



Business and Management Report
related to the consolidated (IFRS) statement of
AKKO Invest Plc.
for the first semester of 2022

Date: Budapest, 08 September 2022

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1. Presentation of the scope of activities

AKKO Invest Plc. invests in numerous sectors of the real economy, by assuming low or medium risk and by expecting a medium level of returns, in order to generate significant added value for its shareholders in the long term.

Its current subsidiaries and business shares on 30 June 2022 are summarised in the following table:

Name of the Company	Equity stake
VÁR-Logisztika Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-046822)	100 %
MOON Facility Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049534)	100 %
ALQ SAS (registered office: France, Antibes 06600, 18 Avenue Louis Gallet; registration number: 841 053 077 R.C.S. Antibes, tax number: FR93841053077)	100 %
4 Stripe Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10-049777)	100 %
A PLUS Invest Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10- 049740)	100 %
NEO Property Services Zrt. (registered office: 1095 Budapest, Máriássy utca 7; company registration number: 01-10-045154)	100 %
Elitur Invest Zrt. (registered office: 1124 Budapest, Lejtő út 17/A.; company registration number: 01-10- 049966)	100 %

The consolidated IFRS statement may also be consulted on the website of the Budapest Stock Exchange, via the disclosure system operated by the National Bank of Hungary and also on the website of AKKO Invest Plc..

2. Size and composition of the share capital

Composition of the share capital of the Company on **30 June 2022**:

Share series	Par value (HUF/piece)	Issued pieces	Total par value
Ordinary shares	25	33 355 200	833 880 000
Share capital size	25	33 355 200	833 880 000

The ordinary shares of the Company constitute voting rights the extent of which depends on the par value of the shares. Accordingly, each ordinary share with a par value of HUF 25 gives an entitlement to 1 vote.

In the first half of 2022, the share capital of the Company did not change.

The Company possesses 936,988 treasury shares.

Share capital increase, decrease

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

3. Changes in the structure of the Group

In the first semester of 2022, the structure of the Akko Invest Plc. has not changed.

4. Accounting policy and its changes

The Group does not apply a different accounting policy or calculation method in its separate interim statements compared to the last separate annual financial statements.

Having regard to the fact that the Group possessed investment properties at consolidated level already in the first semester of 2019, the following was decided:

After the initial recognition, the Group applies the historical cost model for the valuation of investment properties typically purchased for the purpose of generating profit on the rental or increase in value of the property, without utilising it or bearing the business risk of it.

In case of opting for the cost model, assets must be valued on the basis of the historical cost model in accordance with IAS 16.

These properties (typically office buildings, warehouses and industrial sites) are not used for the Group's own purposes in the longer run. Some of these properties have been used by way of rental or will be used/sold after the completion of ongoing investments, which will provide sufficient yield for the shareholders.

5. Performance figures of the previous semester

The Company has drawn up its consolidated financial statement for the first semester of 2022 in accordance with the International Financial Reporting Standards (IFRS).

The most relevant figures for the Company include the evolution of equity and profit before tax, which are the most reliable performance measurement indicators. They were as follows:

Summary figures in Hungarian Forint (IFRS separate statement, HUF)	30.06.2022	30.06.2021	30.06.2020	30.06.2019
Equity	6 263 000 000	5 646 797 000	5 633 173 000	5 534 654 000
Profit or loss before tax	481 000 000	438 299 000	19 236 000	-227 826 000

5.1. Business report of NEO Property Services Zrt. as of 30 June 2022

NEO Property Services Zrt. was consolidated in AKKO Invest's portfolio from 28 February 2021.

After 2021, NEO Property Services Zrt. was able to achieve record revenue and earnings again in the first semester of 2022:

REVENUE	2018 H1	2019 H1	2020 H1	2021 H1	2022 H1	data in million HUF
	8 454	9 528	11 012	11 058	11 219	
EBT	505	534	666	844	852	

It is good news that the uncertain economic environment, i.e. war, inflation, labour market situation, still did not negatively affect the operation of the company. The company continues to provide high quality service to its more than 250 clients. Despite the tense situation on the property management market, NEO was able to extend its portfolio with several new clients (construction works at the Hungarian State Railways, METRO store chain, Airport City). Furthermore, additional business contracts could be obtained in the framework of a public procurement tender from the University of Pécs as well.

Besides operation, the general construction team was further expanded; engineers, project managers and preparatory staff were hired to assist the business line director, and a mobile construction group of 4-5 people is also being set up. The newest project of this line of business include the structural engineering works of the building complex LIVING Le Jardin, which is going to start in the second semester and is expected to be completed until mid-2023.

Particular emphasis is put on the construction works in the short- and medium-term plans of the company, with regard to the design of rental properties, green field investments,

extension or alteration of properties. This is the area where NEO sees the highest growth potential both in terms of revenue and profit.

NEO was able to expand further in the area of condominium management services; more and more old and newly built condominiums decide to entrust the management of their property to the company's Property Management Team.

Our priority clients (WING, Magyar Telekom, MOL, MÁV, Praktiker, EON/MVM, Coloplast, Opella/Chinoin, OBI) continue to pursue close cooperation with us, which means an ever increasing range of optional orders and a correct business relationship which is beneficial for both parties.

The company puts great emphasis on the digitalisation process that was started several years earlier, thus the web-based CAFM system (NMBS) developed by the company itself is being continuously further developed. The company's management is also examining the introduction of a new, integrated corporate management system which is able to support NEO's further expansion.

In the last quarter of the year, NEO expects an exceptionally large number of one-off orders, which, according to their expectations, will further improve the performance achieved in the first semester. Owing to this, despite the difficulties caused by the external economic environment (increase in raw material prices and overhead costs, as well as the continuous requests for the closely related subcontractor's fees), **NEO is again forecasting an outstanding profit for business year 2022.**

6. Business environment and results of the first semester (summary)

The Group closed the first semester of 2022 with profit, which was mainly due to NEO Property Services Zrt., its subsidiary acquired in 2021. The profit before tax was HUF 43 million higher than its earnings in the same period of the previous year, whereas the total comprehensive income amounted to HUF 360 million, as compared to the earnings of HUF 324 million achieved in the same period of the previous year.

Derivatives, securities:

In the first half of 2022, the Group did not enter into securities transactions and it is not planning to carry out such transactions in the future, either.

Longer term capital market investments:

The Group does not have such investments.

Real economy:

The Group's current property portfolio includes industrial properties in Szolnok, Nagykanizsa and Budaörs, a villa building to be renovated in Budapest, as well as an office space managed in a residential property in the 13th district of Budapest. Industrial properties are mostly commercial and logistic facilities.

The property portfolio includes a hotel project in France (Cyrano Hotel – Juan-Les-Pins, Antibes), managed through the subsidiary of ALQ SAS.

7. Expectations:

Thanks to its subsidiary, NEO Property Services Zrt., the Group is expected to perform well in the next period as well, i.e. in the second semester of 2022, which has a pulling power in terms of the Company's earnings.

Loans

AKKO Invest ensures continuous liquidity to its subsidiaries by providing member's loans. On the record date, i.e. on 30 June 2022, AKKO Invest has a bank loans of THUF 11,189,000 towards OTP Bank Nyrt., having regard to the fact that a certain percentage of the purchase

price of the 100% business shares of NEO Property Services Zrt. and the 100% business shares of its owner, Elitur Invest Zrt. was settled with bank loans. The remaining liabilities towards WING Zrt., resulting from the sale of business shares, would be settled from the annual dividends.

On 30 June 2022, Vár-Logisztika Zrt. had outstanding loans towards Takarékbank Zrt., amounting to THUF 46,000.

The other subsidiary of AKKO Invest Plc., 4 Stripe Zrt. concluded a loan agreement of EUR 1,250,000 with the Hungarian branch of Oberbank AG on 20 February 2020. On 30 June 2022, the outstanding loan towards Oberbank AG amounted to THUF 441,000.

8. Objectives and strategy

AKKO Invest Plc. is a holding company, i.e. a company with equity stake in several undertakings, the economic objective of which is to realise long-term increase in value through efficient cooperation between the holding and the subsidiaries. Akko Invest Plc. invests its own assets, without performing external asset management. Its fundamental objective is not necessarily the sale of the subsidiaries owned by it, but to achieve asset accumulation and increase in value in the subsidiaries (and obviously in the parent company), and through that in the parent company.

Thus, the Group's objective is to build a successful holding company which, despite the risky operation and due to its diversified nature, will hopefully be able to generate added value for its owners in most market and economic environments. Its most important objective is to generate added value for the Group and in parallel, to generate value for the shareholders.

Resources and risks

Financial and economic risk factors:

AKKO Invest realised revenue exclusively through its subsidiaries which provide the appropriate source of income for the parent company under lease agreements and delegation contracts. The company obtained an exceptionally high profit through NEO Property Services Zrt.

Scale of the expenditure:

The Group is highly human resource-oriented, its success depends on the right decisions of the Governing Board. Risks are due to the same fact. Where necessary, the Group is willing to rely on external resources (loan, lease, bond issuance) to some extent, thus a small shift in the exchange rate of the acquired assets may also significantly modify the value of the Group and thus the price of the shares. ***The evolution of the assets of the Group (and consequently the price of the shares) may show quite significant variations and there is a chance for capital loss at any time.***

AKKO Invest shares owned by executive officers

On 30 June 2022, the following executive officers owned AKKO Invest Plc. shares.

Name	Function	Ordinary shares, "C" series
Zoltán Prutkay	chairman of the Governing Board	9,000 pieces
Imre Attila Horváth	member of the Governing Board	43,000 pieces
Gábor Varga	member of the Governing Board	88,884 pieces
Gábor Székely*	member of the Governing Board	1,000 pieces
István Matskási	member of the Governing Board	0 pieces
Péter Márk Bosánszky	member of the Governing Board	162,650 pieces

*Mr. Gábor Székely owns additionally 14,500 AKKO Invest. Plc. shares through G&T Vagyonkezelő Zrt..

Material events after the Reporting Period

No material event occurred within the Group after the balance sheet date of the interim financial statement.

9. Executive officers

Pursuant to AKKO Invest's Articles of Association in force, single governance is ensured by the Governing Board.

The General Meeting is entitled to elect the members of the Governing Board. Members of the Governing Board may be re-elected.

Governing Board membership ceases to exist:

- (a) upon the expiry of the duration of the mandate,
- (b) upon recall,
- (c) upon the occurrence of a ground for exclusion,
- (d) upon resignation,
- (e) upon death.

Members of the Governing Board:

The Governing Board elects its chairman from among its own members.

Having regard to the fact that the investment activity of the Group frequently requires very rapid decision-making, taking investment decisions and other decisions regarding the Group between the Governing Board meetings is the responsibility of the chairman and of the deputy chairman / vice-chairman of the Governing Board, which may be exercised independently. This applies in particular to the group's capital and financial market transactions and to the operational tasks. In these respects, the chairman and the deputy chairman / vice-chairman are entitled and obliged to represent the group and to take decisions between the Governing Board meetings

The Audit Committee is in place primarily to facilitate that (1) the Group complies with the accounting standards set out in the legislation and in the Group's internal regulations, (2) the Group's auditor complies with the professional expectations necessary for exercising its mandate, and (3) supervise the performance of the Group's internal control system.

Governing Board members receive an annual remuneration for their work. The chairman of the Governing Board receives a remuneration of HUF 550,000, whereas the other members of the Governing Board receive a remuneration of HUF 500,000 per year. AKKO Invest prepares a separate Report on Remunerations on that.

Members of Audit Committee:

- Gábor Székely – chairman of the Audit Committee
- István Matskási – member of the Audit Committee
- Péter Márk Bosánszky – member of the Audit Committee

Members of the Audit Committee do not receive any specific financial compensation for their work.

10. Employment policy

Day-to-day financial and administrative tasks are performed by the current three employees.

In its capacity as an Issuer, AKKO Invest has not issued shares to employees, it has no employee share-ownership scheme in place and it has not concluded any agreement by which employees could acquire ownership over the capital of the Issuer.

11. Research and experimental development

In the current period, research and experimental development costs were not recognised in the financial statements.

12. Environmental protection

The activity of the Group is not dangerous for the environment. Due to the nature of its activity, the environmental responsibility incumbent on the Group is not significant, there is no likelihood of environmental degradation.

The protection of the environment does not represent any substantive expense, it does not affect the financial situation. The Group has not implemented and is not planning any development in the area of environmental protection.

13. Presentation of the premises

Except for one subsidiary, NEO Property Services Zrt., the Group does not have any establishment on the date of the report.

NEO Property Services Zrt. has 12 establishments.

Disclaimer

To the consolidated IFRS Report of AKKO Invest Plc. for the first semester of 2022

I, the undersigned Zoltán Prutkay, as a person authorised to sign for the Company, in my capacity as the chairman of the Governing Board of AKKO Invest Plc., hereby declare that:

the consolidated financial statements were made in conformity with the International Financial Reporting Standards that were adopted by the European Union.

The consolidated financial statements for the first semester of 2022 were prepared in accordance with the accounting standards, to the best of our knowledge, presenting a true and fair view of the assets, liabilities, financial situation, profit and loss of the Group, and the Management Report presents a fair view of the situation, development and performance of the Group, setting out the main uncertainty factors and risks.

The Report does not conceal any fact which is significant in terms of the perception of the situation of the group.

The Group is aware of the fact that it is liable to reimburse any damage caused by failing to provide regular and extraordinary information or by providing misleading information (disclosure of regulated information) in accordance with Section 57(1) of the Capital Market Act.

The Group's report has not been audited by an independent auditor who has formulated an independent opinion, the consolidated financial statement attached to the report was drawn up in accordance with the International Financial Reporting Standards (IFRS).

From 8 September 2022, the Group's IFRS Report for the first semester of 2022 can be consulted in its entirety at the registered office of AKKO Invest Plc. (1118 Budapest, Dayka Gábor út 5.) and on its website (www.akkoinvest.hu), on the website of the Budapest Stock Exchange (www.bet.hu) and on the mandatory disclosure portal of the National Bank of Hungary (www.kozzetetelek.hu).

Budapest, 08 September 2022

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Zoltán Prutkay
chairman of the Governing Board
AKKO Invest Plc.