Shopper Park Plus Plc.

Consolidated condensed non-audited interim financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

For the twelve months period ending 31.12.2023

(English translation of the original report)

Shopper Park Plus Plc. – Consolidated condensed non audited interim financial statements for the twelve months ending 31.12.2023

Table of contents

Shopper Park Plus Plc. – Consolidated condensed non audited interim financial statements for the twelve months ending 31.12.2023

Consolidated statement of comprehensive income for the twelve and three months periods ending 31.12.2023

Data in EUR

	Note	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022	Not audited 3 months period ending 31.12.2023	Not audited 3 months period ending 31.12.2022
Rental income	6	22 197 068	11 046 927	5 859 376	5 427 436
Operating fees and other revenue	6	25 994 052	13 088 187	5 916 477	6 974 470
Operating and other property-related expenses	6	(28 898 239)	(15 273 876)	(6 938 351)	(7 680 909)
Gross result		**19 292 881**	**8 861 238**	**4 837 502**	**4 720 997**
Administrative expenses	7	(2 963 549)	(3 647 358)	(1 016 188)	(769 483)
Fair valuation gains on investment properties	5	5 890 179	22 002 204	1 912 270	2 108 413
Operating result		**22 219 511**	**27 216 084**	**5 733 584**	**6 059 927**
Financial income		2 352 374	2 922 730	743 184	1 471 685
Financial expenses		(11 783 113)	(3 386 253)	(2 390 970)	(1 974 785)
Profit before tax		**12 788 772**	**26 752 561**	**4 085 798**	**5 556 827**
Income tax	11	(1 298 720)	(3 838 587)	(889 224)	(2 333 845)
Result of the current period		**11 490 052**	**22 913 974**	**3 196 574**	**3 222 982**
Of which attributable to owners of the parent company		11 490 052	22 913 974	2 962 531	3 222 982
Other comprehensive income to be reclassified to profit or loss for the period					
Swaps transactions period end valuation difference		(1 431 590)	262 797	(1 861 355)	(282 298)
Other comprehensive income not to be reclassified to profit or loss for the period:					
Result on financial instruments measured against other comprehensive income		0	0	0	
Other comprehensive income for the period		**(1 431 590)**	**262 797**	**(1 861 355)**	**(282 298)**
Overall comprehensive income		**10 058 462**	**23 176 771**	**1 335 219**	**2 940 684**
Of which attributable to owners of the parent company		10 058 462	23 176 771	1 335 219	2 940 684
Earnings per share		1,12	4,13	0,30	0,33
Basic and diluted EPS for share type A		1,12	4,13	0,30	0,33
Basic and diluted EPS for share type B		1,12	4,13	0,30	0,33

Shopper Park Plus Plc. – Consolidated condensed non audited interim financial statements for the twelve months ending 31.12.2023

Consolidated statement of financial position (balance sheet)

Data in EUR

	Note	Not audited 31.12.2023	31.12.2022
Assets			
Fixed assets		**288 659 065**	**279 647 973**
Investment properties	5	288 650 000	279 645 000
Deferred tax assets		0	0
Shares		0	0
Other fixed assets		9 065	2 973
Current assets		**48 220 659**	**31 233 796**
Lease and other accounts receivables	3	6 014 227	3 711 138
Current income tax receivable		354 962	249 483
Other receivables	3	3 449 003	13 069 018
Fair value of swap transactions	9	(1 168 792)	262 797
Bank security accounts		9 932 613	9 449 567
Cash and cash equivalents		29 638 646	4 491 793
Total assets		**336 879 724**	**310 881 769**
Equity and liabilities			
Equity		**160 884 261**	**119 169 072**
Registered capital		1 307 762	963 200
Capital reserve		130 521 762	95 356 800
Other comprehensive income		(1 168 792)	262 797
Retained earnings		18 733 477	(327 699)
Profit of the year		11 490 052	22 913 974
Non-current liabilities		**145 740 650**	**159 368 971**
Long-term loans and borrowings	3	134 091 701	139 833 824
Tenant deposits		6 454 241	5 948 701
Deferred tax liabilities		4 646 884	3 590 305
Other non-current liabilities	3	547 824	9 996 141
Current liabilities		**30 254 813**	**32 343 726**
Short-term loans and borrowings	3	5 906 250	10 531 250
Accounts payables	3	397 458	238 205
Current income tax liabilities		158 893	25 270
Provisions		0	154 662
Other current liabilities	3	23 792 212	21 394 339
Total liabilities		**175 995 463**	**191 712 697**
Total equity and liabilities		**336 879 724**	**310 881 769**

Consolidated statement of changes in equity for the twelve months period ending 31.12.2023.

Data in EUR

	Registered capital	Capital reserve	Swap transactions period end valuation difference reserve	Retained earnings	Profit of the current year	Total
Balance on 31.12.2021	**16 200**	**1 603 800**	**0**	**(701 693)**	**373 994**	**1 292 301**
Total comprehensive income for the year	0	0	262 797	0	22 913 974	**23 176 771**
Transfer of previous year's profit to retained earnings	0	0	0	373 994	(373 994)	**0**
Dividends paid to shareholders of the parent company	0	0	0	0	0	**0**
Increase in share capital	947 000	93 753 000	0	0	0	**94 700 000**
Effect of change in accounting policy	0	0	0	0	0	**0**
Balance on 31.12.2022	**963 200**	**95 356 800**	**262 797**	**(327 699)**	**22 913 974**	**119 169 072**
Total comprehensive income for the year	0	0	(1 431 589)	0	11 490 052	**10 058 463**
Transfer of previous year's profit to retained earnings	0	0	0	22 913 974	(22 913 974)	**0**
Dividends paid to shareholders of the parent company	0	0	0	(3 852 800)	0	**(3 852 800)**
Increase in share capital	344 562	35 164 962	0	0	0	**35 509 524**
Effect of change in accounting policy	0	0	0	0	0	**0**
Closing balance on 2023.12.31	**1 307 762**	**130 521 762**	**(1 168 792)**	**18 733 477**	**11 490 052**	**160 884 261**

Consolidated cash flow statement for the twelve months period ending 31.12.2023

Data in EUR

	Not audited twelve months period ending 31.12.2023	Twelve months period ending 31.12.2022
Cash flow from operating activities:		
Profit before tax	12 788 772	26 752 561
Corrections:		
Fair value of investment properties	(5 890 179)	(22 002 204)
Currency conversion	(41 196)	(46 662)
Increase / decrease of provisions	(154 662)	154 662
Other corrections of the result	8 288 461	2 573 469
Changes in accounts receivables and other receivables	7 375 573	(17 636 666)
Increase / decrease in deposits and tenant deposits	505 540	5 948 701
Increase / decrease in restricted cash balances	(483 046)	(9 449 567)
Decrease/increase in account payables and other current payables	(7 875 533)	12 678 740
Income tax paid / payable	(242 141)	(248 282)
Net cash flow from operating activities	**14 271 589**	**(1 275 249)**
Cash flow from investing activities		
Acquisition of investment properties	(3 114 821)	(239 088 218)
Purchase of other fixed asset	(8 967)	(3 099)
Net cash flow from investing activities	**(3 123 788)**	**(239 091 317)**
Cash flow from financing activities		
Repayment of loans/borrowings to 3rd parties	(5 531 250)	(3 937 500)
Drawdown of loans / borrowings from 3rd parties	0	150 000 000
Drawdown of loans from related parties outside the group	5 006 000	5 000 000
Repayment of loans / borrowings to related parties outside the group	(10 016 959)	0
Capital increase	37 212 674	94 700 000
Interest paid	(8 859 809)	(2 573 343)
Dividends paid	(3 852 800)	0
Net cash flow from financing activities	**13 957 857**	**243 189 157**
Net change in cash and cash equivalents	**25 105 657**	**2 822 592**
Cash and cash equivalents at the beginning of the year	**4 491 793**	**1 622 539**
Exchange rate gains/ (losses) on cash and cash equivalents	41 196	46 662
Period-end balance of cash and cash equivalents	**29 638 646**	**4 491 793**

Condensed supplementary notes to the consolidated interim financial statements

1. General background

Name of the parent company:	Shopper Park Plus Plc.
Tax number:	27033498-2-44
Registered seat:	1015. Budapest, Batthyány street 3. ground floor 1.
Company registration number:	01-10-140433

Shopper Park Plus Plc. (SPP, Parent Company or Company) was incorporated on 9. July, 2019 as Graduw Zrt. The Company was transformed into a Public Limited Company on 27.10.2023, its ordinary shares are listed in the Premium category of the Budapest Stock Exchange. Its share capital is EUR 1,307,762.

The majority shareholder of the Parent Company is Penta CEE Holding Ltd. from 20. December, 2021, with its registered office at 1015. Budapest, Batthyány street 3. ground floor 1, Hungary. The Final Parent company of the Company is Adventum Penta Fund SCA SICAV-RAIF.

On 31 December 2023 the share capital of the Company consisted of 11,577,618 dematerialised ordinary shares of series A with a nominal value of EUR 0.1 each, representing equal and identical membership rights, and 1,500,000 dematerialized preference shares of series B with a nominal value of EUR 0.1 each, representing equal and identical membership rights. Series B voting preference shares carry ten times the voting rights of Series A shares in certain decisions. No convertible or exchangeable shares were issued in the current period or in prior financial years. There were no transactions to acquire own shares in either 2022 or 2023.

Registered principal activity of the Company: 6810 Sale and purchase of own real estate.

The group is active in the development, management and renovation of commercial real estates. The Group develops its current properties with an intention to letting them on the basis of operating leases. However, this does not exclude the possibility of selling them in the future as part of the group's ongoing business activities.

Representatives of the Company:

Bárány Kristóf Péter	Marton András	Németh Gábor
1011 Budapest	1124 Budapest	1118 Budapest
Ponty street 6.	Nárcisz street 56. 2. floor 5.	Radóc street 10.
Joint representation right	Joint representation right	Joint representation right

Transformation into a regulated real estate investment trust

The Company was registered by the National Tax and Customs Administration on 8. January, 2022, with effect from 1 January, 2022, as a Regulated Real Estate Investment Pre-Company and as a Regulated Real Estate Investment Trust on 12 January 2024, with effect from 26 October 2023.

Shopper Park Plus Plc, as a Regulated Real Estate Investment Trust, is exempt from paying corporate tax and local business tax. Due to its status as a Regulated Real Estate Investment Pre-Company, the Company was subject to a uniform 2% property acquisition tax on the properties purchased in 2022, unlike the general rules.

There are no regulated real estate investment project companies among the companies directly or indirectly owned by the Company.

Comparative period

On 15 June 2022, the Shopper Park Plus Group acquired the exclusive ownership of 14 Hungarian retail parks and 100% ownership in 4 Czech companies, which owned a total of 4 Czech retail parks. Prior to the acquisition of the retail parks (in the first five and a half months of the reviewed period), the Group had no revenues from rents and had no assets to generate such revenues. Thus, data presented in the statement of comprehensive income and cash flow statement for the twelve months of 2022 only partially provide a clear picture of performance of the Shopper Park Plus Group with which the data for the twelve months of 2023 can be properly compared.

Financing and financial result

The Shopper Park Plus Group partially financed the acquisition of the Hungarian retail parks and the companies owning the Czech retail parks by a bank loan. The loan agreement for the bank loan was concluded on 8 April 2022 and the loan was drawn down on 15 June 2022 in amount of MEUR 150. The comparative period, the twelve months of 2022, is affected by bank loan costs only for six and a half months.

2. Other statements related to the interim financial statements

These financial statements were prepared in accordance with International Accounting Standard 34 as adopted by the European Union. No new standard has been applied in the preparation of the interim financial statements, because it does not have a material impact on the financial statements.

The accounting policies applied in the interim financial statements are consistent with those applied in the comparative period and in the most recently published financial statements of 2022. The accounting policies presented have not changed from those applied at the year end. The interim financial statements should be read in conjunction with the previous year's financial statements.

There were no changes in the estimates used compared to the reference period.

There were no changes in the structure of the group in 2023.

During the period presented, the Company issued 3,445,618 dematerialised ordinary shares of Series A with a nominal value of EUR 0.1 each, representing equal and identical membership rights.

The interim financial statements are prepared on a going concern basis.

3. Significant changes in the consodliated statement of financial position

Leasing- and other trade receivables

The Shopper Park Plus Group's leasing and other trade receivables amounted to EUR 3 711 138 at 31.12.2022, increasing to EUR 6 014 227 at 31.12.2023. The increase in trade receivables is due to the fact that the SPP Group was only able to invoice a significant part of the 2022 utility costs to its landlord in 2023. Since then, the invoicing has been carried out continuously in several stages.

Other receivables

Other receivables of the Shopper Park Plus Group amounted to EUR 13 069 018 at 31.12.2022, which decreased to EUR 3 449 003 at 31.12.2023. The decrease in other receivables is due to the fact that the SPP Group was able to invoice a significant part of the utility costs for 2022 to its tenants only in 2023, and recognised them as accrued income under other receivables at 31.12.2022.

Loans and borrowings

The balance of loans and borrowings (short and long together) at 31.12.2022 was EUR 150 365 074, which decreased to EUR 139 997 951 at 31.12.2023. The decrease is due to the fact that the Shopper Park Plus Group repaid its member loans of EUR 5 MEUR taken out at the end of 2022 and repaid its bank loan.

Other long-term liabilities

The balance of other non-current liabilities at 31.12.2022 was EUR 9 996 141, which decreased to EUR 547 824 at 31.12.2023. The main reason for the decrease is that the contingent purchase price obligation of the land repossession agreement with the previous owner will fall due in one year, so the total amount was reclassified to current liabilities.

Other current liabilities

The balance of other current liabilities at 31.12.2022 was EUR 21 394 339, which increased to EUR 23 792 212 at 31.12.2023. The main reasons for the increase are the reclassification of the contingent purchase price liability recorded for area repossessions from non-current to current and the change in the liability calculated for the retention of purchase price based on the turnover-based rental rate, where the estimated amount of the liability increased due to changing assumptions. On 16.10.2023, the Company paid an additional purchase price of EUR 1 751 622 to the former owner of the properties for area repossession in the Székesfehérvár location. As of 31.12.2023, SPP has paid EUR 3 249 151 in transfer taxes on the Hungarian properties, with an estimated tax liability of approximately TEUR 300 not yet imposed.

Investments

During the 12-month period under review, the cost of improving the properties amounted to EUR 3 114 821.

Data in EUR	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022
Amounts capitalised on investment property	3 114 821	239 088 218
-of which leasing fee	369 646	161 026

4. Segment information

Segments are defined on the basis of the geographical breakdown of the Group's properties in Hungary and the Czech Republic.

The distribution in 2023 is as follows:

Data in EUR	Hungary	Czechia	Group level expenses and income	Total
Rental income	16 917 241	5 279 827		22 197 068
Operating fees and other revenue	21 736 720	4 257 331		25 994 052
Operating and other property-related expenses	(23 269 070)	(5 629 169)		(28 898 239)
Gross result	**15 384 892**	**3 907 989**		**19 292 881**
Administrative expenses			(2 963 549)	(2 963 549)
Fair valuation gains on investment properties	6 402 143	-511 964		5 890 179
Operating result	**21 787 035**	**3 396 025**	**(2 963 549)**	**22 219 511**
Financial income			2 352 374	2 352 374
Financial expenses			(11 783 113)	(11 783 113)
Profit before tax	**21 787 035**	**3 396 025**	**(12 394 288)**	**12 788 772**
Income tax	(242 141)	(1 056 579)		(1 298 720)
Result of the current year	**21 544 894**	**2 339 446**	**(12 394 288)**	**11 490 052**
Assets classifiable to segments				
Investment properties	218 310 000	70 340 000		288 650 000
Lease and other accounts receivables	5 713 204	301 023		6 014 227
Current income tax receivable	0	354 962		354 962
Other receivables	2 977 878	471 125		3 449 003
Cash and cash equivalents	28 750 892	887 754		29 638 646
Liabilities classifiable to segments				
Tenant deposits	5 844 176	610 065		6 454 241
Deferred tax liabilities	0	4 646 884		4 646 884
Accounts payables	116 754	280 704		397 458
Current income tax liabilities	158 893	0		158 893
Provisions	0	0		0

The distribution in 2022 is as follows:

Data in EUR	Hungary	Czechia	Group level expenses and income	Total
Rental income	8 324 166	2 722 761		11 046 927
Operating fees and other revenue	10 845 691	2 242 496		13 088 187
Operating and other property-related expenses	(12 218 595)	(3 055 281)		(15 273 876)
Gross result	**6 951 262**	**1 909 976**		**8 861 238**
Administrative expenses			(3 647 358)	(3 647 358)
Fair valuation gains on investment properties	3 145 716	18 856 488		22 002 204
Operating result	**10 096 978**	**20 766 464**	**(3 647 358)**	**27 216 084**
Financial income			2 922 730	2 922 730
Financial expenses			(3 386 253)	(3 386 253)
Profit before tax	**10 096 978**	**20 766 464**	**(4 110 881)**	**26 752 561**
Income tax	(31 780)	(3 806 807)		(3 838 587)
Result of the current year	**10 065 198**	**16 959 657**	**(4 110 881)**	**22 913 974**
Assets classifiable to segments				
Investment properties	209 530 000	70 115 000		279 645 000
Lease and other accounts receivables	3 047 059	664 079		3 711 138
Current income tax receivable	0	249 483		249 483
Other receivables	11 993 481	1 075 536		13 069 018
Cash and cash equivalents	4 006 079	485 714		4 491 793
Liabilities classifiable to segments				
Tenant deposits	5 320 673	628 028		5 948 701
Deferred tax liabilities	0	3 590 305		3 590 305
Accounts payables	125 126	113 079		238 205
Current income tax liabilities	25 270	0		25 270
Provisions	0	154 662		154 662

5. Fair valuation gains on investment property

When determining the fair value of investment properties - like when preparing the 2022 financial statements - the Group has established an independent valuer of real estate, CBRE Kft. The fair value determined by the independent valuer for all properties is the same as the value stated in the financial statements.

The fair value of investment properties has increased by 3.22% since the end of 2022.

6. Rental income

The Group has rental incomes from the investment properties, its amounts were as follows:

Data in EUR	Not audited 12 months period ending 31.12.2023	Not audited 12 months period ending 31.12.2022	Not audited 3 months period ending 31.12.2023	Not audited 3 months period ending 31.12.2022
Rental income	22 197 068	11 046 927	5 859 376	5 427 436

Given that the acquisition of real estate for the year 2022 ended in June, only a comparison of 3-month periods provides data that can be properly reconciled. Revenue for the fourth quarter of 2023 increased by 7.96% compared to the same period in 2022.

7. Net service result

Data in EUR	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022	Not audited 3 months period ending 31.12.2023	Not audited 3 months period ending 31.12.2022
Operating fees and other revenue	25 994 052	13 088 187	5 916 477	6 974 470
Operating and other property-related expenses	(28 898 239)	(15 273 876)	(6 938 351)	(7 680 909)
Net service result	*(2 904 187)*	*(2 185 689)*	*(1 021 874)*	*(706 439)*

As of 01.04.2023, electricity rebilling based on meter data was introduced in Hungarian properties, which led to an increase in the share of electricity directly billed to tenants and a decrease in the collective consumption volume of Hungarian properties. The reduction in the joint consumption volume and the more cost-efficient operation of the properties reduced the net service loss.

In the fourth quarter of 2023, the marketing costs for Czech properties amounted to EUR 369 thousand, mainly related to the rebranding of the properties, which will switch to the "Shopland" brand.

8. Administrative expenses

The breakdown of administrative expenses of the Group is shown in the table below:

Data in EUR	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022
Audit expenses	231 382	144 598
Accounting and financial services	251 339	672 169
Legal fees	415 811	992 296
Management fee	1 546 252	797 312
Other administrative expenses	518 765	1 040 983
Total	**2 963 549**	**3 647 358**

The Group presents impairment on leases and other trade receivables within administrative expenses.

The impairment on leases and other trade receivables changed the following way:

Data in EUR

Balance on 31 December 2021	0
Preparing provision	209 502
Dissolving provision	0
Balance on 31 December 2022	209 502
Preparing provision	704 372
Dissolving provision	530 675
Balance on 31 December 2023	383 199

9. Related parties

The turnovers of transactions with related parties were as follows:

Data in EUR

Name of the partner	Type of the transaction	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022
Turnovers related through owner company			
Penta CEE Holding Zrt.	Felvett hitel	5 008 767	4 000 000
Portfolion Partner Magántőkealap	Felvett hitel	2 192	1 000 000
Penta CEE Holding Zrt.	Hitelkamat	497 565	8 767
Portfolion Partner Magántőkealap	Hitelkamat	76 661	2 192
Turnovers related through owner company total		*5 585 185*	*5 010 959*
Turnovers related through key personnel			
Adventum Property Services Kft.	Menedzsment díj	1 603 486	813 534
Grw Invest Kft.	Jogi és pénzügyi szolgáltatások	0	445 979
Grw Invest Kft.	Számviteli és pénzügyi tanácsadás	6 731	141 050
MARTIG Kft.	Jogi és pénzügyi szolgáltatások	559,85	609
Turnovers related through key personnel total		*1 610 777*	*1 401 172*

The period-end balances of transactions with related parties were as follows:

Data in EUR

Name of the partner	Balance sheet line	Not audited 31.12.2023	31.12.2022
Balances related through owner company			
Penta CEE Holding Zrt.	Rövid lejáratú hitelek és kölcsönök	0	4 000 000
Portfolion Partner Magántőkealap	Rövid lejáratú hitelek és kölcsönök	0	1 000 000
Penta CEE Holding Zrt.	Egyéb rövid lejáratú kötelezettségek	0	8 767
Portfolion Partner Magántőkealap	Egyéb rövid lejáratú kötelezettségek	0	2 192
Balances related through owner company total		*0*	*5 010 959*
Balances related through key personnel			
Adventum Property Services Kft.	Egyéb rövid lejáratú kötelezettségek	437 672	363 342
Grw Invest Kft.	Szállítók	6 731	0
Balances related through key personnel total		*444 403*	*363 342*

The Group considers members of the Management Board and Supervisory Board as key management personnel, who did not receive any renumeration during 2023 and 2022. Related parties were identified based on IAS 24, the related party relationship was created by the persons who are key management personnel.

Adventum Property Services Kft. provides management services to the Group in exchange for a management fee.

The Group has no component that has significant restrictions on its ability to access or use its assets or to settle its liabilities.

10. Financial instruments

A financial instrument is a contractual arrangement, which results in financial assets for one of the parties of the contract and financial liability or equity instrument for the other party.

The Group's balances of financial instruments at 31 December 2022 and 2023 were as follows:

Data in EUR	Not audited 31.12.2023	31.12.2022
Financial instruments registered at amortised cost		
Financial assets		
Current financial assets		
Leases and other account receivables	6 014 227	3 711 138
Other receivables	4 121 915	11 623 560
Bank security accounts	9 932 613	9 449 567

Cash and cash equivalents	29 638 646	4 491 793
Total current financial assets	49 707 401	29 276 058
Total financial assets in the balance sheet	49 707 401	29 276 058
Non-current financial liabilities		
Long-term loans and borrowings	134 091 701	139 833 824
Total non-current financial liabilities	134 091 701	139 833 824
Current financial liabilities		
Short-term member loans and borrowings	0	5 000 000
Short-term financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	*0*	*5 000 000*
The current portion of non-current financial debt:	5 906 250	5 531 250
Other current liabilities	*5 906 250*	*10 531 250*
Accounts payables	397 458	238 205
Other current liabilities	9 193 087	16 272 766
Total current financial liabilities	15 496 795	27 042 221
Total financial liabilities on the balance sheet	149 588 496	166 876 045
Financial instruments registered at fair value		
Financial instruments		
Current financial assets		
Other receivables	-1 168 792	262 797
Total financial assets on the balance sheet	-1 168 792	262 797
Total financial liabilities on the balance sheet	0	0

11. Income taxes

Due to its pre-REIT (and later REIT) status, the Parent Company is not liable for corporate tax, only for the innovation levy, which is included in income taxes.

Income taxes include a deferred tax expense which, due to the Parent Company's corporate tax exemption, only arises for Czech real estate.

Data in EUR	Not audited 12 months period ending 31.12.2023	12 months period ending 31.12.2022
Current income tax expenses	242 141	248 282
Deferred tax expenses	1 056 579	3 590 305
Total	1 298 720	3 838 587

12. Expenses related to issuing of own shares

In Q4 2023, the Group issued new shares for a total amount of EUR 37 212 674. The related costs are recognised in the books as a reduction of capital reserves. The issue costs of the equity instruments totalled EUR 1 703 150.

13. Valuation of financial instruments

The Group's financial assets typically comprise cash and cash equivalents, account receivables and other long-term receivables, which the Group measures at fair value through profit or loss, or at amortized cost. All financial instruments are recognized on the trade date. értéken tart nyilván. Minden pénzügyi instrumentum a kötés napján kerül megjelenítésre.

Financial liabilities generally arise from the need to repay money and other financial assets. They mainly include other financial liabilities, account payables, liabilities to banks and related companies, lease liabilities and derivative financial liabilities.

All financial instruments should be initially recognized at fair value adjusted with transaction costs, except for instruments classified as FVTPL, where transaction costs should be recognized immediately in profit or loss.

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

a. Amortized cost

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

b. Fair value against other comprehensive income

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

c. Fair value against PnL

The category of financial assets at fair value through PnL includes financial assets that do not fall into either of the above two categories of financial assets or were designated upon initial valuation as assets at fair value through PnL.

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

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

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

All equity instruments are measured at fair value in the balance sheet and the effect of changes in fair value is recognized directly in profit or loss, except for equity instruments where the company has chosen the Other Comprehensive Income (FVOCI) option. The Group does not exercise the FVOCI option.

The categories of financial liabilities are as follows:

1. liabilities at fair value against the PnL
2. liabilities valued at amortized cost

For debt instruments, certain assets are required to be classified as FVOCI or amortized cost if the fair value option is not chosen (which is an irrevocable choice).

Financial assets are classified on initial recognition when the company becomes a contracting party to the instrument. Under certain conditions, it may be necessary to change/reclassify the classification of the assets retrospectively.

When classifying financial assets into a valuation group, financial assets must be classified according to two criteria at the same time:

1. examine the nature of the cash flows associated with the financial asset; and
2. the business model of the company related to the financial instrument.

All equity instruments are measured at fair value in the balance sheet and the effect of changes in fair value is recognized directly in profit or loss, except for those equity instruments where the enterprise has selected the Other Comprehensive Income (FVOCI) option.

Where an investment in an equity instrument is held by the Group for a non-trading purpose, there is an option to recognize the asset at FVOCI on a non-recourse basis (for example, a share is purchased for long-term holding).

For financial liabilities there are two valid classifications: FVTPL and amortized cost. Financial liabilities held for trading are measured at FVTPL (except for fair value changes arising from own credit risk, which are recognized in equity) and all other financial liabilities are measured at amortized cost, unless the fair value option is used. The Group does not use the fair value option, however, if the transaction is included in a cash flow hedge, the hedge is measured at fair value through other comprehensive income if it is effective.

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

Fair value

Fair value measurement refers to an asset or liability. In determining fair value, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account in pricing the asset or liability at the measurement date. The unit of account for the asset or liability shall be determined in accordance with the IFRS that requires or permits fair value measurement.

The fair value is the price that would be received when selling an asset or paid when transferring a liability in a regular transaction between market participants at the time of valuation, regardless of whether the given price is directly observable or estimated using another valuation technique.

According to the IFRS 13 "Fair Value Valuation" standard, companies must classify fair value valuations in accordance with a fair value hierarchy that reflects the importance of the basic data used in the valuations.

Fair value hierarchy

Financial instruments measured at fair value are classified into a three-level fair value hierarchy for disclosure. The levels within the hierarchy reflect the significance of the inputs used in determining the fair value:

- 1. level: quoted prices found in active markets for identical assets or liabilities.
- 2. level: inputs other than quoted prices belonging to level 1, inputs that can be directly or indirectly observed in relation to the asset or liability, which are not observable inputs on the market.
- 3. level: inputs based on unobservable market data

The Group uses level 3 assessment for fair value except of cash-flow hedge, where the determination is on level 2.

Among the financial assets, the Group evaluates loans and receivables as well as financial liabilities at amortized cost, but also presents their fair value in the notes to the financial statements. The fair value of these assets and liabilities is determined based on level 3 information, except for cash flow hedges, whose fair value is determined based on level 1 information. The fair value of financial instruments not listed on an active market is determined using valuation techniques, typically using the discounted cash flow method.

Financial liabilities are valued at amortized cost, their book value is close to their fair value, as there has been no significant change in credit risk since its initial recording.

Cash flow hedges

For cash flow hedge accounting purposes, hedges are cash flow hedges if they hedge exposure to variability in cash flows that is attributable either to a specific risk associated with a recognized asset or liability or to a highly probable forecasted transaction.

The effective portion of the gain or loss on the hedging instrument is recognized in the cash flow hedging reserve through the other comprehensive income, while the ineffective portion is recognized immediately in the PnL. The cash flow hedge reserve is adjusted by the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item. The amount accumulated in equity is reclassified to the PnL as a reclassification adjustment in the same period or periods in which the hedged cash flows affect profit or loss, for example, when the hedged financial income or financial expense is recognized.

If cash flow hedge accounting is discontinued, the amount accumulated in the hedging reserve within equity remains in the accumulated hedging reserve if the hedged future cash flows are expected to continue to occur. Otherwise, the amount is immediately reclassified to profit or loss as a reclassification adjustment. After termination, as soon as the hedged cash flows occur, the amount remaining in the cumulative hedging reserve is recognized as a reclassification adjustment in the PnL.

The change in the intrinsic value of the hedging instrument is recognised through other comprehensive income (and then in the cash flow hedge reserve in equity) and is released to the income statement over the life of the cash flow hedge.

The Company has covered its variable rate bank loans up to 70% of the principal amount for the period from 1 January 2023 until the maturity of the bank loans on 31 March 2027. The hedge is an interest rate cap (so-called CAP) transaction, whereby the 3-month EURIBOR is capped at 2.4% as the interest rate base. The security for the hedge is identical to the security for the Credit Agreement. The balances relating to the hedge are as follows:

Data in EUR	Not audited 31.12.2023	31.12.2022
Swap transactions valuation reserve	(1 168 792)	262 797

Loans

Loans/borrowings are initially recognized at fair value less transaction costs. Subsequently, loans/borrowings are recorded at amortized cost; the difference between the amount borrowed (less transaction costs) and the amount to be repaid is recognized in the income statement over the period of the loan using the effective interest method.

14. Contingent assets, contingent liabilities and commitments

Contingent assets

A contingent asset is a possible asset that arises from past events, but the existence of which is uncertain and is not dependent on future events within the control of the Group. These assets do not appear on the balance sheet. The Group has no contingent assets for which an inflow of economic benefits is probable and significant.

Contingent liabilities

The Group has no contingent liabilities for which an outflow of economic benefits is probable and significant.

Commitments

There were no significant changes in the nature and amount of commitments in 2023.

15. Events after the balance sheet date of the interim financial statements

Registration as a Regulated Real Estate Investment Trust

The Company was registered as a Regulated Real Estate Investment Trust by the National Tax and Customs Administration on 12 January 2024, with effect from 26 October 2023.

in Budapest, at the time indicated on the time stamp of the qualified electronic signature

Bárány Kristóf Péter	Németh Gábor
Member of the Board	Member of the Board