

FOTEX HOLDING
Société Européenne

Financial Statements
for the year ended
December 31st, 2018

Address of the registered office: 272, rue de Neudorf
L-2222 Luxembourg
R.C.S. Luxembourg : B-146938

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FOTEX HOLDING, Société Européenne
Registered office: 272, rue de Neudorf, L-2222 Luxembourg
RCS Luxembourg B-146938
The « Company »

Report of the Board of Directors

Dear Sirs,

The Board of Directors is pleased to present the Annual Accounts for the financial year ending on 31st December 2018.

The company's financial statements show a profit of EUR 165,724.79.

At this time, there is no information concerning items likely to affect the company's financial position.

Relevant events of the year 2018

As part of an intra-group reorganisation, the Company has increased its participation in Székhely 2007 Kft from 81,29% to 99.28% and reduced its participation held in Fotexnet Kft from 10.09% to 0%.

Activities and future prospect

The Company will carry on its activities and development as it did during the last former years – no amendment is foreseen by the Board of Directors of the Company for the future.

Research & Development projects

The Company did not undertake any Research & Development projects.

Own shares

During the year 2018, the Company has acquired 8,549,058 pieces of its own ordinary shares with a nominal value of EUR 0.42 per each (representing 11.76% of the subscribed capital of the Company). As at the reporting date, the Company holds (directly and indirectly) 39.61% of its own shares:

Directly owned shares as at 31st December, 2018:

- 13,288,519 pieces of ordinary shares with a nominal value of EUR 0.42 per each;
- 1,225,000 pieces of dividend preference shares with a nominal value of EUR 0.42 per each.

Indirectly owned shares:

- 13,514,890 pieces of ordinary shares with a nominal value of EUR 0.42 per each;
- 775,000 pieces of dividend preference shares with a nominal value of EUR 0.42 per each.

Fotex Holding SE acquires the own shares on the basis that it feels responsibility towards its shareholders by protecting their investment in the Company; when the share price changes adversely, the Company does the necessary actions to reverse such changes. The repurchase of shares depends on the market conditions.

Financial overview

The table below summarizes the Company's key financial indicators, which are monitored by the Company's management:

| | 31.12.2018 | 31.12.2017 |
|-------------------------------|-------------------|-------------------|
| | EUR | EUR |
| Net turnover | 1,111,994.70 | 1,077,302.39 |
| Profit for the financial year | 165,724.79 | 238,934.52 |
| Own equity | 248,405,267.90 | 248,239,543.11 |
| Total assets | 267,990,606.81 | 251,548,060.30 |
| Total number of issued shares | 72,723,650 | 72,723,650 |
| Return on equity | 0.067% | 0.10% |
| Return on assets | 0.062% | 0.09% |

Risks and Risk management of the Company:

The Company's business, financial condition or results can be affected by risks and uncertainties, although the Company's exposure to such risks as a standalone company is limited due to the fact the Company predominantly operates as a holding company. The management nevertheless has identified the following risks:

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

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

Credit risk

The Company aims to mitigate credit risk by its careful and continuous debtor portfolio monitoring process. In addition, the Company regularly follows up information about the main debtors in the market.

Interest risk

In order to mitigate the interest risk the Company (and its subsidiaries) applies the following procedures:

- tries to obtain fixed rate loans
- in case of variable interest rate loans the Company tries to balance its interest income and interest expense by granting loans with appropriate interest rate.

Liquidity risk

Liquidity risk is monitored as follows:

- monitoring daily available deposited and free cash
- monitoring weekly cash flows

As part of the management information system, the operations of the Company are monitored on a monthly basis.

The Company as a standalone holding company did not use hedge accounting in the course of the financial year.

The Company's internal control and risk management systems in relation to the financial reporting process

The Board of Directors has overall responsibility for ensuring that the Company and its affiliates maintain a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the Company. Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the Company can be achieved. The internal control procedures are defined and implemented by the Company to ensure:

- the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;
- the efficiency and effectiveness of operations and the optimal use of the Company's resources;
- the correct implementation of the Company's internal processes, notably those to ensure the safeguarding of assets;
- the integrity and reliability of financial and operational information, both for internal and external use;
- that management's instructions and directions are properly applied; and
- that material risks are properly identified, assessed, mitigated and reported.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated. The control environment is an essential element of the Company's internal control framework, as it sets the tone for the organization. This is the foundation of the other components of internal control, providing discipline and structure.

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

- In the context of the ongoing organizational realignment implemented since the Company moved its headquarters to Luxembourg, a greater integration of the financial operations of the parent company and affiliates under a single management structure was established.
- Controls have been established in the processing of accounting transactions to ensure appropriate authorizations for transactions, effective segregation of duties, and the complete and accurate recording of financial information.

The Company relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the Group are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the Company's financial performance in comparison to the approved budget and prior year figures.

A clear segregation of duties and assignment of bank mandates between members of management, and the accounting departments is implemented.

Suggestion for Dividends to be paid on ordinary and dividend preference shares

It is proposed to the Annual General Meeting that the Company does not pay any dividend on the ordinary shares for the year 2018 and it is proposed not to pay dividends on the dividend preference shares.

Significant Events after the end of the reporting period

There have been no significant events after the reporting.

Corporate Governance

The Company is committed to adopt best practice corporate governance standards, including complying with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange and has drawn-up a Corporate Governance Charter which is available on the Company's website (<https://fotex.lu/relations/corporate>).

Significant direct and indirect shareholders

Gábor Várszegi, Chairman of the Board of the Company, directly or indirectly controls a part of the voting shares of Blackburn International Luxembourg S.à r.l. ("Blackburn Luxembourg"), a Luxembourg company. As at 31st December 2018, Blackburn Luxembourg controlled 50.35% (31 December 2017: 50.35%) of the Company's voting shares.

The Board

The Company is managed by a board of directors (the "Board") composed of a minimum of five (5) and a maximum of eleven (11) members (the "Directors, each a "Director").

The Directors shall be appointed by the general meeting of the shareholders of the Company for a maximum period which will end at the annual general meeting of the Company to take place during the third year following their appointments. They shall remain in office until their successors are elected. They may be re-elected and they may be dismissed at any time by the general meeting, with or without cause.

In the event that one or several positions of the Board become vacant due to death, resignation or any other cause, the remaining Directors shall elect a replacement in accordance with the applicable legal provisions, in which case this appointment shall be ratified at the next general meeting if the shareholders of the Company.

The Board has been authorized by the shareholders to manage the day-to-day operations of the Company, as well as to make administrative decisions at the Company. All rights which have not been conferred to the shareholders by the articles of associations or by the laws remain the competence of the Board. The Board may decide paying interim dividends as prescribed by law.

All long-term pay schemes, plans, or incentive programs relating to the employees of the Company and its subsidiaries, which the Board would like to implement have to be first brought before and approved by the shareholders and the general meeting of the shareholders.

The remuneration of the members of the Board shall be fixed by the general meeting of shareholders.

The Board shall elect a chairman from among its members.

According to the articles of association, persons with no legal or financial link to the Company other than their mandate as Director are considered as "**Independent Persons**".

Independent Persons do not include persons who:

- a) are employed by the Company or its subsidiaries at the time of their appointment as a member of the Board of Directors,
- b) carry out paid work for the benefit of the Company or have technical, legal or financial responsibility towards the Company,
- c) are shareholders of the Company and hold, directly or indirectly, at least 30% of the voting rights or maintain family ties with such a person,
- d) receive financial benefits in association with the activities or results of the Company,
- e) have a legal relationship with a non-independent member of the Company in another company, in which the non-independent member has powers of management or control.

The Board is composed as follows:

| <u>Name:</u> | <u>Position:</u> |
|----------------------------|----------------------------------|
| • Mr. Gábor VÁRSZEGI | Chairman and member of the Board |
| • Mr. Dávid VÁRSZEGI, | Member of the Board |
| • Ms. Anna RAMMER, | Member of the Board |
| • Mr. Wiggert KARREMAN, | Member of the Board |
| • Mr. Martijn J.G. WINDELS | Member of the Board |
| • Mr. Bob DOLE, | Member of the Board |
| • Mr. Péter KÁDAS | Member of the Board |
| • Mr. Gábor MOCSKONYI | Member of the Board |

The Annual General Meeting of the Company held on 29th May 2018 elected the members of the Board of Directors with a mandate expiring at the Annual General Meeting of shareholders of the Company called to approve the Company's financial statements as at 31st December 2018.

Each member of the Board of Directors is highly-qualified, acclaimed specialist.

Audit Committee

The Company has established an audit committee (the "Audit Committee") consisting of independent members of the Board of Directors for the functions of financial reporting, internal control and risk management.

The Audit Committee plays a role in the Company's internal control and risk management procedures and as a result, monitors the internal control, internal audit and risk management systems, financial reporting process and the effectiveness thereof, monitors the statutory audit of the annual stand-alone and consolidated financial statements, reviews and monitors the independence of the *réviseur d'entreprises agréé*. In addition to the audited financial statements prepared annually, the Company, with the oversight of the Audit Committee, also draws-up unaudited consolidated financial statements on a semi-annual basis in accordance with the provisions of the Law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The Audit Committee shall be composed of a minimum of three (3) and a maximum of five (5) people. The members of the Audit Committee shall be appointed by the general meeting of the shareholders of the Company among the members of the Board deemed to be "Independent Persons" for a period not exceeding their respective mandates.

The Audit Committee shall elect a chairman from among its members. The quorum shall be met at the Audit Committee meetings when the members have been validly called to attend and when a minimum of two-thirds (2/3) of its members are present. All the Audit Committee's decisions shall be taken by a simple majority vote. In the event of a tie, the person presiding over the meeting shall have the casting vote. They may be re-elected and they may be dismissed at any time by the general meeting, with or without cause.

The Audit Committee opines the annual report of the Company, controls and evaluates the operation of the financial system, provides its tasks in connection with the Auditor of the Company.

Composition of the Audit Committee

The Audit Committee is composed as follows:

| Name: | Position: |
|--------------------------|---------------------------------|
| Ms. Anna RAMMER | Chairman of the Audit Committee |
| Mr. Martijn J.G. WINDELS | Member of the Audit Committee |
| Mr. Wiggert KARREMAN | Member of the Audit Committee |
| Mr. Péter KÁDAS | Member of the Audit Committee |

The members of the Audit Committee were appointed for a period of one (1) year until the Annual General Meeting called to approve the Company's annual accounts as at 31st December 2018.

Other Disclosures

There are no agreements with the shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of the 2004/109/EC (transparency directive).

There are no restrictions on the transfer of securities in the articles of incorporation of the Company.

There are no securities granting special control right to their holders and there are no restrictions on voting rights of the ordinary shares.

There are no significant agreements to which the Company is party to and which would take effect, alter or terminate upon a change of control following a public offering or takeover bid.

There are no agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

There have been no transactions carried out under Article 420-26 (6) of the amended Law of 10 August 1915 on commercial companies in relation to the allocation of free shares of the Company.

There is no system of control of employee share scheme where the control rights are not exercised directly by the employees

The Board of Directors shall be vested with the most extensive powers to manage the affairs of the Company and to carry out all measures and administrative acts falling within the scope of the corporate object. Any powers not expressly reserved for the general meeting by the Articles of Association or by the law shall fall within the remit of the Board of Directors.

A subsequent General Meeting representing at least 50% of the Ordinary Shares may establish the limits and conditions applicable to the authorized capital, within the limits laid down by the Law. In this case, the Board of Directors is authorised and mandated to:

- carry out a capital increase, in one or several stages, by issuing new shares to be paid up either in cash, via contributions in kind, the transformation of debt or, subject to the approval of the Annual General Meeting, via the integration of profits or reserves into the capital;
- set the place and date of the issue or of successive issues, the issue price, and the conditions and procedures for subscribing and paying up the new shares;
- abolish or restrict the preferential subscription rights of shareholders with regard to new shares to be issued as part of the authorized share capital.

This authorization is valid for a period of five years from the publication date of the authorization deed and may be renewed by a General Meeting of Shareholders for any shares of the authorized capital which have not been issued by the Board of Directors in the meantime.

Following each capital increase carried out and duly recorded according to the legal formalities, the first paragraph of Article of Association shall be amended in such a way as to reflect the increase carried out; this amendment shall be recorded in the notarial deed by the Board of Directors or any other authorized person.

As a result of the decision of the annual general meeting of the shareholders of the Company held on 25th May, 2016, the Board of Directors have been granted the power to continue with the share buyback program for a further five years up to a maximum of 17 million shares at a price set between the nominal value and the market value on the transaction date.

The Company being a financial holding company does not have any diversity policy as defined under Article 68ter (1) point g) of the law of 19 December 2002, as amended, however, in substance there is a diversity at all levels.

Rules Governing Amendments of the Articles of Incorporation

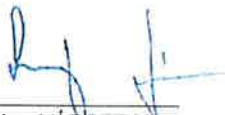
Amendments to the Articles of Incorporation are approved by resolution of the extraordinary general meeting of the shareholders under the conditions of the law.

Branches of the Company

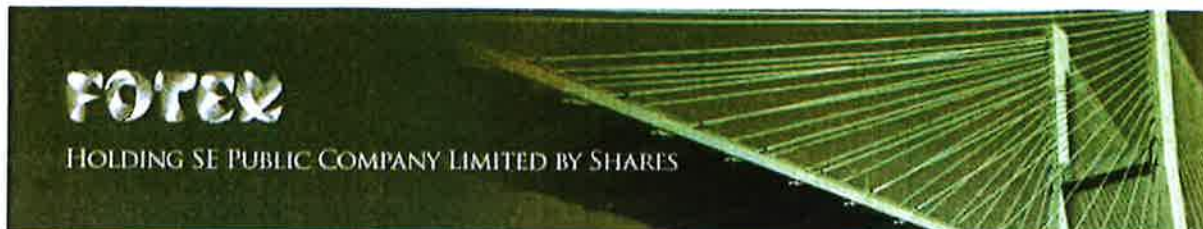
The Company has no branches.

The Directors request that the general meeting discharges the Board and the Audit Committee for the execution of their mandates for the financial year ended as at 31st December, 2018.

Luxembourg, 16 May, 2019



Mr. Gábor VÁRSZEGI
Chairman of the Board of Directors of
Fotex Holding S.E.



Financial Statement Certification

In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we confirm that to the best of our knowledge, the present financial statements as of 31 December 2018 have been prepared in accordance with Luxembourg GAAP and give a true and fair view of the assets, liabilities, financial position and profit or loss of Fotex Holding SE. In addition, the Management' report includes a fair review of the development and performance of the business and the position of Fotex Holding SE together with a description of the principal risks and uncertainties that they face.

Luxembourg, 16th May, 2019

Gábor VARSZEGI
Chairman of the Board of Directors

Dávid VARSZEGI
Member of the Board of Directors

FOTEX HOLDING S.E.

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MATRICULE: 2009 8400 010

To the Shareholders of
Fotex Holding SE
272, rue de Neudorf
L-2222 Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Fotex Holding SE** (the “Company”), which comprise the balance sheet as at 31 December 2018, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “*Commission de Surveillance du Secteur Financier*” (CSSF). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of “*Réviseur d’Entreprises Agréé*” for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the shares in affiliated undertakings

Risk identified

As of December 31, 2018, shares in affiliated undertakings are recorded in the balance sheet for an amount of 237 million euro and represent 89% of total assets. The shares in affiliated undertakings are recognized at purchase price. They are valued at the lower figure of their purchase price or at the estimated value according to the opinion of the Board of Directors if it considers that the loss of value will be permanent. In case of a permanent loss of value, they are stated at the value in use estimated by the Board of Directors based on the share in the statutory net assets of the relevant entities.

Due to the significant amount of shares in affiliated undertakings and the judgment necessary for the assessment of their value by the Board of Directors, we considered the valuation of the shares in affiliated undertakings to be a key audit matter.

Responses as part of our audit

In assessing the reasonability of the estimate of the value of the shares in affiliated undertakings, based on the information provided to us, our work consisted mainly in verifying that the estimation of these values determined by the Board of Directors is based on an appropriate justification of the valuation method and the items used and:

- assess, on the basis of the information provided by the Board of Directors, the valuation method used by the Company;
- verify that the net assets' figures used match with accounts of the entities;
- obtain the evaluation of the underlying real estate portfolio held by the affiliated undertakings, prepared by an independent expert.

Our work consisted also to assess the recoverability of the receivables attached to the shares in affiliated undertakings and to check the appropriateness of the information presented in note 3 Assets/Item C.III. "Financial assets".

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the financial statements and our report of the “*Réviseur d’Entreprises Agréé*” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report this fact.

We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements as adopted by the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “*Réviseur d’Entreprises Agréé*” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “*Réviseur d’Entreprises Agréé*” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have been appointed as “*Réviseur d’Entreprises Agréé*” by the General Meeting of the Shareholders on 28th December 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Company in conducting the audit.

Other matter

The Corporate Governance Statement includes, when applicable, information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Bertrange, May 16, 2019

C-CLERC S.A.
Cabinet de révision agréé



Mónica Tasi
Réviseur d’Entreprises Agréé

Annual Accounts Helpdesk :

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RCSL Nr. : B146938

Matricule : 2009 8400 010

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2018 **to** ⁰² 31/12/2018 (in ⁰³ EUR)

Fotex Holding
 272, rue de Neudorf
 L-2222 Luxembourg

ASSETS

| | Reference(s) | Current year | Previous year |
|--|-------------------|---------------------------|---------------------------|
| A. Subscribed capital unpaid | | | |
| I. Subscribed capital not called | 1101 _____ | 101 _____ | 102 _____ |
| II. Subscribed capital called but unpaid | 1103 _____ | 103 _____ | 104 _____ |
| | 1105 _____ | 105 _____ | 106 _____ |
| B. Formation expenses | 1107 _____ | 107 _____ | 108 _____ |
| C. Fixed assets | | | |
| I. Intangible assets | 1109 _____ | 109 <u>243.540.455,23</u> | 110 <u>243.261.919,68</u> |
| 1. Costs of development | 1111 _____ | 111 <u>1.660.146,57</u> | 112 <u>1.662.721,52</u> |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 1113 _____ | 113 _____ | 114 _____ |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 1115 _____ | 115 <u>1.660.146,57</u> | 116 <u>1.662.721,52</u> |
| b) created by the undertaking itself | 1117 _____ 3-C.I | 117 <u>1.660.146,57</u> | 118 <u>1.662.721,52</u> |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 1119 _____ | 119 _____ | 120 _____ |
| 4. Payments on account and intangible assets under development | 1121 _____ | 121 _____ | 122 _____ |
| II. Tangible assets | 1123 _____ | 123 _____ | 124 _____ |
| 1. Land and buildings | 1125 _____ | 125 <u>4.003.285,85</u> | 126 <u>4.029.424,30</u> |
| 2. Plant and machinery | 1127 _____ 3-C.II | 127 <u>4.002.936,37</u> | 128 <u>3.995.224,90</u> |
| | 1129 _____ | 129 _____ | 130 _____ |

RCSL Nr. : B146938

Matricule : 2009 8400 010

| | Reference(s) | Current year | Previous year |
|---|---------------|--------------------|--------------------|
| 3. Other fixtures and fittings, tools and equipment | 1131 | 131 349,48 | 132 33.499,40 |
| 4. Payments on account and tangible assets in the course of construction | 1133 | 133 | 134 700,00 |
| III. Financial assets | 1135 | 135 237.877.022,81 | 136 237.569.773,86 |
| 1. Shares in affiliated undertakings | 1137 3-C.III | 137 237.876.161,81 | 138 237.376.890,11 |
| 2. Loans to affiliated undertakings | 1139 | 139 | 140 |
| 3. Participating interests | 1141 | 141 | 142 |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | 1143 | 143 | 144 |
| 5. Investments held as fixed assets | 1145 3-C.III | 145 361,00 | 146 192.383,75 |
| 6. Other loans | 1147 | 147 500,00 | 148 500,00 |
| D. Current assets | 1151 | 151 24.443.630,18 | 152 8.278.237,82 |
| I. Stocks | 1153 | 153 | 154 |
| 1. Raw materials and consumables | 1155 | 155 | 156 |
| 2. Work in progress | 1157 | 157 | 158 |
| 3. Finished goods and goods for resale | 1159 | 159 | 160 |
| 4. Payments on account | 1161 | 161 | 162 |
| II. Debtors | 1163 | 163 3.572.927,85 | 164 2.108.702,81 |
| 1. Trade debtors | 1165 | 165 287.536,07 | 166 284.096,91 |
| a) becoming due and payable within one year | 1167 | 167 287.536,07 | 168 284.096,91 |
| b) becoming due and payable after more than one year | 1169 | 169 | 170 |
| 2. Amounts owed by affiliated undertakings | 1171 | 171 2.589.127,38 | 172 1.320.274,14 |
| a) becoming due and payable within one year | 1173 3-D.II.2 | 173 2.589.127,38 | 174 1.320.274,14 |
| b) becoming due and payable after more than one year | 1175 | 175 | 176 |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177 | 177 | 178 |
| a) becoming due and payable within one year | 1179 | 179 | 180 |
| b) becoming due and payable after more than one year | 1181 | 181 | 182 |
| 4. Other debtors | 1183 | 183 696.264,40 | 184 504.331,76 |
| a) becoming due and payable within one year | 1185 3-D.II.4 | 185 696.264,40 | 186 504.331,76 |
| b) becoming due and payable after more than one year | 1187 | 187 | 188 |

RCSL Nr. : B146938

Matricule : 2009 8400 010

| | Reference(s) | Current year | Previous year |
|--------------------------------------|-----------------------|---------------------------|---------------------------|
| III. Investments | 1189 _____ | 189 <u>20.613.583,67</u> | 190 <u>5.716.663,11</u> |
| 1. Shares in affiliated undertakings | 1191 _____ | 191 _____ | 192 _____ |
| 2. Own shares | 1209 <u>3-D.III.2</u> | 209 <u>20.613.583,67</u> | 210 <u>5.716.663,11</u> |
| 3. Other investments | 1195 _____ | 195 _____ | 196 _____ |
| IV. Cash at bank and in hand | 1197 _____ | 197 <u>257.118,66</u> | 198 <u>452.871,90</u> |
| E. Prepayments | 1199 _____ | 199 <u>6.521,40</u> | 200 <u>7.902,80</u> |
| TOTAL (ASSETS) | | 201 <u>267.990.606,81</u> | 202 <u>251.548.060,30</u> |

RCSL Nr.: B146938

Matricule : 2009 8400 010

CAPITAL, RESERVES AND LIABILITIES

| | Reference(s) | Current year | Previous year |
|---|--------------|---------------------------|---------------------------|
| A. Capital and reserves | | | |
| I. Subscribed capital | 1301 | 301 <u>248.405.267,90</u> | 302 <u>248.239.543,11</u> |
| II. Share premium account | 1303 3-A | 303 <u>30.543.933,00</u> | 304 <u>30.543.933,00</u> |
| III. Revaluation reserve | 1305 3-A | 305 <u>8.786.592,33</u> | 306 <u>23.683.512,89</u> |
| IV. Reserves | 1307 | 307 | 308 |
| 1. Legal reserve | 1309 | 309 <u>23.761.095,33</u> | 310 <u>8.864.174,77</u> |
| 2. Reserve for own shares | 1311 3-A | 311 <u>3.054.393,30</u> | 312 <u>3.054.393,30</u> |
| 3. Reserves provided for by the articles of association | 1313 3-A | 313 <u>20.613.583,67</u> | 314 <u>5.716.663,11</u> |
| 4. Other reserves, including the fair value reserve | 1315 | 315 | 316 |
| a) other available reserves | 1429 | 429 <u>93.118,36</u> | 430 <u>93.118,36</u> |
| b) other non available reserves | 1431 | 431 | 432 |
| V. Profit or loss brought forward | 1433 3-A | 433 <u>93.118,36</u> | 434 <u>93.118,36</u> |
| VI. Profit or loss for the financial year | 1319 3-A | 319 <u>185.147.922,45</u> | 320 <u>184.908.987,93</u> |
| VII. Interim dividends | 1321 3-A | 321 <u>165.724,79</u> | 322 <u>238.934,52</u> |
| VIII. Capital investment subsidies | 1323 | 323 | 324 |
| | 1325 | 325 | 326 |
| B. Provisions | | | |
| 1. Provisions for pensions and similar obligations | 1331 | 331 <u>11.173,50</u> | 332 <u>1.004.384,19</u> |
| 2. Provisions for taxation | 1333 | 333 | 334 |
| 3. Other provisions | 1335 3-B.2 | 335 <u>11.173,50</u> | 336 <u>1.004.384,19</u> |
| | 1337 | 337 | 338 |
| C. Creditors | | | |
| 1. Debenture loans | 1435 | 435 <u>19.574.165,41</u> | 436 <u>2.304.133,00</u> |
| a) Convertible loans | 1437 | 437 | 438 |
| i) becoming due and payable within one year | 1439 | 439 | 440 |
| ii) becoming due and payable after more than one year | 1441 | 441 | 442 |
| b) Non convertible loans | 1443 | 443 | 444 |
| i) becoming due and payable within one year | 1445 | 445 | 446 |
| ii) becoming due and payable after more than one year | 1447 | 447 | 448 |
| 2. Amounts owed to credit institutions | 1449 | 449 | 450 |
| a) becoming due and payable within one year | 1355 | 355 <u>15.431,55</u> | 356 <u>1.258,04</u> |
| b) becoming due and payable after more than one year | 1357 3-C | 357 <u>15.431,55</u> | 358 <u>1.258,04</u> |
| | 1359 | 359 | 360 |

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule: 2009 8400 010

| | Reference(s) | Current year | Previous year |
|--|--------------|--------------------|--------------------|
| 3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks | 1361 | 361 | 362 |
| a) becoming due and payable within one year | 1363 | 363 | 364 |
| b) becoming due and payable after more than one year | 1365 | 365 | 366 |
| 4. Trade creditors | 1367 | 367 178.862,85 | 368 182.726,04 |
| a) becoming due and payable within one year | 1369 3-C | 369 178.862,85 | 370 182.726,04 |
| b) becoming due and payable after more than one year | 1371 | 371 | 372 |
| 5. Bills of exchange payable | 1373 | 373 | 374 |
| a) becoming due and payable within one year | 1375 | 375 | 376 |
| b) becoming due and payable after more than one year | 1377 | 377 | 378 |
| 6. Amounts owed to affiliated undertakings | 1379 | 379 19.019.075,13 | 380 1.761.109,35 |
| a) becoming due and payable within one year | 1381 | 381 | 382 1.761.109,35 |
| b) becoming due and payable after more than one year | 1383 3-C | 383 19.019.075,13 | 384 |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 1385 | 385 | 386 |
| a) becoming due and payable within one year | 1387 | 387 | 388 |
| b) becoming due and payable after more than one year | 1389 | 389 | 390 |
| 8. Other creditors | 1451 | 451 360.795,88 | 452 359.039,57 |
| a) Tax authorities | 1393 3-C | 393 17.718,40 | 394 13.432,81 |
| b) Social security authorities | 1395 3-C | 395 769,00 | 396 3.171,73 |
| c) Other creditors | 1397 | 397 342.308,48 | 398 342.435,03 |
| i) becoming due and payable within one year | 1399 3-C | 399 342.308,48 | 400 342.435,03 |
| ii) becoming due and payable after more than one year | 1401 | 401 | 402 |
| D. Deferred income | 1403 | 403 | 404 |
| TOTAL (CAPITAL, RESERVES AND LIABILITIES) | | 405 267.990.606,81 | 406 251.548.060,30 |

Annual Accounts Helpdesk :

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Email : centralebilans@statec.etat.lu

RCSL Nr. : B146938

Matricule : 2009 8400 010

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2018 **to** ⁰² 31/12/2018 (in ⁰³ EUR)

Fotex Holding

272, rue de Neudorf
L-2222 Luxembourg

PROFIT AND LOSS ACCOUNT

| | Reference(s) | Current year | Previous year |
|--|-----------------------|-------------------------|-------------------------|
| 1. Net turnover | 1701 <u>3-Item 1</u> | 701 <u>1.111.994,70</u> | 702 <u>1.077.302,39</u> |
| 2. Variation in stocks of finished goods and in work in progress | 1703 _____ | 703 _____ | 704 _____ |
| 3. Work performed by the undertaking for its own purposes and capitalised | 1705 _____ | 705 _____ | 706 _____ |
| 4. Other operating income | 1713 <u>3-Item 4</u> | 713 <u>173.880,46</u> | 714 <u>22.258,44</u> |
| 5. Raw materials and consumables and other external expenses | 1671 _____ | 671 <u>-493.949,10</u> | 672 <u>-424.025,29</u> |
| a) Raw materials and consumables | 1601 _____ | 601 <u>-1.214,68</u> | 602 <u>-10.627,90</u> |
| b) Other external expenses | 1603 <u>3-Item 5b</u> | 603 <u>-492.734,42</u> | 604 <u>-413.397,39</u> |
| 6. Staff costs | 1605 <u>4</u> | 605 <u>-339.327,99</u> | 606 <u>-366.228,36</u> |
| a) Wages and salaries | 1607 _____ | 607 <u>-313.811,17</u> | 608 <u>-337.287,89</u> |
| b) Social security costs | 1609 _____ | 609 <u>-25.516,82</u> | 610 <u>-28.940,47</u> |
| i) relating to pensions | 1653 _____ | 653 _____ | 654 _____ |
| ii) other social security costs | 1655 _____ | 655 <u>-25.516,82</u> | 656 <u>-28.940,47</u> |
| c) Other staff costs | 1613 _____ | 613 _____ | 614 _____ |
| 7. Value adjustments | 1657 _____ | 657 <u>-11.058,52</u> | 658 <u>16.452,91</u> |
| a) in respect of formation expenses and of tangible and intangible fixed assets | 1659 _____ | 659 <u>-11.058,52</u> | 660 <u>16.452,91</u> |
| b) in respect of current assets | 1661 _____ | 661 _____ | 662 _____ |
| 8. Other operating expenses | 1621 <u>3-Item 8</u> | 621 <u>-483.684,75</u> | 622 <u>-511.882,48</u> |

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

| | Reference(s) | Current year | Previous year |
|---|-----------------|--------------|---------------|
| 9. Income from participating interests | 1715 | 519.262,09 | 645.236,69 |
| a) derived from affiliated undertakings | 1717 3-Item 9a | 320.075,20 | 645.236,69 |
| b) other income from participating interests | 1719 | 199.186,89 | |
| 10. Income from other investments and loans forming part of the fixed assets | 1721 | 15.023,80 | 23.202,50 |
| a) derived from affiliated undertakings | 1723 | 14.614,43 | 22.859,31 |
| b) other income not included under a) | 1725 | 409,37 | 343,19 |
| 11. Other interest receivable and similar income | 1727 | 6.262,09 | 12.687,62 |
| a) derived from affiliated undertakings | 1729 | 2.219,02 | |
| b) other interest and similar income | 1731 | 4.043,07 | 12.687,62 |
| 12. Share of profit or loss of undertakings accounted for under the equity method | 1663 | | |
| 13. Value adjustments in respect of financial assets and of investments held as current assets | 1665 | 69.996,87 | 11.253,42 |
| 14. Interest payable and similar expenses | 1627 | -424.226,41 | -14.464,65 |
| a) concerning affiliated undertakings | 1629 3-Item 14a | -100.715,22 | -11.425,42 |
| b) other interest and similar expenses | 1631 | -323.511,19 | -3.039,23 |
| 15. Tax on profit or loss | 1635 | 27.301,55 | -240.893,67 |
| 16. Profit or loss after taxation | 1667 | 171.474,79 | 250.899,52 |
| 17. Other taxes not shown under items 1 to 16 | 1637 | -5.750,00 | -11.965,00 |
| 18. Profit or loss for the financial year | 1669 | 165.724,79 | 238.934,52 |

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018 (expressed in EUR)

NOTE 1 – GENERAL INFORMATION

Fotex Holding Société Européenne (the “Company”) is a European public limited company regulated under the laws of the Grand Duchy of Luxembourg.

The registered office of the Company has been transferred from Nagy Jenő u. 12, 1126 Budapest, Hungary to the Grand Duchy of Luxembourg and more precisely to 75, Parc d’Activités, L-8308 Capellen further to the deed signed by the notary Anja HOLTZ, with residence in Wiltz, on 4th June 2009 and published in the Memorial C-N°1427 of 23rd July 2009. The Company has been registered in the Luxembourg Trade and Companies’ Register (Registre de Commerce et des Sociétés Luxembourg) under registration no. R.C.S. B 146938.

The registered office is established in Luxembourg-City.

The object of the Company is to acquire participating interests, in any form whatsoever in Luxembourg or foreign companies, to acquire any kind of transferable securities via purchases, subscriptions or any other means as well as to dispose thereof via sales, exchanges or any other means, to manage and develop its portfolio and to acquire, sell and develop patents and licenses associated thereto.

The Company may lend and borrow with or without collateral. It makes part in the creation and development of other companies and lends them its support.

In general, the Company may carry out any commercial or financial transaction or any transaction involving movable or immovable assets that is directly or indirectly linked to its corporate object or is likely to facilitate the expansion and development thereof.

The financial year starts on January 1st and ends on December 31st each year.

The Company prepares consolidated and statutory financial statements, which are published according to the provisions of the law.

The consolidated financial statements are prepared in accordance with IFRS as approved by the EU.

The consolidated and statutory financial statements are available at the registered office of the Company.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General principle

The financial statements have been prepared in accordance with the Luxembourg Commercial Company Law of 10 August 1915 as amended and the amended law of 19 December 2002. Accounting policies, valuation policies and valuation rules are, besides the ones laid down by the said law, determined and applied by the Board of Directors.

FOTEX HOLDING

**Financial Statements for the year ended 31/12/2018
(expressed in EUR)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies

Foreign currency translation

- The accounts are expressed in Euro.
- Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction.
- Formation expenses, intangible, tangible and financial fixed assets, expressed in currencies other than Euro are translated into Euro at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.
- Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.
- Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.
- The interests on the loans are converted in using the average monthly exchange rate.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets other than formation expenses are recorded at their acquisition price, less cumulative value adjustments. Where applicable, amortization is calculated on the basis of generally accepted rates according to the estimated useful life of these assets.

The rates and methods of depreciation applied are as follows:

| | Depreciation rate % | Depreciation method |
|---|------------------------|---------------------|
| Trade mark concessions "Fotex" | 4,17 | Linear |
| Trade mark concessions "Fotex"-renewal 10 years | 10,00 | Linear |
| IP rights and software | 33,00 | Linear |

In case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of these intangible assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Intangible fixed assets with indefinite useful lives such as media rights are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of intangible assets with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is made on a prospective basis.

Tangible assets

Tangible assets and other similar assets are initially recorded at their acquisition price, less cumulative value adjustments. When applicable, depreciation is calculated on the basis of generally accepted rates according to the estimated useful life of these fixed assets.

The « Land and buildings » item includes real estate properties owned by the Company in Budaors, Hungary and Gardony, Hungary.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The economic useful lives used are as follows:

| | Depreciation rate % | Depreciation method |
|---|------------------------|---------------------|
| Real estate and related property rights | 2.00 | Linear |
| Hardware | 33.00 | Linear |
| Office equipment | 14.28 | Linear |

Land is not depreciated.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Shares in affiliated undertakings/participating interests/loans to these undertakings/held as financial fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto.

In case of a durable impairment in value according to the opinion of the Board of Directors, value adjustments are made in respect of these financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors, amounts owed by affiliated undertaking, amounts owed by undertakings with which the undertaking is linked by virtue of participating interests and other debtors are recorded at their nominal value.

According to the information provided by the Board of Directors, the debtors are subject to a depreciation recorded separately in the annual accounts so that these items are valued at the lowest market value.

Value adjustments made in previous financial years are no longer necessary following the disappearance of the recovery risk shall be rectified.

Investments

Own shares are valued at the lower of purchase cost, including expenses incidental thereto and calculated on the basis of the weighted average prices method, expressed in the currency in which the annual accounts are prepared or the market value. A value adjustment is recorded where the market value is lower than the purchase cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the last available quotation on the valuation day for the investments.

Cash at bank and in hand

Cash at bank and in hand are recorded at their nominal values.

Prepayments

This asset item includes expenses incurred during the financial period but relating to a subsequent financial period.

Provisions

On the last day of the financial year, provisions are formed to cover all known or foreseeable liabilities and charges.

FOTEX HOLDING

**Financial Statements for the year ended 31/12/2018
(expressed in EUR)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions are regularly reviewed and adjusted when the source of the liability or charge no longer exist.

Provisions for taxation corresponds to the tax liability estimated by the Company for the financial year for which tax returns have not yet been filed or tax assessments have not received yet and recorded under the caption "provision".

Creditors

Creditors are valued at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Net turnover

The net turnover comprises amounts paid by the group companies using and benefiting from the Fotex name (name wearing fee, recharged costs). Fotex Holding SE also provides guidance in the fields of property management to those subsidiaries, which require it, in exchange for a regular property management fee.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ASSETS/ ITEM C.I. – Intangible assets

Evolution of intangible assets:

| | Trademarks | IP Rights and software | Media rights |
|--|-----------------|------------------------|---------------------|
| Gross book value - opening balance | 7,748,182.09 | 6,735.50 | 2,658,396.00 |
| Additions for the financial year | 0.00 | 0.00 | 0.00 |
| Disposals for the financial year | 0.00 | -3,147.50 | 0.00 |
| Transferts for the financial years | 0.00 | 0.00 | 0.00 |
| Gross book value - closing balance | 7,748,182.09 | 3,588.00 | 2,658,396.00 |
| Value adjustment - opening balance | -7,746,078.07 | -4,514.00 | -1,000,000.00 |
| Value adjustment for the financial year | -353.45 | -609.37 | 0.00 |
| Impairment | 0.00 | 0.00 | 0.00 |
| Reversals for the financial year | 0.00 | 1,535.37 | 0.00 |
| Transferts for the financial year | 0.00 | 0.00 | 0.00 |
| Value adjustments - closing balance | -7,746,431.52 | -3,588.00 | -1,000,000.00 |
| Net book value - opening balance | 2,104.02 | 2,221.50 | 1,658,396.00 |
| Net book value - closing balance | 1,750.57 | 0.00 | 1,658,396.00 |

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT **(continued)**

The basis for recognition of the Trade Mark concessions "Fotex" as an intangible asset consists of the fact that since its incorporation in 1984, the Company is well known and has a good reputation. In 1990, in connection with the transformation of the Company to an Rt. (public limited company) and associated to an increase in share capital, the "Fotex" name has been valued by an independent appraiser. The gross value of the "Fotex" name amounts to 2.05 billion HUF, which is equivalent to EUR 7.7 million.

The "Fotex" name has been recognized as an asset to be in line with the regulations of Hungarian GAAP. Moreover, since February 10, 2011 the "Fotex" name has been registered not only in Hungary but at an EU level.

Since the "Fotex" name can serve the best interest of the Company for a long period of time and is a well-known name, it has been amortized over 24 years.

On September 2nd, 2014, Fotex Holding SE acquired the partial FTC (Ferencvárosi Torna Club) commercial rights from Upington Investments Sàrl being its 100% owned subsidiary.

As part of discontinuing its ownership of FTC Labdarugo Zrt. (a company that operates and manages the football club "FTC") acquired in 2001 (at a cost of HUF 1.9 billion – ca. EUR 7 million), the Company acquired certain merchandising rights in FTC (media and brand merchandise, distribution and promotion rights (billboards)) in 2003 for an unlimited period for which an impairment of EUR 4.008.798,00 has been recorded in prior years. Owing to changes in Hungarian legislation, as of January 1st, 2012, certain rights related to the Club's address, logo and name reverted to the FTC Sport Association. The extent and determination of the rights which should revert is the subject of legal litigation, following the court's decision any such reversion of rights should, however, be compensated by the FTC Sport Association towards the Company. Should the parties be unable to reach an agreement, the amount of compensation (and any late interest) due to the Company shall be determined based on the fair value of the rights at the time of reversal by a court competent in such matters.

In consideration of the long-lasting procedure an impairment of EUR 1 000 000.00 has been recognized in 2015.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.II. – Tangible assets

Evolution of tangible assets:

| | Lands and buildings | Other fixtures and fittings, tools and equipment |
|--|------------------------|--|
| Gross book value - opening balance | 5,552,086.00 | 41,901.84 |
| Additions for the financial year | 0.00 | 9,487.49 |
| Disposals for the financial year | 0.00 | -30,542.98 |
| Transferts for the financial years | 0.00 | 0.00 |
| | <hr/> | <hr/> |
| Gross book value - closing balance | 5,552,086.00 | 20,846.35 |
| Value adjustment - opening balance | -1,556,861.10 | -8,402.44 |
| Value adjustment for the financial year | -70,639.95 | -17,807.17 |
| Impairment | 0.00 | 0.00 |
| Reversal impairment | 78,351.42 | 0.00 |
| Reversals for the financial year | 0.00 | 5,712.74 |
| Transferts for the financial year | 0.00 | 0.00 |
| | <hr/> | <hr/> |
| Value adjustments - closing balance | -1,549,149.63 | -20,496.87 |
| | <hr/> | <hr/> |
| Net book value - opening balance | <u>3,995,224.90</u> | <u>33,499.40</u> |
| Net book value - closing balance | <u>4,002,936.37</u> | <u>349.48</u> |

The « Land and buildings » item includes real estate properties owned by the Company in Budaors, Hungary and Gardony, Hungary.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. – Financial assets

Evolution of financial assets:

| | 1. Shares in affiliated undertakings | 5. Investments held as fixed assets |
|--|--|---|
| Gross book value - opening balance | 238,559,254.85 | 244,087.54 |
| Additions for the financial year | 480,621.62 | 0.00 |
| Disposals for the financial year | 0.00 | -243,369.54 |
| Transferts for the financial years | 0.00 | 0.00 |
| Gross book value - closing balance | 239,039,876.47 | 718.00 |
| Value adjustment - opening balance | -1,182,364.74 | -51,703.79 |
| Value adjustment for the financial year | -2,640.94 | 0.00 |
| Reversals for the financial year | 21,291.02 | 51,346.79 |
| Transferts for the financial year | 0.00 | 0.00 |
| Value adjustments - closing balance | -1,163,714.66 | -357.00 |
| Net book value - opening balance | <u>237,376,890.11</u> | <u>192,383.75</u> |
| Net book value - closing balance | <u>237,876,161.81</u> | <u>361.00</u> |

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. –Financial assets (continued)

The capital and reserves into affiliated undertakings/investments held as fixed assets as at December 31st, 2018 are summarized below:

| Name of the company | Registered office / Country | Ownership % | Last balance sheet date | Capital and reserves at the last balance sheet date (*) | Results at the last balance sheet date (*) | Net book value EUR |
|---------------------------|---|-------------|-------------------------|---|--|--------------------|
| Hungaroton Music Zrt | Reiiter Ferenc u -45-49., 1135 Budapest, Hungary | 99.21 | 31/12/2018 | HUF 252,295,000.00/ EUR 786,014.70 | HUF 7,545,000.00/ EUR 23,506.14 | EUR 779,835.34 |
| Sigma Kft | Nagy Jenő u 12., 1126 Budapest, Hungary | 100.00 | 31/12/2018 | HUF 78,568,000.00 / EUR 244,775.38 | HUF 17,787,000.00/ EUR 55,414.67 | EUR 217,150.27 |
| Upington Investments Sàrl | 272, rue de Neudorf, L- 2222 Luxembourg | 100.00 | 31/12/2018 | EUR 19,825,113.84 | EUR - 409,711.73 | EUR 12,500.00 |
| Szekhely 2007 Kft | Nagy Jenő u 12., 1126 Budapest, Hungary | 99.28 | 31/12/2018 | HUF 94,955,000.00 / EUR 295,828.40 | HUF 61,611,000.00 / EUR 191,946.54 | EUR 751,467.62 |
| Fotex Netherlands BV | Sarphatikade 13, 1017 WW Amsterdam, The Netherlands | 100.00 | 31/12/2018 | EUR 250,432,254.00 | EUR 7,355,835.00 | EUR 236,115,208.58 |

(*) The closing exchange rate used to convert HUF into EUR (when the share capital of the subsidiaries is expressed in HUF) is 320.98 and is given only for information and conversion purpose.

Hungaroton Music Zrt

On December 31st, 2018, a value adjustment of EUR 2,640.94 has been recorded.

Sigma Kft.

On December 31st, 2018, a reversal of value adjustment of EUR 21,291.02 has been recorded.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. –Financial assets (continued)

Szekhely 2007 Kft.

The Company received a dividend of HUF 100,129,124.00 (EUR 320,075.20) from Szekhely Kft. approved by its annual general meeting held on April 24th, 2018.

On November 6th, 2018, the Company has increased its shareholding in its participation from 81.29% to 99.28%

Fotexnet Kft.

The Company received a dividend of HUF 4,542,750.00 (EUR 14,614.43) from Fotexnet Kft. approved by its annual general meeting held on April 17th, 2018

On October 15th, 2018 the Company sold 100% of its shareholding in Fotexnet to Upington Investments S.à.r.l for an amount of HUF 64,427,000.00 (EUR 199,186.89). The Company realized a capital loss of EUR 44,182.65 and recorded a reversal of value adjustment for an amount of EUR 51,346.79.

ASSETS/ ITEM D.II.2 – Amounts owned by affiliated undertakings

As at December 31st, 2018, this caption is mainly composed of:

- unpaid dividends from Szekhely 2007 Kft. for an amount of EUR 1,300,283.89 (2017: EUR 1,056,709.96)
- interests bearing loans to Upington Investments S.à.r.l for a principal amount of EUR 680,000.00 (2017: 0.00)
- interest bearing loan to Szekhely 2007 Kft for a principal amount of HUF 48,000,000.00 (EUR 148,514.85) (2017: 0.00)

ASSETS/ ITEM D.II.4 – Other debtors

As at December 31st, 2018, the other debtors are mainly composed of:

- VAT recoverable for an amount of EUR 70,030.85 (2017: EUR 14,481.29).
- Advance paid to the Direct Tax Administration for an amount of EUR 248,313.88 (2017: EUR 92,506.84)
- Receivable from Real Zaragoza SAD (following an agreement between MTK Budapest Labdarugo Zartkoruen Mukodo Reszvenytarsasag and Real Zaragoza SAD) with a net book value of EUR 377,919.67 (2017: EUR 396,996.19)

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM D.III.2. – Own shares

Own shares

| Own shares | Quantity | Recorded Value |
|-------------------|-----------------|-----------------------|
| Opening balance | 5,964,461 | EUR 5 716 663.11 |
| Acquisition | 8,549,050 | EUR 14 896 920.56 |
| Closing balance | 14,513,511 | EUR 20 613 583.67 |

The Company has created a non-distributable reserve in the caption "Reserve for own shares".

Own shares were recorded at purchase price and they are valued with the weighted average price method.

FOTEX HOLDING
Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
(continued)

LIABILITIES/ ITEM A. – Capital and reserves

The movements in capital and reserves during the financial year are as follows:

| | Subscribed capital | Share premium | Reserve for own shares | Legal reserve | Dividends (*) | Other non-distributable reserves (**) | Profit or loss brought forward | Result for the financial year |
|-------------------------------|----------------------|---------------------|------------------------|---------------------|---------------|---------------------------------------|--------------------------------|-------------------------------|
| As at December 31st, 2017 | 30,543,933.00 | 23,683,512.89 | 5,716,663.11 | 3,054,393.30 | 0.00 | 93,118.36 | 184,908,987.93 | 238,934.52 |
| Transfer to reserve | 0.00 | -14,896,920.56 | 14,896,920.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Increase capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Decrease capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Allocation of the results | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 238,934.52 | -238,934.52 |
| Result for the financial year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 165,724.79 |
| As at December 31st, 2018 | 30,543,933.00 | 8,786,592.33 | 20,613,583.67 | 3,054,393.30 | 0.00 | 93,118.36 | 185,147,922.45 | 165,724.79 |

(*) At the Annual General Meeting of the Company held on May 29th, 2018, the Company has decided not to pay dividends to the shareholders holding ordinary shares of the Company.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

LIABILITIES/ ITEM A. – Capital and reserves (continued)

(**) At the Annual General Meeting of the Company held on May 12th, 2014, the Company has decided to allocate an amount of EUR 93,118.36 to an un-distributable reserve for unrealized gains on foreign exchange.

LIABILITIES/ ITEM A.I. – Subscribed capital

As at December 31st, 2018, the Company has an issued and subscribed capital of EUR 30,543,933.00 divided into 70,723,650 ordinary shares and 2,000,000 dividend preference shares with a par value of EUR 0.42, i.e. a total of 72,723,650 shares.

The dividend preference shares carry the same rights as ordinary shares in the event of liquidation or dissolution of the Company.

Dividend preference shares come with a right to an annual dividend decided by the General Assembly, but are without right to vote. This dividend may not exceed 50% of the average annual price of the ordinary shares but may not be less than twice the 12-month interest rate of the European Central Bank prevailing at 1 January of the year in which the dividend is paid. The dividend is calculated based on the face value of shares (i.e. $0.42 \times \text{interest rate} \times 2$). This dividend may only be paid if the Company's consolidated financial statements for the relevant year prepared under IFRS show profits and pertaining legal provisions allow for the distribution of such dividend.

The total dividends paid in respect of dividend preference shares may not exceed thirty percent (30%) of the consolidated after-tax profit based on the IFRS financial statements (less minority interest). The holders of dividend preference shares are not entitled to any other rights or dividends outside that attributed to them by the General Assembly. Such dividends are paid once a year and interim payment is only allowed if the conditions of such a distribution are met.

If the Company is unable to pay such dividends for one year or if it pays only a minimum portion due for a given year and does not regularize the payment of the full amount upon payment of the dividends for the following year, the right to vote identical to that applied to ordinary shares will be granted to the holders of dividend preference shares. The voting will be extended until the Company has paid all minimum dividends due with respect to the dividend preference shares.

A subsequent General Assembly meeting representing at least 50% of the ordinary shares may determine the limits and conditions of the authorised capital within the limits set by the law.

In this case, the Board of Directors is authorised and empowered to:

- increase the capital in one sum or in instalments, by issuing new shares to be paid in cash or in contributions in kind, by converting receivables or, upon approval of the Annual General Assembly, by way of capitalising the profit or reserves.
- determine the place and date of the issue or successive issues of the new shares along with the costs of such an issue as well as the terms and conditions of subscription.
- suppress or limit the preferential subscription right of shareholders should the new shares be issued as part of the authorized capital.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

This authorisation is valid for a period of five years from the date of publication of the deed of authorization and may be prolonged by a General Assembly of the shareholders with respect to shares that form part of the authorised capital and have not yet been issued by the Board of Directors.

Following each capital increase realised and duly effected in accordance with the relevant legal forms, the first paragraph of this article shall be amended to reflect the latest increase; such changes will be recorded in due form by the Board of Directors or by a person appointed for that purpose.

Since February 23rd, 2012, the Company's ordinary shares are quoted on the Luxembourg Stock Exchange.

LIABILITIES/ ITEM A.IV.1. – Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

LIABILITIES/ ITEM B. 2. – Provisions for taxation

This caption can be detailed as follows:

| | 2018 | 2017 |
|------------------------|-------------------------|----------------------------|
| Corporate income tax | 9,148.50 | 748,444.68 |
| Municipal business tax | 2,025.00 | 227,029.51 |
| Wealth tax | 0.00 | 28,910.00 |
| | <u>11,173.50</u> | <u>1,004,384.19</u> |

The Company has entered into a tax consolidation regime with its subsidiary Upington Investment S.à.r.l. as per the article 164 bis LIT as of 01/01/2010.

In accordance with the said tax consolidation regime, the corporate income and the municipal business taxes of Fotex Holding S.E (as parent company) and Upington Investment S.à.r.l (subsidiary company) are calculated and accounted for at the level of Fotex Holding S.E.

The Company (as consolidating company) does not recharge Upington Investments S.à.r.l. for any tax due and paid.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

LIABILITIES/ ITEM C. – Creditors

Remaining terms of amounts due and payable for the accounts shown under creditors » are as follows:

| | Within one year | After one year and within five years | After more then five years | Total 31/12/2018 | Total 31/12/2017 |
|---|-----------------------|---|----------------------------------|----------------------|---------------------|
| Amounts owed to credit institutions | 15,431.55 | 0.00 | 0.00 | 15,431.55 | 1,258.04 |
| Trade creditors (1) | 178,862.85 | 0.00 | 0.00 | 178,862.85 | 182,726.04 |
| Amounts owed to affiliated undertakings (3) | 0.00 | 19,019,075.13 | 0.00 | 19,019,075.13 | 1,761,109.35 |
| Other creditors | | | | | |
| Tax authorities | 17,718.40 | 0.00 | 0.00 | 17,718.40 | 13,432.81 |
| Social security authorities | 769.00 | 0.00 | 0.00 | 769.00 | 3,171.73 |
| Other creditors (2) | 342,308.48 | 0.00 | 0.00 | 342,308.48 | 342,435.03 |
| Total | 555,090.28 | 19,019,075.13 | 0.00 | 19,574,165.41 | 2,304,133.00 |

(1) As at December 31st, 2018, the trade creditors are mainly composed of trade creditors – purchase invoice accruals for an amount of EUR 176,118.78 (2017: EUR 176,762.49).

(2) As at December 31st, 2018, the item "other creditors" is mainly composed of a payable to MTK Budapest Labdarugo Zartkoruen Mukodo Reszvenytarsasag ("MTK") (following an assignment of certain claims by MTK to the Company, based on an agreement between MTK and Real Zaragoza SAD), resulting in a net payable of EUR 203,535.90 due to MTK (2017: EUR 203,535.90).

(3) As at December 31st, 2018, the amounts owed to affiliated undertakings are mainly composed of:

- Interest bearing loan of EUR 4,916,314.60 draw-down as part of a facility for a total amount of EUR 8,000,000.00 granted by Fotex Netherlands B.V. The loan shall be repaid in full by December 31st, 2020 together with any accrued interest. (2017: EUR 1,756,314.60).

- Interest bearing loan of EUR 14,000,000 granted by FN2 B.V. The loan shall be repaid in full by December 31st, 2020 together with any accrued interest (2017: NIL).

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

INCOME/ ITEM 1. – Net turnover

The Company has the following revenue:

Name wearing service: Fotex Holding SE ensures the use of the name “Fotex” in exchange for a regular fee.

Property management fee: Fotex Holding SE provides guidance in the fields of property management to those subsidiaries, which require it, in exchange for a regular fee.

| | 2018 | 2017 |
|-------------------------|---------------------|---------------------|
| Name wearing fee | 676,751.57 | 645,570.26 |
| Property management fee | 435,243.13 | 431,732.13 |
| | <u>1,111,994.70</u> | <u>1,077,302.39</u> |

INCOME/ ITEM 4. – Other operating income

The other operating income are mainly composed of:

- On May 18th, 2018, the Company received from FTC, as per the decision of the Arbitration Court attached to the Hungarian Chamber of Commerce, a total amount of HUF 46,838,133.00 (EUR 147,438.09)

At December 31st, 2017, the other operating income mainly includes a reimbursement of an overpayment on building tax for the years 2012 until 2016 on the Budaors property for an amount of EUR 15 780.40

In order to enforce certain contractual rights of the Company under the 2003 agreement for the provision of eight VIP tickets and the exclusive use of a Skybox in the football stadium of FTC, the Company has filed a claim against FTC in 2014. As a result of the judgment issued by the Arbitration Court attached to the Hungarian Chamber of Commerce and Industry on February 22nd, 2016, the Company received the amount of HUF 29,520,479.00 (EUR 93,927.52) as compensation for the said VIP tickets and Skybox for the 2014-2015 professional football season. On November 24th, 2017, the Arbitration Court has ruled upon a further compensation concerning the subsequent following football season as a result of which the Company in the course of 2018 an amount of HUF 30,564,453.00 (EUR 96,211.45). According to the judgment of 2016, the Company has the right to the said tickets and the exclusive use of a Skybox in the future.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

CHARGES/ ITEM 5 B. – Raw materials and consumables and other external expenses

The other external expenses are composed of:

| | 2018 | 2017 |
|---|--------------------|--------------------|
| Rent for office | -24,539.43 | -33,112.14 |
| Rent equipments | 0.00 | -695.75 |
| Subcontracting, maintenance and repairs | -15,121.37 | -10,488.57 |
| Commissions and professional fees (1) | -414,019.83 | -333,270.47 |
| Insurance premiums | -6,708.20 | -6,299.97 |
| Marketing and communication costs | -6,389.31 | -8,183.51 |
| Miscellaneous external charges | -25,956.28 | -21,346.98 |
| | <u>-492,734.42</u> | <u>-413,397.39</u> |

(1) The commissions and professional fees include audit fees:

- EUR 13,000.00 for the statutory accounts
- EUR 112,620.00 for the consolidation accounts.

CHARGES/ ITEM 8. – Other operating expenses

The other operating expenses mainly include Tantièmes for a gross amount of EUR 433,840.66 (2017: EUR 433,711.97).

INCOME/ ITEM 9A. – Income from participating interests

This item is composed of:

- dividends received from affiliated undertakings for an amount of EUR 320,075.20 (2017: EUR 645,236.69),
- sale price of Fotexnet for an amount of EUR 199,186,89 (see also note C.III).

FOTEX HOLDING

Financial Statements for the year ended 31/12/2018
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT **(continued)**

INCOME/ ITEM 14A. – Interest payable and similar expenses concerning affiliated undertakings

The interest payable is composed of:

- interest paid/or due to affiliated undertakings for an amount of EUR 79,753.21 (2017: EUR 11,425.22).and
- Net book value of Fotexnet shares sold during the year: EUR 243,369.54

NOTE 4 – ADDITIONAL INFORMATION

Staff costs

During the financial year, the Company employed 2.5 employees.
The members of the Board of Directors and the Chairman of the Audit Committee receive "Tantièmes" for a gross amount of EUR 433,840.66 (2017: EUR 433,711.97).

Advances and loans granted to the members of the administrative, managerial and supervisory bodies

During the year, the Company did not grant advances and loans to the members of those bodies.

Off balance sheet commitments

The bank guarantee issued in favour of Fotexnet Kft. has been terminated as of 31st March 2019

Subsequent event

There have been no subsequent events following the end of the financial year.