------|
| Long-term loans to employees | 1010 | 709 |
| Total | 1010 | 709 |

7. Investments in affiliated and other companies

| Company name | 31 December 2018 | 31 December 2017 |
|-----------------------------------|-------------------|-------------------|
| Konzum Áruház Kft. | 0 | 30 |
| KPRIA Hungary Zrt. | 580 | 580 |
| KONZUM MANAGEMENT Kft | 6,487,228 | 9,376,179 |
| CIG Pannónia Biztosító Nyrt | 8,338,887 | 0 |
| Legatum '95 Kft. | 176,342 | 295,430 |
| Appeninn Nyrt. | -176,341 | 2,371,344 |
| Gyulai Várfürdő Kft. | 28,000 | 28,000 |
| Gyulai Turisztikai Nonprofit Kft. | 214 | 214 |
| Other | 210 | 210 |
| Total | 14,855,120 | 12,071,987 |

Change in KONZUM MANAGEMENT Kft's valuation by the equity method results from the change in the fair value of the OPUS GLOBAL Nyrt securities in its possession, valued by KONZUM MANAGEMENT Kft through the profit after taxes as a profit or loss on financial operations.

8. Goodwill

| Company name | Goodwill per company |
|--|----------------------|
| Heiligenblut Hotel GmbH | 1,419,481 |
| HUNGUEST Hotels Montenegro d.o.o. | 787,862 |
| Holiday Resort Kreischberg Murau GmbH | 526,241 |
| KZH Invest Kft. | 12,960,268 |
| Legátum 95' Kft. | 254,296 |
| Pollux Hotel Kft. | 31,589 |
| MB Hills Kft. | 135 |
| Relax Gastro GmbH | 150,598 |
| BLT Group Zrt. | 973,918 |
| Balatontourist Kft. | (398,157) |
| Balatontourist Camping Kft. | (359,149) |
| Balatontourist Füred Club Camping Kft. | (167,103) |
| Total | 16,179,977 |

The business combinations are described in detail in Section 2.5.

9. Inventories

| | 31 December 2018 | 31 December 2017 |
|--------------|------------------|------------------|
| Materials | 165,686 | 71,591 |
| Goods | 247,893 | 128,041 |
| Total | 413,579 | 199,632 |

The inventories include the materials and goods related to hotel activities and the mediated services incurred during property operation.

10. Receivables from customers

| | 31 December 2018 | 31 December 2017 |
|----------------------------|------------------|------------------|
| Receivables from customers | 956,025 | 284,314 |
| Less: Impairment | (93,248) | (30,055) |
| Total | 862,777 | 254,259 |

11. Accounts owed by associated undertakings

| Company name | 31 December 2018 | 31 December 2017 |
|------------------------------------|------------------|------------------|
| KONZUM MANAGEMENT Kft | 526,566 | 63,557 |
| Legjobb Napok Kft. | 24,094 | 1012 |
| Konzum Áruház Kft. | | 3196 |
| KZH Invest Kft. | | 15,474,843 |
| KONZUM PE Magántőkealap | 40 | 10,897 |
| METIS Magántőkealap | | 2114 |
| METIS 2 Magántőkealap | | 49 |
| KONZUM II Ingatlanbefektetési Alap | | 1583 |
| KONZUM RE Intézményi Ingatlanalap | | 48 |
| Repro I Magántőkealap | 40 | |

| | | |
|--------------|----------------|-------------------|
| Total | 550,740 | 15,557,299 |
|--------------|----------------|-------------------|

12. Other short-term receivables

| | 31 December 2018 | 31 December 2017 |
|---|-------------------------|-------------------------|
| Receivables from Tüzépkér | 0 | 563,121 |
| Loans granted | 324,225 | 18,988 |
| Cash contributions to KPRIA | 0 | 50,000 |
| Tax assets | 192,663 | 18,096 |
| Clearing account for the Erzsébet Programme | 41,998 | 52,410 |
| Receivables from the insurance company | 7881 | 8222 |
| Card receivables | 187,629 | 205,993 |
| Advances paid | 989,676 | 52,206 |
| Downpayment | 197,493 | 0 |
| Other | 369,198 | 22,176 |
| Total | 2,310,763 | 991,212 |

The portfolio of other investments contains HUF 34,372,000 impairment on 31 December 2017 and 31 December 2018.

13. Prepayments and accrued income

| | 31 December 2018 | 31 December 2017 |
|-----------------------|-------------------------|-------------------------|
| Accrued sales revenue | 568,315 | 357,766 |
| Deferred costs | 195,739 | 69,496 |
| Total | 764,054 | 427,262 |

14. Securities

| | 31 December 2018 | 31 December 2017 |
|------------|-------------------------|-------------------------|
| Securities | 200 | 200 |

| | | |
|--------------|------------|------------|
| Total | 200 | 200 |
|--------------|------------|------------|

Among the securities the Company recognizes the 20 shares of the SZIMFÉK Székesfehérvári Metál Fék- és Kösörűgyár Zrt with the nominal value of HUF 2,000,000 each.

15. Cash and cash equivalents

| | 31 December 2018 | 31 December 2017 |
|--------------|-------------------------|-------------------------|
| Cash | 131,399 | 36,301 |
| Bank account | 5,896,711 | 2,143,127 |
| Total | 6,028,109 | 2,179,428 |

16. Subscribed capital and reserves

In 2018, the Company split the nominal value of its shares, and thus its subscribed capital comprises 330,523,148 dematerialized, registered, ordinary shares with the nominal value of HUF 2.5 each.

In the course of the year the Company issued new shares in several steps, and thus its subscribed capital increased from HUF 521.5 million to HUF 826 million. As the capital increases included premiums, the capital reserve also increased considerably in the reporting year.

| Jegyzett tőke | névérték (forint/db) | 2018.12.31.-én végződő üzleti évre | 2017.12.31.-én végződő üzleti évre |
|---------------|-------------------------|---------------------------------------|---------------------------------------|
|---------------|-------------------------|---------------------------------------|---------------------------------------|

Kibocsátott és tulajdonosok által megfizetett
törzsrészesvények névértéke (e forint)

| | | |
|--------------------------|---------|---------|
| Nyitó érték január 1-jén | 521 500 | 521 500 |
|--------------------------|---------|---------|

| | | |
|--|----------------|----------------|
| Záró jegyzett tőke értéke december 31-én: | 521 500 | 521 500 |
|--|----------------|----------------|

Kibocsátott 25 HUF-os névértékű részesvények
mennyisége (db):

| | | |
|------------------|------------|------------|
| Nyitó érték (db) | 20 860 000 | 20 860 000 |
|------------------|------------|------------|

Kibocsátás (db)

| | | |
|------------|-------|-----------|
| 2018.03.29 | 25,00 | 424 592 |
| 2018.03.29 | 25,00 | 4 721 824 |
| 2018.04.19 | 25,00 | 851 471 |
| 2018.04.19 | 25,00 | 285 619 |
| 2018.05.17 | 25,00 | 632 919 |
| 2018.05.24 | 25,00 | 1 507 734 |

29 284 159

| | | |
|---------------------------------|------|-------------|
| 2018.10.12 (névérték tizedelés) | 2,20 | 292 841 590 |
|---------------------------------|------|-------------|

Kibocsátás (db)

| | | |
|------------|------|------------|
| 2018.11.26 | 2,20 | 37 681 558 |
|------------|------|------------|

| | | |
|------------------------|--------------------|-------------------|
| Záró érték (db) | 330 523 148 | 20 860 000 |
|------------------------|--------------------|-------------------|

Jegyzett tőke értéke a cégjegyzés szerinti (e
forint)

| | | |
|---------------------------|---------|---------|
| Nyitó érték január 1-jén: | 521 500 | 521 500 |
|---------------------------|---------|---------|

| | | |
|------------|---------|--|
| Kibocsátás | 304 808 | |
|------------|---------|--|

| | | |
|-----------------------------------|----------------|----------------|
| Záró érték december 31-én: | 826 308 | 521 500 |
|-----------------------------------|----------------|----------------|

Tőketartalék változás (e forint)

| | |
|---|----------|
| Nyitó tőketartalék 2017. január 1-jén | 0 |
| változás | 0 |
| Záró tőketartalék 2017. december 31-én | 0 |

Tőkeemelés árszóval

| | |
|------------|------------|
| 2018.03.29 | 1 323 029 |
| 2018.03.29 | 14 713 204 |
| 2018.04.19 | 2 653 185 |
| 2018.04.19 | 889 991 |
| 2018.05.17 | 1 972 177 |
| 2018.05.24 | 4 485 509 |
| | 11 421 549 |

| | |
|---|-------------------|
| Záró érték 2018. december 31-én: | 37 458 644 |
|---|-------------------|

In 2017, as a result of a change in KONZUM MANAGEMENT Kft's valuation by the equity method, the Company's valuation reserve showed a change in the fair value of the OPUS GLOBAL Nyrt securities in its possession, and KONZUM MANAGEMENT Kft valued it in the profit after taxes as a profit or loss on financial operations. As the IFRS standards changed in 2018, the valuation of OPUS GLOBAL's shares held in KONZUM MANAGEMENT Kft is included in the P/L after taxes in the reporting year, in the profit on financial transactions.

17. Non-controlling participation

| Company name | 31 December 2018 | 31 December 2017 |
|------------------------------------|-------------------|-------------------|
| KZBF Invest Kft | - | 17,864 |
| Erkel Hotel Kft | - | 110,365 |
| Turizmus Stratégiai Kft | - | (6476) |
| HUNGUEST Hotels Zrt | - | 22,085,640 |
| Konzum Befektetési Alapkezelő Zrt. | 149,231 | 81,487 |
| Appennin Nyrt. | 16,280,707 | - |
| Total | 16,429,937 | 22,288,880 |

In 2018 KONZUM Nyrt became owner of 100 per cent of KZBF Invest Kft's business share. Erkel Hotel Kft and Turizmus Stratégiai Kft were transformed by merger into HUNGUEST Hotels Zrt. KONZUM Nyrt acquired nearly 100 per cent control acquired over HUNGUEST Hotels Zrt during the year. In the preceding period the Company presents the earnings per non-controlling share.

18. Loans and advances

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Consortium of Erste Bank Zrt and Magyar Export-Import Bank Zrt | 2,287,509 | 10,499,623 |
| Magyar Takarékszövetkezeti Bank Zrt | 3,558,371 | - |
| OTP Bank Nyrt | 3,727,122 | - |
| Raiffeisen Bank Zrt | 164,227 | - |
| Erste Bank Zrt | 15,471,707 | - |
| Budapest Bank Zrt | 5,661,600 | - |
| Exim Bank Zrt | 3,353,986 | - |
| Financial lease | 84,564 | - |
| other loans | (102,048) | - |

| | | |
|--|-------------------------|-------------------------|
| Long-term loans, total | 34,207,036 | 10,499,623 |
| | 31 December 2018 | 31 December 2017 |
| Consortium of Erste Bank Zrt and Magyar Export-Import Bank Zrt | 190,894 | 793,120 |
| Takarékbank Zrt | 4,826,271 | 2,195,003 |
| Magyar Takarékszövetkezeti Bank Zrt | 1,882,402 | - |
| Erste Bank Zrt | 504,654 | - |
| K&H Bank Zrt | 294,988 | - |
| MKB Bank Zrt, overdraft | - | 1,150,000 |
| Budapest Bank Zrt | 5,988,098 | - |
| Raiffeisen Bank Zrt | 223,755 | - |
| Financial lease | 25,410 | - |
| Short-term loans, total | 14,702,240 | 4,138,123 |

Loans granted by Budapest Bank Zrt

In order to purchase 24.85 per cent of the ownership share in CIG Pannónia Nyrt, KONZUM Nyrt entered into a loan agreement with Magyar Takarékszövetkezeti Bank Zrt for HUF 8.2 billion on 23 February 2018. The loan was denominated in HUF, it was granted at a rate equal to the 3-month BUBOR + 1.00% and expired on 22 February 2019. The collateral was a joint and universal security deposit established up to HUF 8.2 billion and its accruals. Collateral: With a coverage of 105 per cent, OPUS GLOBAL, KONZUM and CIG shares at a discretionary proportion. On 12 November 2018, Takarékbank assigned the contract to Budapest Bank Zrt under identical conditions.

On 19 December 2018, KONZUM Nyrt borrowed HUF 1.4 billion from Budapest Bank Zrt. The loan term is 1 year, and rate is the 3-month BUBOR + 2.5%. KONZUM Nyrt deposited the CIG shares to secure the loan.

Loan granted by Takarékbank Zrt

For the purchase of a share in Saliris Resort - SPA Conference Hotel located at Egerszalók, on 21 November 2018, Konzum Nyrt concluded a short-term loan agreement for an amount of HUF 4.8 billion. The loan rate equals the 3-month BUBOR + 2% interest premium, and the loan expires in one year. By nature the collateral is mortgage registered on the property, pledge established on the moveables found in the property and on receivables in consideration of the operating fee, HUF 30 million deposited, and the revenues from insurance premiums assigned to the bank.

19. Provisions

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|-------------------------------------|-------------------------|-------------------------|
| Provisions for expected liabilities | 93,638 | 32,783- |
| Provisions, total | <u>93,638</u> | <u>32,783</u> |

20. Deferred tax liabilities

The following differences giving rise to deductible and taxable tax difference were identified in 2018 and 2017:

| | Nyitó 2017.12.31 | Konszolidációs kör változása | Növekedés | Csökkenés | Záró 2018.12.31 |
|---|---------------------|---------------------------------|------------------|----------------|--------------------|
| Értékvesztés | (2 655) | (254 971) | | (4 057) | (261 683) |
| Értékcsökkenés | 1 888 034 | (96 592) | 2 584 611 | | 4 376 053 |
| Veszteségelhatárolás | (2 336) | (403 404) | (4 391) | | (410 131) |
| Céltartalék | (2 950) | 17 221 | (3 938) | | 10 333 |
| Fejlesztési tartalék | 118 153 | | 14 822 | | 132 975 |
| Szállítók és passzív időbeli elhatárolások | | 252 043 | | | 252 043 |
| Konszolidációs módosítások | 784 232 | | (233 479) | | 550 753 |
| Összesen | 2 782 478 | (485 703) | 2 357 625 | (4 057) | 4 650 343 |

21. Others long-term liabilities

| | 31 December 2018 | 31 December 2017 |
|------------------------------|------------------|------------------|
| Liabilities related to lease | 5,166 | 2056 |
| Loan granted by a member | (8895) | |
| Items paid by lessees | 265,605 | |
| Total | 261,876 | 2056 |

The other long term liabilities include liabilities arising from financial leasing.

22. Liabilities to related companies

| | 31 December 2018 | 31 December 2017 |
|-------------------------|------------------|------------------|
| KONZUM PE Magántőkealap | 372,000 | 664,119 |
| KONZUM MANAGEMENT Kft | 2356 | 5851 |
| Gellért Jászai | | 17,950 |

| | | |
|--------------|----------------|----------------|
| Total | 374,356 | 687,920 |
|--------------|----------------|----------------|

A liability to KONZUM PE Magántőkealap is a loan that expires in 120 months and bears a rate equal to the central bank base rate + 2%.

23. Other liabilities

As of 31 December 2018 and 31 December 2017, the value of other liabilities included the following:

| | 31 December 2018 | 31 December 2017 |
|---------------------------------|-------------------------|-------------------------|
| MNÜA voucher | | 2,472,030 |
| Income debt | 78,458 | 246,236 |
| Uninvoiced accounts receivable | | 257,186 |
| Downpayment | 502 | 8808 |
| Vouchers | | 27,908 |
| Advances received | 2,110,174 | 399,471 |
| Gift card | | 229,168 |
| Tax liability | | 65,844 |
| Purchase price of participation | 7247 | |
| Loan | 12,000 | |
| Liability related to securities | 1943 | |
| Other | 2,384,759 | 86,061 |
| Total | 4,595,082 | 3,792,712 |

24. Accrued expenses and deferred income

Accrued expenses and deferred income included the following on 31 December 2017 and on 31 December 2016:

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|---|-------------------------|-------------------------|
| Accrued income | 315,720 | 8410 |
| Deferred costs | 222,192 | 95,997 |
| Aid received | 5,324,872 | 2,686,229 |
| Interest rates | 21,387 | 1,026 |
| Market value of assets received without consideration | 2290 | 4683 |
| Other | | 10 |
| Total | <u>5,886,461</u> | <u>2,796,355</u> |

The aids received include the funds used for the projects under the Széchenyi Plan (Hotel Aqua-Sol, Hotel Pelion and Hotel Répce Gold) and the financially settled EU aids won at tenders between for projects between 2008 and 2014 and unreconciled as revenues up to 31 December 2018.

25. Sales revenue

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|----------------|--------------------------|--------------------------|
| Domestic sales | 20,584,270 | 11,758,860 |
| Exports sales | 7,632,652 | 5,064,987 |
| Total | <u>28,216,922</u> | <u>16,823,847</u> |

In 2018 and 2017 revenues were earned on the following activities:

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|----------------------------|--------------------------|--------------------------|
| Provision of accommodation | 12,340,540 | 13,564,341 |
| Catering | 9,709,193 | 2,299,726 |
| Fund manager's fee | 689,748 | 261,513 |
| Rental | 2,456,647 | |
| Leisure time activity | 2,619,180 | |
| Other | 401,614 | 698,267 |
| Total | <u>28,216,922</u> | <u>16,823,847</u> |

26. Goods and services sold

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|------------------------------------|-------------------------|-------------------------|
| Restaurant materials | 9,449 | 968,690 |
| Sale of goods | 30,591 | 4760 |
| Materials related to accommodation | 1,390,273 | 194,010 |
| Rental | 893,727 | |
| Costs of spa entry tickets | | 210,371 |
| Other | 110,939 | 36,202 |
| Total | <u>2,434,979</u> | <u>1,414,033</u> |

27. Raw materials, consumables and other external charges

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|--------------------|--------------------------|-------------------------|
| Material costs | 5,147,643 | 3,665,306 |
| Purchased services | 4,863,780 | 2,493,202 |
| Total | <u>10,011,423</u> | <u>6,158,508</u> |

The costs of materials contain the following:

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|----------------------|-------------------------|-------------------------|
| Restaurant materials | 2,284,365 | 1,973,006 |
| Hotel materials | 219,455 | 603,657 |
| Public utility fees | 742,813 | 1,021,211 |
| Detergents | 241,857 | 0 |
| Other | 1,659,153 | 67,432 |
| Total | <u>5,147,643</u> | <u>3,665,306</u> |

28. Staff costs

| | 31 December 2018 | 31 December 2017 |
|-----------------------------------|------------------|------------------|
| Wage cost | 5,975,804 | 3,650,048 |
| Other payments to staff | 1,540,454 | 1,025,892 |
| Wage taxes | 1,274,303 | 821,478 |
| Total | 8,790,561 | 5,497,418 |
| Average employee headcount | 1949 | 1377 |

29. Other expenditures and other revenues

| | 31 December 2018 | 31 December 2017 |
|--------------------|------------------|------------------|
| Other expenditures | (1,605,713) | (188,423) |
| Other revenues | 6,184,145 | 460,032 |
| Total | 4,648,147 | 271,609 |

30. Revenues from financial operations

| | 31 December 2018 | 31 December 2017 |
|-----------------------|------------------|------------------|
| Interest received | 149,912 | 2115 |
| Gain on traded prices | 1,217,440 | 48,092 |
| Badwill | 1,324,473 | 8,762,510 |
| Total | 2,691,774 | 8,812,717 |

In 2018 badwill was incurred on the acquisition of the following companies:

| | |
|-----------------------|------------------|
| Ligetfürdő Kft | 1,245,910 |
| Appeninn Nyrt. | 78,563 |
| Badwill, total | 1,324,473 |

31. Expenses on financial transactions

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|--------------------------------|-------------------------|-------------------------|
| Interest paid | 1,897,346 | 462,725 |
| Exchange rate loss | 795,956 | 23,031 |
| Impairment of financial assets | -45,652 | - |
| Total | <u>2,647,650</u> | <u>485,756</u> |

32. P/L of businesses accounted by the equity method

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|------------------------|-------------------------|-------------------------|
| CIG Pannónia Nyrt. | 360,440 | - |
| KONZUM MANAGEMENT Kft. | - 2,888,951 | 244,298 |
| Appenninn Credit Zrt. | -364,083 | |
| Legatum '95 Kft | 3,087 | 155,430 |
| Total | - 2,889,507 | 399,728 |

33. Income taxes

The expenditures related to income taxes include the following:

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|----------------------|-------------------------|-------------------------|
| Corporate income tax | 229,526 | 75,346 |
| Deferred tax | 1,081,131 | 918,280 |
| Total | <u>1,310,657</u> | <u>993,626</u> |

The Group's corporate tax liability due in the reporting year is established on the basis of its taxable profit determined in accordance with the local regulations applicable to the individual companies.

The taxes imposed by the individual tax authorities in Hungary are currently regulated by several applicable statutory regulations. These statutory regulations apply, among others, to value added tax, corporate and local taxes and to wage taxes and dues. The audit of reconciliations and settlements related to taxes falls in the competence of tax authorities, which are entitled to impose various fines within the statutory limits in the case of a failure to comply with the relevant statutory regulations or in the event of infringement. The management is convinced that the value of the tax liabilities included in the report is compliant with the statutory requirements. At the same time, any authority is authorized to adopt a different position and the latter may have a significant impact.

The tax breakdown is the following:

| | 2018 | 2017 |
|--|------------------|----------------|
| P/L before taxes | 7,392,844 | 11,340,160 |
| Tax payment liability calculated on the basis of the current tax rate 9% | 665,356 | 1,020,614 |
| Unrecognized deferred losses | - | - |
| Profit on participations calculated using the equity method | 260,055 | (35,976) |
| Permanent differences | 385,246 | 8988 |
| Income taxes total | 1,310,657 | 993,626 |

34. Share in the other comprehensive income of the affiliated company

| | 31 December 2018 | 31 December 2017 |
|------------------------|-------------------------|-------------------------|
| KONZUM MANAGEMENT Kft. | - | 9,303,162 |
| Total | - | 9,303,162 |

In 2017, the participation of OPUS GLOBAL Nyrt's shares held in KONZUM MANAGEMENT Kft's possession in the other comprehensive income of the affiliated company, included the parent company's part of the valuation. Based on the amendment of the IFRS standards effective as from 2018, the valuation of OPUS GLOBAL's shares is included in the P/L after taxes in the reporting year.

35. Earnings per share

For the purposes of calculating the fund's earnings per share, the profit after taxes available for allocation to the shareholders and the average number of issued ordinary shares must be taken into account, excluding the Company's own shares.

| | 2018 | 2017 |
|---|--------------|------------|
| Profit after taxes distributable to the shareholders (HUF '000) | 6,082,187 | 10,346,535 |
| Weighted average number of issued ordinary shares ('000 shares) | 272,662 | 20,860 |
| Earnings per share (base, HUF) | 22.31 | 496 |

The Company was not affected by any factor either in 2017 or in 2018 that would have diluted the earnings per share.

In Resolution 4/2018 of the Company's General Assembly, the Company approved the splitting of the Company's 29,284,159 ordinary shares, representing a nominal value of HUF 25 each and comprising the share capital. The event was performed on the value date 12 October 2018, when each ordinary share with the nominal value of HUF 25 was replaced by 10 ordinary shares with the nominal value of HUF 2.5.

In the interest of data comparability, in the comprehensive income statement the 2017 EPS is recognized in a separate line with a nominal value of HUF 2.5 per share.

36. Information on business lines

As the Group is listed on the stock exchange, it is required to disclose information on its business lines. As the strategic decisions on the Group's operation are adopted by the Board of Directors, for the definition of the various business lines during the compilation of the financial statements, the management relied on the statements made for them. Two business lines were specified: tourism and asset management.

31 December 2018

| | Tourism | Property investment | Money and capital market, insurance | Asset management | Other consolidation items | Consolidated |
|----------------------------|-------------------|---------------------|-------------------------------------|--------------------|---------------------------|--------------------|
| Sales revenues total | 26,299,858 | 2,234,054 | 692,319 | 9,579,467 | | 38,805,698 |
| Intra-group sales revenue | (940,368) | (78) | 0 | (9,579,093) | (69,236) | (10,588,775) |
| | 25,359,490 | 2,233,976 | 692,319 | 374 | (69,236) | 28,216,923 |
| Direct costs | (18,118,936) | (893,726) | (20,882) | (32,232) | | (19,065,776) |
| Gross coverage | 7,240,554 | 1,340,250 | 671,437 | (31,858) | (69,236) | (9,151,147) |
| Indirect operating costs | (2,077,223) | 5,549,448 | (516,961) | (358,359) | (87,943) | 2,508,962 |
| Depreciation | (1,383,444) | (12,927) | (9510) | (15,996) | 0 | (1,421,877) |
| Operating P/L | 3,779,887 | 6,876,771 | 144,966 | (406,213) | (157,180) | 10,238,232 |
| P/L of affiliated company | 3087 | (364,082) | 0 | (2,528,511) | | (2,889,506) |
| Badwill | (1,245,910) | (78,563) | 0 | 0 | 0 | (1,324,473) |
| Financial operations | 48,067 | (214,710) | (118) | 581,885 | 953,474 | 1368598 |
| Tax expenditures | (831,203) | (678,117) | (13,625) | (9588) | 221,876 | (1,310,657) |
| P/L after taxes | 1,753,928 | 5,541,299 | 131,223 | (2,362,427) | 1,018,170 | 6,082,194 |
| Fixed (non-current) assets | 105,692,637 | 37,984,358 | 23,774 | 29,054,655 | (38,817,579) | 133,937,845 |
| Current assets | 7,740,951 | 2,312,098 | 323,161 | 625,022 | 63 | 11,001,295 |
| Equity | 54,092,152 | 20,025,470 | 281,567 | 38,725,276 | (39,283,723) | 73,840,742 |
| Long-term liabilities | 24,225,784 | 17,168,267 | 1004 | 567,952 | 550,753 | 42,513,760 |
| Short-term liabilities | 13,509,096 | 3,102,720 | 64,364 | 11,900,835 | 7620 | 28,584,635 |

| 31 December 2017 | Tourism | Asset management | Other and adjustments | Consolidated |
|----------------------------------|-------------------|-----------------------------|----------------------------------|---------------------|
| Sales revenue from third parties | 16,562,334 | 261,513 | - | 16,823,847 |
| Intra-group sales revenue | - | - | - | - |
| | 16,562,334 | 261,513 | - | 16,823,847 |
| Operating expenditure | (13,071,879) | 254,237 | | (13,326,116) |
| Depreciation | (880,906) | (3354) | | (884.260) |
| P/L of affiliated company | | | 399,728 | 399,728 |
| Financial operations | 8,745,435 | 16,976 | 435,449 | 8,326,961 |
| Tax expenditures | (772,629) | | (220,997) | (993,626) |
| Profit or loss after taxes | 10,582,355 | 20,898 | (256,718) | 10,346,534 |
| Fixed (non-current) assets | 40,450,149 | 5,786,373 | 552,271 | 46,788,793 |
| Current assets | 21,954,488 | 883,261 | (3,226,366) | 19,611,383 |
| Long-term liabilities | 13,305,288 | 11,652 | | 13,316,940 |
| Short-term liabilities | 9,741,219 | 5,720,474 | (3,226,365) | 12,235,328 |

37. Risk management

The Group's assets include cash and cash equivalents, securities, receivables from customers and other receivables and other assets – with the exception of taxes. Group liabilities include loans and advances, liabilities to customers and other liabilities, disregarding taxes and the gains and losses on the revaluation of financial liabilities at fair value.

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This section describes the above-described risks the Group is exposed to, the Group's objectives and policies, the measurement of procedures and risk management, and the Group's management capital. The Board of Directors have general responsibility for the Group's establishment, supervision and risk management.

The purpose of the Group's risk management policy is to filter out and investigate the risks the Group may face, to set up adequate controls and to monitor risks. The risk management policy and system will be revised in order to reflect the changed market conditions and the Group's activities.

Capital management

The Group's policy is to retain the share capital in an amount that is sufficient for ensuring that the investors' and creditors' confidence maintains the Group's future development.

The Group's capital structure comprises net debt and the Group's equity (the latter includes the subscribed capital, reserves and the participations of non-controlling owners).

In the course of capital management, the Group makes efforts at ensuring that the Group members can continue their activities and simultaneously maximize return for the owners by an optimum equilibrium between the loan principal and the equity, and by maintaining an optimum capital structure in order to reduce capital costs. The Group also monitors if its member companies' capital structure meets the local statutory requirements.

37 Risk management (continued)

At the end of the reporting period the Company had the following debt:

| | Annex | 31 December 2018 | 31 December 2017 |
|---------------------------------|-------|-------------------|-------------------|
| Loans and advances | 18 | 48,909,277 | 15,136,266 |
| Less: Cash and cash equivalents | 15 | (6,028,109) | (2,179,428) |
| Net debt portfolio | | 42,881,168 | 12,956,838 |
| Equity | | 73,840,741 | 40,847,907 |
| Net equity | | 30,959,573 | 27,891,069 |

Credit risk

Credit risk is the risk that reflects if the debtor or the partner fails to fulfil his contractual obligations and this causes financial loss for the Group. Financial assets exposed to credit risks may include long- or short-term allocations, cash and cash equivalents, and receivables from customers and other claims.

The book values of financial assets show the maximum risk exposure. The following table shows the Group's maximum exposure on 31 December 2017 and 31 December 2018.

| | 31 December 2018 | 31 December 2017 |
|--|------------------|-------------------|
| Financial investments | 1010 | 709 |
| Receivables from customers | 413,578 | 199,632 |
| Other short-term receivables | 2,310,763 | 991,212 |
| Accounts owed by associated undertakings | 550,740 | 15,557,299 |
| Securities | 200 | 200 |
| Cash and cash equivalents | 6,028,109 | 2,179,428 |
| Total | 9,304,400 | 18,928,480 |

Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations when they are due. The Group liquidity management approach is to reveal the extent to which adequate liquidity can be provided for the performance of its liabilities on the due dates, under both usual and stressed conditions, without incurring unacceptable losses or jeopardizing the Group's reputation.

The objective of the Group is to maintain equilibrium between the continuity of financing and flexibility during the refashioning of financial reserves and loan portfolios.

In the management's opinion, liquidity problems are not expected as the revenues safely cover debt service and the operating costs.

The Group fulfils its payment obligations by the payment deadline, and had no outstanding unpaid debts on 31 December 2017 and 31 December 2018.

The members of the Group prepare cash-flow plans and update it on a regular basis. The Group analyses the Groups cash requirements by a rolling prediction in order to ensure adequate liquidity for operation and the fulfilment of the financial indicators specified in the loan agreement. The cash surplus generated at a Group level is held on deposit accounts, in time deposits and in securities.

Market risk

Market risk is the risk that market prices, exchange rates, interest rates and the prices of investments or their changes may affect the Group's profit or the value of the investment embodied in the financial instruments. The purpose of managing market risk is to manage and control exposures to market risks among acceptable limits with simultaneous profit optimization.

Sensitivity analysis

The Group has established that its profit depends basically and in essence on two key factors: the interest rate risk and the foreign exchange risk. It performed sensitivity tests for these key variables.

The Group makes efforts at reducing interest rate risks primarily by committing disposable cash. The Group does not conclude hedging transactions.
The outcome of the interest rate sensitivity test (as a percentage of the interest rate). For continued activity:

| At actual interest rates | 31 December 2018 | 31 December 2017 |
|--|-------------------------|-------------------------|
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest income | -1,748,240 | -460,610 |
| Profit before taxes | 7,392,844 | 11,340,161 |
| 1% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,765,722 | -465,216 |
| Profit before taxes | 7,375,362 | 11,335,555 |
| Change in profit before taxation | -17,482 | -4606 |
| Change in profit before taxation (%) | -0.24% | -0.04% |
| 5% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,835,652 | -483,641 |
| Profit before taxes | 7,305,432 | 11,317,131 |
| Change in profit before taxation | -87,412 | -23,031 |
| Change in profit before taxation (%) | -1.18% | -0.20% |
| 10% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,923,064 | -506,671 |
| Profit before taxes | 7,218,020 | 11,294,100 |
| Change in profit before taxation | -174,824 | -46,061 |
| Change in profit before taxation (%) | -2.36% | -0.41% |
| -1% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,730,758 | -456,004 |
| Profit before taxes | 7,410,326 | 11,344,767 |
| Change in profit before taxation | 17,482 | 4606 |
| Change in profit before taxation (%) | 0.24% | 0.04% |
| -5% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,660,828 | -437,580 |
| Profit before taxes | 7,480,256 | 11,363,192 |
| Change in profit before taxation | 87,412 | 23,031 |
| Change in profit before taxation (%) | 1.18% | 0.20% |
| -10% | | |
| Profit before taxation - less interest expenditure | 9,141,084 | 11,800,771 |
| Net interest expenses | -1,573,416 | -414,549 |
| Profit before taxes | 7,567,668 | 11,386,222 |
| Change in profit before taxation | 174,824 | 46,061 |
| Change in profit before taxation (%) | 2.36% | 0.41% |

37. Risk management (continued)

Outcome of the foreign exchange sensitivity test (as a percentage of the exchange rate change):

| At current rates | 31 December 2018 | 31 December 2017 |
|---|-------------------|-------------------|
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 1,030,387 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 20,319,642 | 11,292,744 |
| Net asset portfolio | 73,840,740 | 40,847,908 |
| 1% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 1,040,691 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 20,522,839 | 11,405,671 |
| Net asset portfolio | 73,637,544 | 40,745,284 |
| Change in the net assets | -203,196 | -102,624 |
| Change in the net asset portfolio (%) | -0.28% | -0.25% |
| 5% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 1,081,906 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 21,335,624 | 11,857,381 |
| Net asset portfolio | 72,824,758 | 40,334,790 |
| Change in the net assets | -1,015,982 | -513,118 |
| Change in the net asset portfolio (%) | -1.38% | -1.26% |
| 10% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 1,133,426 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 22,351,606 | 12,422,018 |
| Net asset portfolio | 71,808,776 | 39,821,672 |
| Change in the net assets | -2,031,964 | -1,026,236 |
| Change in the net asset portfolio (%) | -2.75% | -2.51% |
| -1% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 1,020,083 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 20,116,446 | 11,179,817 |
| Net asset portfolio | 74,043,936 | 40,950,532 |
| Change in the net assets | 203,196 | 102,624 |

| | | |
|---|-------------------|-------------------|
| Change in the net asset portfolio (%) | 0.28% | 0.25% |
| -5% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 978,868 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 19,303,660 | 10,728,107 |
| Net asset portfolio | 74,856,722 | 41,361,026 |
| Change in the net assets | 1,015,982 | 513,118 |
| Change in the net asset portfolio (%) | 1.38% | 1.26% |
| -10% | | |
| Non-monetary assets and assets denominated in HUF | 144,939,138 | 65,369,789 |
| Foreign exchange assets | 0 | 927,348 |
| Liabilities denominated in HUF | 50,778,756 | 14,259,524 |
| Foreign exchange liabilities | 18,287,678 | 10,163,470 |
| Net asset portfolio | 75,872,704 | 41,874,144 |
| Change in the net assets | 2,031,964 | 1,026,236 |
| Change in the net asset portfolio (%) | 2.75% | 2.51% |

Outcome of the exchange rate sensitivity test (as a percentage of the exchange rate change):

| Exchange rate | 31 December 2018 | 31 December 2017 |
|---|-------------------------|-------------------------|
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 293,631 | 25,059 |
| Profit before taxes | 7,392,844 | 11,340,161 |
| 1% | | |
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 296,567 | 25,310 |
| Profit before taxes | 7,395,780 | 11,340,412 |
| Change in profit before taxation | 2936.31 | 251 |
| Change in profit before taxation (%) | 0.04% | 0.00% |
| 5% | | |
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 308,313 | 26,312 |
| Profit before taxes | 7,407,526 | 11,341,414 |
| Change in profit before taxation | 14,682 | 1253 |

| | | |
|--|--------------|--------------|
| <i>Change in profit before taxation (%)</i> | 0.20% | 0.01% |
|--|--------------|--------------|

10%

| | | |
|---|------------------|-------------------|
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 322,994 | 27,565 |
| Profit before taxes | 7,422,207 | 11,342,667 |
| <i>Change in profit before taxation</i> | 29,363 | 2506 |
| <i>Change in profit before taxation (%)</i> | 0.40% | 0.02% |

-1%

| | | |
|---|------------------|-------------------|
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 290,695 | 24,808 |
| Profit before taxes | 7,389,908 | 11,339,910 |
| <i>Change in profit before taxation</i> | -2936.31 | -251 |
| <i>Change in profit before taxation (%)</i> | -0.04% | 0.00% |

-5%

| | | |
|---|------------------|-------------------|
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 278,949 | 23,806 |
| Profit before taxes | 7,378,162 | 11,338,908 |
| <i>Change in profit before taxation</i> | -14,682 | -1,253 |
| <i>Change in profit before taxation (%)</i> | -0.20% | -0.01% |

-10%

| | | |
|---|------------------|-------------------|
| Profit before taxation - without exchange rate impact | 7,099,213 | 11,315,102 |
| Exchange rate impact | 264,268 | 22,553 |
| Profit before taxes | 7,363,481 | 11,337,655 |
| <i>Change in profit before taxation</i> | -29,363 | -2506 |
| <i>Change in profit before taxation (%)</i> | -0.40% | -0.02% |

38. Transactions with related parties

The transactions concluded with the consolidated companies have been filtered out.

Unconsolidated transactions with related parties are presented in the Notes on the relevant balance sheet lines.

39. Remuneration for the Board of Directors and the Supervisory Board

| | <u>31 December 2018</u> | <u>31 December 2017</u> |
|---|-------------------------|-------------------------|
| Emoluments to the members of the Board of Directors and the Supervisory Board | 5160 | 6630 |

| | | |
|--------------|-------------|-------------|
| Total | 5160 | 6630 |
|--------------|-------------|-------------|

40. Financial instruments

Financial instruments include loans granted, invested financial assets, receivables from customers from among current assets, securities and cash, loans and advances taken and customer liabilities.

| 31 December 2018 | Book value | Fair value |
|---|-------------------|-------------------|
| Financial assets | | |
| <i>Investments carried at fair value</i> | | |
| <i>investments</i> | | |
| Securities | 200 | 200 |
| Receivables from affiliated companies | 550,740 | 550,740 |
| <i>Financial liabilities carried at amortised cost and investments held to maturity</i> | | |
| Financial investments | 1010 | 1010 |
| <i>Financial liabilities carried at amortised cost and loans and receivables</i> | | |
| Trade and other receivables | 3,244,613 | 3,244,613 |
| Cash and cash equivalents | 6,028,109 | 6,028,109 |
| Financial liabilities | | |
| <i>Financial liabilities carried at amortised cost and liabilities</i> | | |
| Financial liabilities | 57,483,690 | 57,483,690 |
| Liabilities to creditors | 2,984,267 | 2,984,267 |

| 31 December 2017 | Book value | Fair value |
|---|-------------------|-------------------|
| Financial assets | | |
| <i>Investments available for sale and carried at fair value</i> | | |
| Securities | 200 | 200 |
| Receivables from affiliated companies | 15,557,299 | 15,557,299 |
| <i>Investments held to maturity and carried at amortised cost</i> | | |
| Financial investments | 709 | 709 |
| <i>Loans and advances carried at amortised cost</i> | | |
| Trade and other receivables | 1,245,471 | 1,245,471 |
| Cash and cash equivalents | 2,179,428 | 2,179,428 |
| Financial liabilities | | |
| <i>Financial liabilities carried at amortised cost</i> | | |

| | | |
|--------------------------|------------|------------|
| Financial liabilities | 15,136,266 | 15,136,266 |
| Liabilities to creditors | 803,758 | 803,758 |

41. Contingent liabilities

Marcali – recultivation

Between 1991 and 1998 the Company owned and used the property located at 39-41 Kossuth Street, Marcali, H-8700, where MM Rt. “under liquidation” and MMW Fémipari Zrt “under liquidation” pursued a joint activity. The expert tests conducted on the spot revealed chlorine and other hydrocarbon contamination in the soil, due in 2.88 per cent to the Company’s activity. Based on various authority decisions adopted since then and reviewed by the Curia, the three companies are jointly and universally responsible for indemnification and monitoring. As the above-mentioned two businesses have been terminated since then, the competent authority requested a consultative procedure in the course of 2018 to repeatedly clarify the circumstances. No effective improvement has been made in this matter. The Company resorts to all available remedies to prevent any consequences of the procedure that would be disproportionate or unfair to the Company. Regarding the uncertainty of its outcome and of the financial consequences, the Company does not include this item in its report until the latter is closed.

Pursuant to the relevant standards, the Company did not make a provision for this litigation due to the uncertainty of its future outcome, as on the basis of the current information, the expected costs cannot be reliably estimated and the probability of incurring them is also uncertain.

In the course of the 2018 business year the company did not have any new business event that would require the assumption of environmental responsibility. The Company does not plan any environment improving development project additional to its business activity, and does not claim any aid for this purpose. The Company does not apply a separate environmental policy.”

Guarantees and sureties

The Company has provided guarantees and sureties for its long- and short-term loans and advances. Contingent liabilities are described in In the Notes on the balance sheet line recognizing loans and advances. In addition the Company had the following contingent liabilities on 31 December 2018

| debtor | bank | contracted amount | lending | expiry | collateral |
|------------------|-------------------|-------------------|-------------|-------------|--|
| KZH Invest Kft. | Budapest Bank Zrt | HUF 4.4 billion | 4/JUL/2018 | 25/JUN/2033 | Suretyship Pledge on business shares (on shares held in KZH) |
| KZBF Invest Kft | Budapest Bank Zrt | HUF 1.6 billion | 4/JUL/2018 | 25/JUN/2033 | Suretyship Pledge on business shares (on shares held in KZBF) |
| Appeninn Nyrt. | ERSTE Bank Zrt | EUR 28.8 million | 30/MAY/2018 | 31/MAR/2025 | Guarantor |
| Legatum '95 Kft. | OTP Bank Nyrt. | HUF 400 million | 09/JUN/2016 | 15/APR/2026 | Suretyship |
| Ligetfürdő Kft. | OTP Bank Nyrt. | HUF 4.1 billion | 15/DEC/2017 | 31/AUG/2027 | Suretyship Cash-flow insufficiency guarantee |

42. Events after the balance sheet date

- On 03 December 2018, at a special General Assembly meeting the owners of the Company resolved in favour of a merger with OPUS GLOBAL Nyrt. In the course of the merger the cut-off date for the individual draft funds-flow statements was 31/DEC/2018. In the course of the merger KONZUM Nyrt's total assets will be transferred to OPUS GLOBAL Nyrt as its legal successor. In their resolution of 06 March 2019, the Company's Board of Directors and Supervisory Board approved of its transformation plan related to its merger into OPUS GLOBAL Nyrt, and in relation to this a special meeting of the General Assembly was convened for the shareholders to adopt a decision on this matter.
- The Company's shares have been included in the FTSE index,
- Based on the information provided on 01 March 2019 by ESSEL Audit AUDITOR private Limited Company (registered office: H-1162 Budapest, Fertály Street 5-7; company registration number: 01-09-698566), the auditor who have audited the Company's books, due to the administrative burden in the auditor's internal operation and the consequent new distribution of cases, as from 28 February 2019, the person appointed as personally responsible for auditing the Company's books is Dr László Sasvári. Based on the Auditor's information, as from 28 February 2019, Dr Anna Sasvári Hoffmann no longer attends to the duties of the Company's personally responsible auditor.

43. Audit of the Company's report and the auditor's remuneration

The company auditing the Company's books and the personally responsible auditor are elected by the Company's General Assembly. The auditor commissioned by Company's General Assembly to audit the 2018 business data is:

- ESSEL Audit Könyvvizsgáló Kft. (registered office: H-1162 Budapest, Fertály utca 5-7, company reg. no.: 01-09-698566 Chamber of Hungarian Accountants, registration no.: 001109 name of auditor personally responsible for the audit: Dr László Sasvári (address: H-1162 Budapest, Fertály utca 5-7, Chamber of Hungarian Accountants, registration no.: 001630)

In addition to the audit of the Company's separate annual report prepared in accordance with the IFRS standards, the auditor's engagement also includes the audit of KONZUM Nyrt's consolidated financial statements compiled on the basis of the IFRS.

Auditor's remuneration:

- The fee charged for the audit of KONZUM Nyrt's non-consolidated annual report compiled in agreement with the International Financial Reporting Standards adopted by the European Union and in compliance with the requirements of Act C of 2000, and for the audit of KONZUM Nyrt's consolidated IFRS report is HUF 4,620,000 + VAT.

The auditors have not provided the Company with any other services of certainty provision, tax consultancy or other services beyond the scope of audit.

44. Authorization of disclosing financial statements

The Board of Directors of the Company's parent company discussed the financial statements at its meeting held on 05 April 2019, and approved its publication in this form.

Budapest, 05 April 2019

KONZUM Nyrt's Board of Directors

DATASHEETS RELATED TO THE ISSUER'S ORGANIZATION AND OPERATION

General data

TSZ1 General corporate data

| | |
|---|---|
| Date of the articles of association in force | 15/NOV/2018 |
| Companies court that made the last entry | Companies Court of the Court of Budapest |
| Date of the last entry made by the companies court | 27/NOV/2018 |
| Number of the last entry made by the companies court | Cg. 01-10-049323/50 |
| Amount of the Issuer's share capital on closing the business year | HUF 826,307,870 |
| Period of the Issuer's operation | indefinite /definite |
| The Issuer's business year: | 1 January – 31 December |
| Name of the Issuer's auditor | ESSEL AUDIT Könyvvizsgáló Kft. |
| Address of the Issuer's auditor | H-1162 Budapest, Fertály u. 5-7. |
| The Issuer discloses its public notices: | On the Company's website at: www.konzum.hu Website of the Budapest Stock Exchange: www.bet.hu |
| The Issuer's core activity | 6820'08 Letting of own and rented property |

TSZ2 Persons in executive positions and employees having an influence on the Issuer's operation

| Nature ¹ | Name | Position held | Start of authorization | End/termination of authorization | Own shares held (number) |
|---------------------|--------------------------|--------------------------------------|------------------------|----------------------------------|--------------------------|
| BM, SP | Gellért Zoltán Jászai | Chairman and Chief Executive Officer | 30/APR/2015 | 30/APR/2019 | 21,757,060 |
| BM | Ágnes Mészáros | member | 26/APR/2017 | 30/APR/2019 | 0 |
| BM | Aladin Ádám Linczényi | member, Deputy CEO | 26/APR/2016 | 30/APR/2019 | 0 |
| BM | Dr Beatrix Mészáros | member | 26/APR/2017 | 30/APR/2019 | 0 |
| BM | Lőrinc Mészáros jr. | member | 26/APR/2017 | 30/APR/2019 | 0 |
| SBM | János Tima | chairman | 26/APR/2017 | 30/APR/2019 | 0 |
| SBM | Dr Orsolya Egyed Páricsi | member | 26/APR/2017 | 30/APR/2019 | 0 |
| SBM | Dr Ádám Balog | member | 26/APR/2018 | 30/APR/2019 | 0 |
| SP | Péter Fekete | Deputy CEO | 29/JUN/2018 | indefinite | |

| | |
|--------------------------------------|------------|
| Equity ownership (number) T O T A L: | 21,757,060 |
|--------------------------------------|------------|

¹ Employee in a strategic position (SP), Member of the Board of Directors (BM), Supervisory Board Member (SBM)

TS22/1 Number of full-time employees

| | End of reference period | Beginning of the reporting year | End of the reporting year |
|-------------|-------------------------|---------------------------------|---------------------------|
| Corporate | 1 | 1 | 4 |
| Group level | 1377 | 1377 | 1949 |

DATASHEETS RELATED TO THE SHARE STRUCTURE AND TO THE OWNERS

RS4 Composition of the Company's securities

| | |
|--|--------------------------|
| Issuer's subscribed capital | HUF 826,307,870 |
| Method of producing the security | Dematerialized |
| Type of security | Ordinary share |
| Share type | Registered |
| Face value | HUF 2.5 |
| Listed? (yes / no) | yes |
| Year of admission for listing (if listed on the stock exchange) | 1990 |
| List of the rights conferred by securities | Confers identical rights |
| Series | Grade A |
| Control line (sum of the total nominal value of security series) | HUF 826,307,870 |

RS3 List and presentation of owners holding more than 5% of the listed shares (at the end of the period)

| Name | Nationality ¹ | Activity ² | Quantity (number) | Shares held (%) ³ | Voting right (%) ^{3,4} | Note ⁵ |
|-------------------------|--------------------------|-----------------------|-------------------|------------------------------|---------------------------------|-------------------|
| KONZUM PE Magántőkealap | R | C | 150,751,010 | 45.6098 | 45.6098 | |
| Lőrinc Mészáros | R | | 40,823,000 | 12.351 | 12.351 | |
| Gellért Jászai | R | | 21,757,060 | 6.5826 | 6.5826 | |

¹ Resident (R), non-resident (NR)

² Depositary (D) Company (C) Institution (I)

The value of the listed series equals the total share capital.

The ownership ratio is identical with the voting rights.

RS1 Ownership structure, share and voting ratios

| | | | Total share capital | | | | Listed series ¹ | | | | | |
|---|--|----------------|---------------------|---|----------------|--------------------|--|----------------|-----|--|----------------|-----|
| | At the beginning of the reporting period (01/JAN/2018) (Shares with the nominal value of HUF 25 each) | | | At the end of the period (31/DEC/2018) (Shares with the nominal value of HUF 2.5 each) | | | At the beginning of the reporting period (01/JAN/2018) | | | At the end of the period (31/DEC/2018) | | |
| | % ² | % ³ | no. | % ² | % ³ | no. | % ² | % ³ | no. | % ² | % ³ | no. |
| Resident institution/company | 44.04 | 44.04 | 9,186,352 | 61.6059 | 61.6059 | 203,621,675 | | | | | | |
| Non-resident institution/company | 6.89 | 6.89 | 1,459,313 | 1.572 | 1.572 | 5,195,819 | | | | | | |
| Resident private individual | 36.07 | 36.07 | 7,523,906 | 24.8945 | 24.8945 | 82,282,062 | | | | | | |
| Foreign private person | 0.52 | 0.52 | 108,812 | 0.389 | 0.389 | 1,285,7802 | | | | | | |
| Employees and executive officers | 10.43 | 10.43 | 2,175,706 | 6.5826 | 6.5826 | 21,757,060 | | | | | | |
| Own property | | | | | | | | | | | | |
| Owner included in the general government ⁴ | | | | | | | | | | | | |
| International Development Institutions ⁵ | | | | | | | | | | | | |
| Other | 1.95 | 1.95 | 405,911 | 4956 | 4956 | 16,380,7524 | | | | | | |
| TOTAL: | 100 | | 20,860,000 | 100 | | 330,523,148 | | | | | | |

² Ownership percentage ³ Voting right

The value of the listed series equals the total share capital. The ownership ratio is identical with the voting rights.

RS2 Developments in the volume of own shares in the reporting year (RS2)

| | 01 January | 31 March | 30 June | 30 September | 31 December |
|--------------------|------------|----------|----------|--------------|-------------|
| Corporate | 0 | 0 | 0 | 0 | 0 |
| Subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Grand total | 0 | 0 | 0 | 0 | 0 |