

**Fotex Holding S.E.**  
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**Interim condensed consolidated financial statements as at 30 June 2022**  
**Management report as at 30 June 2022**

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## Management Report

### Review and development of the groups business and financial position

The net turnover for the six months ended June 30, 2022, was EUR 17,180,247 compared with EUR 12,985,513 for the same period in 2021 representing a increase of 32%. The net turnover is mainly composed of income from operating a real estate portfolio in Hungary and the Netherlands. The main reason of the increase in sales is the elimination of the impact of COVID-19 on Hungarian rental income.

The overall income for the six months amounts to EUR 17,190,423 which is impacted by the net sales and the financial revenue (30 June 2021: EUR 31,869,155).

The net result for the six months is a gain amounting to EUR 3,294,097 (30 June 2021: EUR 19,653,009).

During the period the group acquired 156,794 of its own shares at a cost of Euro 418,113

### Principle risks and uncertainties

The Group's business, financial condition or results can be affected by risks and uncertainties. Management has identified the following risks that are relevant for the period to date and the remaining second half of the year:

- Change in laws and regulations governing the operations of the Company and its subsidiaries which may affect their business, investments and results of operations.
- Foreign currency risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Country risk

Management monitors these risks and applies the following risk management procedures:

#### *Foreign currency ("FX") risk*

Financial instruments that potentially represent risk for the Group include deposits, debtors and credit balances denominated in foreign currency, creditors in foreign currency and deposits in foreign currency other than EUR. The Group's rental contracts are stipulated in EUR or on EUR basis thus mitigating FX risk associated with non-EUR based revenues. As of 30 June 2021 the Group does not have any open forward transactions.

#### *Credit risk*

The Group aims to mitigate lending risk by its careful and continuous debtor portfolio monitoring process and by requiring bank guarantees and collateral. In addition, the Group regularly follows up information about the main debtors in the market. Concentrations of credit risk, with respect to trade accounts receivable, are limited due to the large number of customers and due to the dispersion across geographical areas. Receivable balances are monitored on an ongoing basis.

Investments of surplus funds are made only with reliable counterparties and are allocated between more banks and financial institutions in order to mitigate financial loss through potential counterparty failure.

#### *Interest rate risk*

In order to mitigate the interest rate risk the Group uses mainly fixed rate loans. The loan interest is at fixed rate of 1.89 %.

### *Liquidity risk*

Liquidity risk is monitored as follows:

- Monitoring daily available deposited and free cash by entity.
- Monitoring weekly cash flows by entity.
- As part of the management information system, the Group monitors the operations of each entity on a monthly basis.
- The Group monitors its long-term cash flows in order to match the maturity patterns of its assets and liabilities.

### *Country risk*

The Group has operations in Luxembourg, in the Netherlands and in Hungary. By the geographical diversification of the operations, the Group mitigates the effects of country risk. Notwithstanding the, as yet unknown, impact of the global coronavirus pandemic, the Group has not identified any significant risks that may affect the financial performance of Group members associated with the countries in which the Group operates. Further as members of the European Union and the legal structure associated with it, management believes that country risk is not a matter of significant concern.

## **Related Party Transactions**

### **Principal related parties**

Gábor Várszegi, Chairman of the Board of Fotex, directly or indirectly controls a part of the voting shares of Blackburn International Inc. (“Blackburn”), a Panama company, and Blackburn International Luxembourg S.à r.l. (“Blackburn Luxembourg”), a Luxembourg company. Blackburn Luxembourg has a controlling interest in Fotex Holding S.E. and in Fotex Ingatlan Kft. (“Fotex Ingatlan”) and is the ultimate controlling party for Fotex Holding S.E. and Fotex Ingatlan. As at 30 June 2022 Blackburn Luxembourg controlled 50.35% (31 December 2021: 50.35%) of Fotex Holding S.E.’s voting shares. APF International provides real estate services to the group and is partly owned by two group directors. White Oak Management provides accounting and company secretarial services to the group and is owned by two group directors. One director rents sundry commercial property from the group on an arm’s length basis. These companies are considered to be related parties.

There were no material related party transactions during the period.

### **Significant Events after the end of the reporting period**

There were no material significant events after the reporting period.

## Management Responsibility Statement

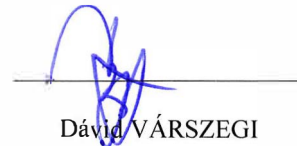
We confirm that, to the best of our knowledge, the condensed unaudited consolidated interim financial information as of 30 June 2022, which has been prepared in accordance with IAS 34, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Fotex Holding S.E. and its subsidiaries included in the consolidation taken as a whole. In addition, the management report includes a fair review of the development and performance of the business and the position of Fotex Holding S.E. and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 18<sup>th</sup> of August 2022



Gábor VÁRSZEGI

Chairman of the Board of Directors



Dávid VÁRSZEGI

Member of the Board of Directors

**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Statement of Financial Position**  
**Figures in EUR**

	Note	30 June 2022	31 December 2021
		EUR	EUR
<b>Assets</b>			
Current Assets:			
Cash and short-term deposits		110,033,238	110,417,472
Current portion of other financial assets		644,916	968,473
Accounts receivable and prepayments		5,503,542	5,637,337
Inventories		3,540,773	3,791,322
Total current assets		119,722,470	120,814,604
Non-current Assets:			
Property, plant and equipment		5,959,572	2,968,304
Right-of-use assets		45,688	45,688
Investment properties	8	99,012,973	105,489,748
Deferred tax assets		131,301	131,301
Intangible assets		1,733,596	1,872,016
Non-current portion of other financial assets		3,345,886	2,131,812
Goodwill arising on acquisition		7,685,794	7,685,794
Total non-current assets		118,004,810	120,324,663
Total assets		237,727,279	241,139,267
<b>Liabilities and Shareholders' Equity</b>			
Current Liabilities:			
Interest-bearing loans and borrowings	7, 8	1,400,000	1,607,347
Provision		46,515	45,918
Accounts payable and other liabilities		7,521,790	10,041,902
Total current liabilities		8,968,305	11,695,167
Non-current Liabilities:			
Interest-bearing loans and borrowings	7, 8	46,287,261	46,938,502
Other long-term liabilities		3,101,922	3,041,947
Deferred tax liability		5,467,059	5,467,059
Total non-current liabilities		54,856,243	55,447,508
Shareholders' Equity:			
Issued capital		30,543,933	30,543,933
Additional paid-in capital		25,495,008	25,495,008
Retained earnings		170,309,196	167,015,099
Translation difference		(8,474,200)	(5,502,729)
Treasury shares, at cost		(43,987,430)	(43,569,317)
Equity attributable to equity holders of the parent company		173,886,508	173,981,994
Non-controlling interests in consolidated subsidiaries		16,224	14,598
Total shareholders' equity		173,902,732	173,996,592
Total liabilities and shareholders' equity		237,727,279	241,139,267

**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Income Statement**  
**Figures in EUR**

	Note	30 June 2022	30 June 2020
			EUR
Revenue	3, 4, 5	17,180,247	12,985,513
Cost of sales		(503,238)	(125,738)
Gross Profit		16,677,009	12,859,775
Operating expenses		(12,142,472)	(8,863,934)
Gain on disposal of the sales of investment properties		-	18,870,564
Operating profit (EBIT)		4,534,537	22,866,405
Interest income		10,176	13,077
Interest expenses		(748,742)	(671,758)
Income before income tax		3,795,971	22,207,724
Income tax expense	6	(501,874)	(2,554,716)
Net income		3,294,097	19,653,009
Attributable to:			
Equity holders of the parent company		3,294,097	19,653,009
Non-controlling interests		-	-
Net income		3,294,097	19,653,009
Basic earnings per share		0.075	0.45
Diluted earnings per share		0.075	0.45



**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Statement of Comprehensive Income**  
**Figures in EUR**

	<u>Note</u>	<u>30 June 2022</u>	<u>30 June 2020</u>
			EUR
Net income		3,294,097	19,653,009
Other comprehensive income:			
Exchange gain/(loss) on translation of foreign operations*		(2,971,471)	274,892
Total comprehensive income/ (loss)		<u>322,626</u>	<u>19,927,901</u>
Attributable to:			
Equity holders of the parent company		322,626	19,927,901
Non-controlling interests		-	-
		<u>322,626</u>	<u>19,927,901</u>

**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**Figures in EUR**  
**for the period ended 30 June 2022**

	Issued Capital	Additional Paid-in Capital	Retained Earnings	Translation Difference	Treasury Shares	Total	Non- controlling interests	Total Equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>1 January 2022</b>	<b>30,543,933</b>	<b>25,495,008</b>	<b>167,015,099</b>	<b>(5,502,729)</b>	<b>(43,569,317)</b>	<b>173,981,994</b>	<b>14,598</b>	<b>173,996,592</b>
Net income 2022	–	–	3,294,097	–	–	<b>3,294,097</b>	–	<b>3,294,097</b>
Acquisition of minority interest	–	–	–	–	–	–	1,626	<b>1,626</b>
Other comprehensive income	–	–	–	(2,971,471)	–	<b>(2,971,471)</b>	–	<b>(2,971,471)</b>
Total comprehensive income	–	–	3,294,097	(2,971,471)	–	<b>322,626</b>	–	<b>322,626</b>
Purchase of treasury shares	–	–	–	–	(418,113)	<b>(418,113)</b>	–	<b>(418,113)</b>
<b>30 June 2022</b>	<b>30,543,933</b>	<b>25,495,008</b>	<b>170,309,196</b>	<b>(8,474,200)</b>	<b>(43,987,430)</b>	<b>173,886,508</b>	<b>16,224</b>	<b>173,902,732</b>

**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**Figures in EUR**  
**for the year ended 31 December 2021**

	Issued Capital	Additional Paid-in Capital	Retained Earnings	Translation Difference	Treasury Shares	Total	Non- controlling interests	Total Equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>1 January 2021</b>	<b>30,543,933</b>	<b>25,495,008</b>	<b>141,364,138</b>	<b>(4,589,049)</b>	<b>(43,179,158)</b>	<b>149,634,872</b>	<b>14,598</b>	<b>149,649,470</b>
Net income 2021	-	-	25,650,961	-	-	<b>25,650,961</b>	-	<b>25,650,961</b>
Other comprehensive income	-	-	-	(913,680)	-	<b>(913,680)</b>	-	<b>(913,680)</b>
Total comprehensive income	-	-	25,650,961	(913,680)	-	<b>24,737,281</b>	-	<b>24,737,281</b>
Purchase of treasury shares	-	-	-	-	(390,159)	<b>(390,159)</b>	-	<b>(390,159)</b>
<b>31 December 2021</b>	<b>30,543,933</b>	<b>25,495,008</b>	<b>167,015,099</b>	<b>(5,502,729)</b>	<b>(43,569,317)</b>	<b>173,981,994</b>	<b>14,598</b>	<b>173,996,592</b>

**Fotex Holding S.E. and Subsidiaries**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**Figures in EUR**

	Note	30 June 2022	30 June 2021
			EUR
<b>Cash flows from operating activities:</b>			
Income before income taxes	3, 4, 5	3,795,971	22,207,725
Depreciation and amortisation		2,957,603	2,716,538
Scrapped tangible assets		8,133	-
Creation of provision and reversals		-	38,951
Loss/(gain) on disposals of Investment Properties		-	18,870,564
Interest income		(10,176)	(13,077)
Interest expenses		748,742	671,758
Changes in working capital:			
Accounts receivable and prepayments		(756,723)	3,633,791
Inventories		250,549	(280,246)
Accounts payable and other liabilities		(781,247)	429,771
Cash generated from operations		6,212,852	10,534,647
Income tax paid		(2,388,111)	(616,967)
Net cash flow from operating activities		3,824,741	9,917,680
<b>Cash flows from investing activities:</b>			
Additions to investment properties		(579,188)	(298,711)
Acquisition of tangible and intangible assets		(572,937)	(549,767)
Sale proceeds less cost to sell of tangible and intangible assets		-	29,479,520
Other changes of tangible and intangible assets		1,626	-
Interest received		10,176	13,077
Net cash flow received/(used) from investing activities		(1,140,323)	28,644,119
<b>Cash flows from financing activities:</b>			
Interest paid		(699,982)	(671,758)
Repayments of loan received		(700,000)	(16,302,021)
Purchase of treasury shares		(418,113)	(229,073)
Net cash flow from financing activities		(1,818,095)	17,202,852
Change in cash and cash equivalents		866,323	21,358,947
Cash and cash equivalents at beginning of the year		110,417,472	85,097,124
Effect of foreign currency translation		(1,250,558)	(818,737)
Cash and cash equivalents at end of the period		110,033,237	105,637,334

## **1. Basis of presentation**

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 annual report.

## **2. Significant accounting policies**

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements.

New and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Management have reviewed the nature and amount of estimates reported in prior period, and with the exception of a revision of the deferred tax liability arising from the application of updated tax rates in the Netherlands, concluded that there have been no material revisions required for amounts reported in prior periods.

*Impact of accounting standards to be applied in future periods.*

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2021 (the date on which the company's next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

### 3. Significant events and transactions

There have been no significant events and transactions that have occurred since 31 December 2021, specifically:

- There have been no significant acquisitions nor disposals of investment properties
- There have been no significant acquisitions nor disposals of tangible and intangible assets
- There have been no significant changes in the activities of the group
- There has been no significant raising of finance
- There has been a general improvement in the performance of the groups existing assets as it recovered from the previous years impact of the COVID pandemic
- There has been no significant impact on the group arising from the conflict in Ukraine.

### 4. Revenue

Revenue

Sales revenue	2022 EUR	2021 EUR
Rental income revenue	11,095,047	10,178,485
Revenue from contracts with customers	6,085,200	2,807,028
Total sales revenue	17,180,247	12,985,513

The revenues generated by real estate management increased during the period. The increase mainly delivered from the recovery from the impact of COVID 19 on the Hungarian retail portfolio. The increase of revenues from contracts with customers is attributable to the increase of crystal sales as well as an increase in revenue from the ancillary mall services, which result from management's focus on improving the crystal sales through channel development as well as a recovering in mall activity resulting from the recovery from COVID 19.

#### Revenue from contracts with customers

	2022 EUR	2021 EUR
Revenue from service charges to tenants	3,108,775	1,766,357
Ancillary mall revenue	1,251,967	393,355
Sale of goods*	1,364,458	477,325
Royalty revenue	261,500	128,654
Other sales revenue	98,500	41,337
Total sales revenue	6,085,200	2,807,028

Revenues from selling of goods are generated primarily by sales of crystal and glass products in EUR and USD. The reason of the increase of sales is the increase in demand.

Geographical breakdown of revenues:

	2022 EUR	2021 EUR
Hungary	11,560,955	8,034,089
Netherlands	5,619,292	4,951,424
Total sales revenue	17,180,247	12,985,513

## **5. Seasonal business**

The groups' core activity is the provision of real estate to tenants through its investment property portfolio. These assets earn rent on a systematic basis throughout the year, with no contractual adjustments that effect the flow of income to the group. As a result, group revenues are unaffected by any seasonality. The costs of the running the business are also similarly unaffected. As a result, these financial statements require no further information to assist the user in understanding the seasonal effects on the business at the half year, nor for the remainder of the full year.

## **6. Taxation**

Tax is charged at 13.2% for the six months ended 30 June 2022 (30 June 2021: 11.5%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period.

## **7. Issues, repurchases and repayments of debt and equity securities.**

### *Loans*

The group repaid Euro 700,000 capital on the outstanding debt as part of the normal repayment schedule

### *Equities*

During the period the group acquired 156,945 of its own shares at a cost of Euro 418,113.

## 8. Fair Value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Trade receivables
- Trade payables
- Cash and cash equivalents
- Loans

Management formally assesses the fair values of its assets and liabilities as of December 31 each year. For the purposes of the disclosed financial information, management has assessed that there are no material differences between the fair values as of June 30, 2022 and December 31, 2021.

### **Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June, 2022 and December 31, 2021:**

	Date of valuation	Fair value measurement using	
		Total	Significant unobservable inputs (Level 3)
		EUR	EUR
<b>Assets for which fair values are disclosed:</b>			
<b>Investment properties:</b>			
Retail outlets	31 December 2021	149,974,350	149,974,350
Offices	31 December 2021	139,958,249	139,958,249
Warehouses	31 December 2021	15,199,215	15,199,215
Other structures	31 December 2021	11,174,608	11,174,608
Plots of land	31 December 2021	8,341,930	8,341,930
<b>Total</b>		<b>324,648,352</b>	<b>324,648,352</b>

Assets in the above table are not presented at fair value in the statement of financial position, but their fair value is disclosed. Receivables are presented in the consolidated statement of financial position at cost less impairment loss on doubtful accounts.



## **9. Related Party Transactions**

### **Principal related parties**

Gábor Várszegi, Chairman of the Board of Fotex, directly or indirectly controls a part of the voting shares of Blackburn International Inc. (“Blackburn”), a Panama company, and Blackburn International Luxembourg S.à r.l. (“Blackburn Luxembourg”), a Luxembourg company. Blackburn Luxembourg has a controlling interest in Fotex Holding S.E. and in Fotex Ingatlan Kft. (“Fotex Ingatlan”). As at 30 June 2022 Blackburn Luxembourg controlled 50.35% (31 December 2021: 50.35%) of Fotex Holding S.E.’s voting shares. APF International provides real estate services to the group and is partly owned by two group directors. White Oak Management provides accounting and company secretarial services to the group and is partly owned by two group directors. One director rents sundry commercial property from the group on an arm’s length basis. These companies are considered to be related parties.

### **Related party transactions**

There were no material related party transactions during the period.

## **10. Subsequent Events after the End of the Reporting Period**

There were no material significant events after the reporting period.