

## Report of the Governing Board on the Company's business activity and assets in 2020

In 2020, the Governing Board held 16 meetings, each of the 16 meetings had an attendance rate of 100% and each of them reached the quorum. Among these meetings, two Governing Board meetings were held within the competence of the General Meeting. The Company decided at the Governing Board meetings on the purchase of business shares and properties, on the profitable sale of business shares and properties, as well as on the adoption of the specific and consolidated annual IFRS statements.

*In 2020, the Company acquired a 100% ownership interest in 2 companies (A PLUS Invest Zrt. and Aquaphor Zrt.) and purchased a property located in Kárpát utca in the 13th district of Budapest, which was used as an office building. The property is subject to long-term rental, thereby ensuring profitability in the Company. In mid-2020, the business shares representing 74% of ALQ69 Zrt. and at the end of 2020, the residential property located in Ribáry utca in the 2nd district of Budapest were profitably sold.*

*In December 2020, the stock of the Company's treasury shares comprised 190,000 shares.*

In the second semester of 2020, a member of the Governing Board, who was also the chairman of the Audit Committee, left the management of the Company. He transferred his role to a new Governing Board member/Audit Committee member elected in September.

There were further changes in the membership of the Company's Governing Board also in 2021, thus the Governing Board meetings held within the competence of the General Meeting elected new postholders instead of the Governing Board members who resigned in February and March.

The Company conducted negotiations about purchasing the business shares of NEO Property Services Zrt., on which the Company's management provided information at the beginning of September 2020. For the closure of the project, i.e. for the purchase of business shares, the acquisition was carried out with the use of bank financing in addition to the Company's own contribution. The project was closed on 26 February 2021, on the date of the disbursement of the bank loan.

The Company intends to implement its plans by further acquisitions in the future, thereby it will generate more value for the shareholders.

The Governing Board examined the specific IFRS and consolidated IFRS statements of the Company, and considered them as well-founded and correct, therefore in its opinion they could be presented to the General Meeting.

According to the specific IFRS financial statement of the Company, the profit before tax was HUF 118,482,000 the total comprehensive income was HUF 115,068,000 in 2020.

According to the consolidated IFRS financial statement, the profit before tax was HUF 54,369,000 the total comprehensive income from continued operations was HUF 44,006,000 and the income from discontinued operations was HUF 3,045,000 in 2020.

In the specific IFRS financial statement of the Company, the equity amounting to HUF 5,822,088,000 recorded on 31/12/2019 increased to HUF 5,866,857,000.

In the consolidated IFRS financial statement, the equity amounting to HUF 5,970,282,000 recorded on 31/12/2019 passed to HUF 5,599,773,000.

The Governing Board does not recommend to pay dividends for 2020, therefore it proposes to the General Meeting to transfer the total amount of the profit after tax to the retained earnings.

The Governing Board fully supports the reports to be submitted to the Annual General Meeting scheduled for 23 April 2021 and postponed to a later date having regard to the COVID-19 pandemic, and it fully supports the proposals and draft resolutions prepared by the Company's Governing Board, intended to be submitted to the General Meeting.

As the date of the Annual General Meeting of the Company falls under the scope of Government Decree 502/2020 (of 16 November) on different arrangements regarding the operation of organizations uniting persons and capital during the state of emergency (hereinafter, the "Decree"), the Governing Board shall decide within the competence of the General Meeting on the adoption of the Company's specific and consolidated IFRS statements for 2020.

Budapest, 15 April 2021

Zoltán Prutkay  
Chairman of the Governing Board