

FOTEX HOLDING
Société Européenne

Financial Statements
for the year ended
December 31st, 2019

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 2019.

The company's financial statements show a loss of EUR 885,123.13.

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

Relevant events of the year 2019

During the year, the Company has changed the ISIN codes of its ordinary and dividend preference shares to LU ISIN codes and has changed the place of settlement to LuxCSD S.A.

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 2019, the Company has acquired 282,979 pieces of its own ordinary shares with a nominal value of EUR 0.42 per each (representing 0.40% of the subscribed capital of the Company). As at the reporting date, the Company holds (directly and indirectly) 40% of its own shares:

Directly owned shares as at 31st December, 2019:

- 13,571,498 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:

| | 31.12.2019 | 31.12.2018 |
|--------------------------------------|----------------|----------------|
| | EUR | EUR |
| Net turnover | 1,052,363.01 | 1,111,994.70 |
| Profit/(loss) for the financial year | (885,123.13) | 165,724.79 |
| Own equity | 247,520,144.77 | 248,405,267.90 |
| Total assets | 267,933,152.40 | 267,990,606.81 |
| Total number of issued shares | 72,723,650 | 72,723,650 |
| Return on equity | (0.36%) | 0.067% |
| Return on assets | (0.33%) | 0.062% |

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 as its revenue (name wearing and management fees) has been invoiced in EUR currency.

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 2019 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](https://fotex.lu/rerelations/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 2019, Blackburn Luxembourg controlled 50.35% (31st December 2018: 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 of the Board |
| • Mr. Dávid VÁRSZEGI, | 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. Gábor MOCSKONYI | Member of the Board |
| • Mr. Alan J. GRIFFITHS | Member of the Board |

The Annual General Meeting of the Company held on 17th June, 2019 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 2019.

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. Alan J. GRIFFITHS | Chairman of the Audit Committee |
| Mr. Martijn J.G. WINDELS | Member of the Audit Committee |
| Mr. Wiggert KARREMAN | 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 2019.

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

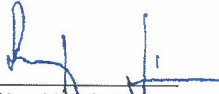
Amendments to the Articles of Incorporation are approved by resolution of the extraordinary general meeting of the shareholders under the conditions of the law.

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, 2019.

Luxembourg, 23rd April, 2020



Mr. Gábor VARSZEGI
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 2019 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, 23rd April, 2020

Gábor VÁRSZEGI
Chairman of the Board of Directors

Dávid VÁRSZEGI
Member of the Board of Directors

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 December 31, 2019 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 December 31, 2019 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 July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “*Commission de Surveillance du Secteur Financier*” (CSSF). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the CSSF 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, 2019, 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 valued at the lower figure of their purchase price or at the value estimated the Board of Directors if in his opinion the loss of value will be permanent. The value in use estimated by the Board of Directors is based on the share in the statutory net assets of the relevant entities.

Due to the importance of the amount representing the shares in affiliated undertakings and the involvement of significant judgment by the Board of Directors for the assessment of their value, 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 by the Board of Directors is based on an appropriate justification of the valuation method and the underlying elements and to verify that the net assets' figures used match with the audited accounts of the entities;

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 July 23, 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 July 23, 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 June 17, 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three years.

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 December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Bertrange, April 23, 2020

C-CLERC S.A.
Cabinet de révision agréé



Jean-Jacques Soisson
Réviseur d'entreprises agréé

Annual Accounts Helpdesk :

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Email : centralebilans@statec.etat.lu

RCSL Nr. : B146938

Matricule : 2009 8400 010

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2019 **to** 02 31/12/2019 (in 03 EUR)

Fotex Holding
 272, rue de Neudorf
 L-2222 Luxembourg

ASSETS

| | Reference(s) | Current year | Previous year |
|--|--------------|----------------|----------------|
| A. Subscribed capital unpaid | 1101 | 101 | 102 |
| I. Subscribed capital not called | 1103 | 103 | 104 |
| II. Subscribed capital called but unpaid | 1105 | 105 | 106 |
| B. Formation expenses | 1107 | 107 | 108 |
| C. Fixed assets | 1109 | 243.044.494,21 | 243.540.455,23 |
| I. Intangible assets | 1111 | 1.659.793,16 | 1.660.146,57 |
| 1. Costs of development | 1113 | | |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 1115 | 1.659.793,16 | 1.660.146,57 |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 1117 | 1.659.793,16 | 1.660.146,57 |
| b) created by the undertaking itself | 1119 | | |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 1121 | | |
| 4. Payments on account and intangible assets under development | 1123 | | |
| II. Tangible assets | 1125 | 4.029.777,27 | 4.003.285,85 |
| 1. Land and buildings | 1127 | 4.029.777,27 | 4.002.936,37 |
| 2. Plant and machinery | 1129 | | |

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. Other fixtures and fittings, tools and equipment | 1131 | 0,00 | 349,48 |
| 4. Payments on account and tangible assets in the course of construction | 1133 | | |
| III. Financial assets | 1135 | 237.354.923,78 | 237.877.022,81 |
| 1. Shares in affiliated undertakings | 1137 5 | 237.354.562,78 | 237.876.161,81 |
| 2. Loans to affiliated undertakings | 1139 | | |
| 3. Participating interests | 1141 | | |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | 1143 | | |
| 5. Investments held as fixed assets | 1145 5 | 361,00 | 361,00 |
| 6. Other loans | 1147 | 0,00 | 500,00 |
| D. Current assets | 1151 | 24.882.464,79 | 24.443.630,18 |
| I. Stocks | 1153 | | |
| 1. Raw materials and consumables | 1155 | | |
| 2. Work in progress | 1157 | | |
| 3. Finished goods and goods for resale | 1159 | | |
| 4. Payments on account | 1161 | | |
| II. Debtors | 1163 | 3.395.290,89 | 3.572.927,85 |
| 1. Trade debtors | 1165 | 269.371,59 | 287.536,07 |
| a) becoming due and payable within one year | 1167 | 269.371,59 | 287.536,07 |
| b) becoming due and payable after more than one year | 1169 | | |
| 2. Amounts owed by affiliated undertakings | 1171 | 2.457.704,63 | 2.589.127,38 |
| a) becoming due and payable within one year | 1173 6 | 2.457.704,63 | 2.589.127,38 |
| b) becoming due and payable after more than one year | 1175 | | |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177 | | |
| a) becoming due and payable within one year | 1179 | | |
| b) becoming due and payable after more than one year | 1181 | | |
| 4. Other debtors | 1183 | 668.214,67 | 696.264,40 |
| a) becoming due and payable within one year | 1185 7 | 668.214,67 | 696.264,40 |
| b) becoming due and payable after more than one year | 1187 | | |

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 |
|--------------------------------------|--------------|--------------------|--------------------|
| III. Investments | 1189 | 189 21.152.174,02 | 190 20.613.583,67 |
| 1. Shares in affiliated undertakings | 1191 | 191 | 192 |
| 2. Own shares | 1209 8 | 209 21.152.174,02 | 210 20.613.583,67 |
| 3. Other investments | 1195 | 195 | 196 |
| IV. Cash at bank and in hand | 1197 | 197 334.999,88 | 198 257.118,66 |
| E. Prepayments | 1199 | 199 6.193,40 | 200 6.521,40 |
| TOTAL (ASSETS) | | 201 267.933.152,40 | 202 267.990.606,81 |

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

RCSL Nr.: B146938

Matricule : 2009 8400 010

CAPITAL, RESERVES AND LIABILITIES

| | Reference(s) | Current year | Previous year |
|---|----------------|---------------------------|---------------------------|
| A. Capital and reserves | 1301 <u>9</u> | 301 <u>247.520.144,77</u> | 302 <u>248.405.267,90</u> |
| I. Subscribed capital | 1303 | 303 <u>30.543.933,00</u> | 304 <u>30.543.933,00</u> |
| II. Share premium account | 1305 | 305 <u>8.248.001,98</u> | 306 <u>8.786.592,33</u> |
| III. Revaluation reserve | 1307 | 307 | 308 |
| IV. Reserves | 1309 | 309 <u>24.299.685,68</u> | 310 <u>23.761.095,33</u> |
| 1. Legal reserve | 1311 | 311 <u>3.054.393,30</u> | 312 <u>3.054.393,30</u> |
| 2. Reserve for own shares | 1313 | 313 <u>21.152.174,02</u> | 314 <u>20.613.583,67</u> |
| 3. Reserves provided for by the articles of association | 1315 | 315 | 316 |
| 4. Other reserves, including the fair value reserve | 1429 | 429 <u>93.118,36</u> | 430 <u>93.118,36</u> |
| a) other available reserves | 1431 | 431 | 432 |
| b) other non available reserves | 1433 | 433 <u>93.118,36</u> | 434 <u>93.118,36</u> |
| V. Profit or loss brought forward | 1319 | 319 <u>185.313.647,24</u> | 320 <u>185.147.922,45</u> |
| VI. Profit or loss for the financial year | 1321 | 321 <u>-885.123,13</u> | 322 <u>165.724,79</u> |
| VII. Interim dividends | 1323 | 323 | 324 |
| VIII. Capital investment subsidies | 1325 | 325 | 326 |
| B. Provisions | 1331 | 331 | 332 <u>11.173,50</u> |
| 1. Provisions for pensions and similar obligations | 1333 | 333 | 334 |
| 2. Provisions for taxation | 1335 <u>10</u> | 335 | 336 <u>11.173,50</u> |
| 3. Other provisions | 1337 | 337 | 338 |
| C. Creditors | 1435 | 435 <u>20.413.007,63</u> | 436 <u>19.574.165,41</u> |
| 1. Debenture loans | 1437 | 437 | 438 |
| a) Convertible loans | 1439 | 439 | 440 |
| i) becoming due and payable within one year | 1441 | 441 | 442 |
| ii) becoming due and payable after more than one year | 1443 | 443 | 444 |
| b) Non convertible loans | 1445 | 445 | 446 |
| i) becoming due and payable within one year | 1447 | 447 | 448 |
| ii) becoming due and payable after more than one year | 1449 | 449 | 450 |
| 2. Amounts owed to credit institutions | 1355 <u>11</u> | 355 <u>10.337,89</u> | 356 <u>15.431,55</u> |
| a) becoming due and payable within one year | 1357 | 357 <u>10.337,89</u> | 358 <u>15.431,55</u> |
| b) becoming due and payable after more than one year | 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 | 11 113.129,89 | 368 178.862,85 |
| a) becoming due and payable within one year | 1369 | 369 113.129,89 | 370 178.862,85 |
| 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 | 11 19.946.163,95 | 380 19.019.075,13 |
| a) becoming due and payable within one year | 1381 | 381 | 382 |
| b) becoming due and payable after more than one year | 1383 | 383 19.946.163,95 | 384 19.019.075,13 |
| 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 | 11 343.375,90 | 452 360.795,88 |
| a) Tax authorities | 1393 | 393 121,56 | 394 17.718,40 |
| b) Social security authorities | 1395 | 395 793,36 | 396 769,00 |
| c) Other creditors | 1397 | 397 342.460,98 | 398 342.308,48 |
| i) becoming due and payable within one year | 1399 | 399 342.460,98 | 400 342.308,48 |
| ii) becoming due and payable after more than one year | 1401 | 401 | 402 |
| D. Deferred income | 1403 | 403 | 404 |
| TOTAL (CAPITAL, RESERVES AND LIABILITIES) | | 405 267.933.152,40 | 406 267.990.606,81 |

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

Annual Accounts Helpdesk :

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RCSL Nr. : B146938

Matricule : 2009 8400 010

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2019 to ⁰² 31/12/2019 (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>12</u> | 701 <u>1.052.363,01</u> | 702 <u>1.111.994,70</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>13</u> | 713 _____ | 714 <u>173.880,46</u> |
| 5. Raw materials and consumables and other external expenses | 1671 _____ | 671 <u>-687.026,85</u> | 672 <u>-493.949,10</u> |
| a) Raw materials and consumables | 1601 _____ | 601 <u>7,84</u> | 602 <u>-1.214,68</u> |
| b) Other external expenses | 1603 <u>14</u> | 603 <u>-687.034,69</u> | 604 <u>-492.734,42</u> |
| 6. Staff costs | 1605 <u>18</u> | 605 <u>-249.913,56</u> | 606 <u>-339.327,99</u> |
| a) Wages and salaries | 1607 _____ | 607 <u>-234.503,76</u> | 608 <u>-313.811,17</u> |
| b) Social security costs | 1609 _____ | 609 <u>-15.409,80</u> | 610 <u>-25.516,82</u> |
| i) relating to pensions | 1653 _____ | 653 <u>-10.030,80</u> | 654 _____ |
| ii) other social security costs | 1655 _____ | 655 <u>-5.379,00</u> | 656 <u>-25.516,82</u> |
| c) Other staff costs | 1613 _____ | 613 _____ | 614 _____ |
| 7. Value adjustments | 1657 _____ | 657 <u>26.138,01</u> | 658 <u>-11.058,52</u> |
| a) in respect of formation expenses and of tangible and intangible fixed assets | 1659 _____ | 659 <u>26.138,01</u> | 660 <u>-11.058,52</u> |
| b) in respect of current assets | 1661 _____ | 661 _____ | 662 _____ |
| 8. Other operating expenses | 1621 <u>15</u> | 621 <u>-408.612,43</u> | 622 <u>-483.684,75</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 | 31.225,60 | 519.262,09 |
| a) derived from affiliated undertakings | 1717 16 | 31.225,60 | 320.075,20 |
| b) other income from participating interests | 1719 | | 199.186,89 |
| 10. Income from other investments and loans forming part of the fixed assets | 1721 | 493,77 | 15.023,80 |
| a) derived from affiliated undertakings | 1723 | 493,77 | 14.614,43 |
| b) other income not included under a) | 1725 | | 409,37 |
| 11. Other interest receivable and similar income | 1727 | 11.426,33 | 6.262,09 |
| a) derived from affiliated undertakings | 1729 | 11.282,44 | 2.219,02 |
| b) other interest and similar income | 1731 | 143,89 | 4.043,07 |
| 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 | -521.599,03 | 69.996,87 |
| 14. Interest payable and similar expenses | 1627 | -135.399,64 | -424.226,41 |
| a) concerning affiliated undertakings | 1629 17 | -127.088,82 | -100.715,22 |
| b) other interest and similar expenses | 1631 | -8.310,82 | -323.511,19 |
| 15. Tax on profit or loss | 1635 | -233,34 | 27.301,55 |
| 16. Profit or loss after taxation | 1667 | -881.138,13 | 171.474,79 |
| 17. Other taxes not shown under items 1 to 16 | 1637 | -3.985,00 | -5.750,00 |
| 18. Profit or loss for the financial year | 1669 | -885.123,13 | 165.724,79 |

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

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(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 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 security, participate in the creation and development of any companies and may render them assistance.

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, being the parent 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 are 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 31/12/2019
(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 31/12/2019

(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 amortized. 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 valued at their acquisition price, less cumulative value adjustments. When applicable, depreciation is calculated on the basis of 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 31/12/2019

(expressed in EUR)

NOTE 2 – Summary of significant accounting policies (continued)

Where the Company considers that tangible fixed assets have suffered a decline in value in excess of the accumulated depreciation recognised, an additional write-down is recorded to reflect this impairment. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Financial assets

Shares in affiliated undertakings/participating interests/loans to these undertakings/held as financial fixed assets/other loans are valued at purchase price 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.

They are subject to value adjustments decided by the Board of Directors where their recovery is compromised. Value adjustments made in previous financial years which are no longer necessary following the disappearance of the recovery risk shall be rectified.

Investments

Own shares are recorded at the purchase cost including expenses incidental thereto expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the weighted average price. 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 is recorded at their nominal values.

Prepayments

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

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(expressed in EUR)

NOTE 2 – Summary of significant accounting policies (continued)

Provisions

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

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

Provisions for taxation correspond to the tax liability estimated by the Company for the financial years for which tax returns have not yet been filed or tax assessments have not been received yet.

Creditors

Creditors are valued at their reimbursement value.

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 31/12/2019

(expressed in EUR)

NOTE 3 – Intangible assets

Evolution of intangible assets:

| | Trademarks | IP Rights and software | Media rights |
|--|-----------------|------------------------|---------------------|
| Gross book value - opening balance | 7,748,182.09 | 1,889.00 | 2,658,396.00 |
| Additions for the financial year | 0.00 | 0.00 | 0.00 |
| Disposals for the financial year | 0.00 | 0.00 | 0.00 |
| Transfers for the financial years | 0.00 | 0.00 | 0.00 |
| Gross book value - closing balance | 7,748,182.09 | 1,889.00 | 2,658,396.00 |
| Value adjustment - opening balance | -7,746,431.52 | -1,889.00 | -1,000,000.00 |
| Value adjustment for the financial year | -353.41 | 0.00 | 0.00 |
| Impairment | 0.00 | 0.00 | 0.00 |
| Reversals for the financial year | 0.00 | 0.00 | 0.00 |
| Transfers for the financial year | 0.00 | 0.00 | 0.00 |
| Value adjustments - closing balance | -7,746,784.93 | -1,889.00 | -1,000,000.00 |
| Net book value - opening balance | <u>1,750.57</u> | <u>0.00</u> | <u>1,658,396.00</u> |
| Net book value - closing balance | <u>1,397.16</u> | <u>0.00</u> | <u>1,658,396.00</u> |

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(expressed in EUR)

NOTE 3 – Intangible assets (continued)

Trademarks

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.

Media rights

The media rights presented under intangible assets comprise certain merchandising (media and brand merchandise, distribution and promotion rights, billboards) in the football club FTC, rights which the Company acquired for an indefinite period of time as part of its exit from the ownership in FTC Labdarúgó Zrt.

Owing to changes in Hungarian legislation, as of January 1st, 2012, certain rights reverted to the FTC association against due compensation that should have been received. As a result of the mentioned law, the parties have ongoing legal procedures as to the said merchandising rights, their value and the compensation to be received, as a consequence of which additional impairment has been recognised in 2015 in the amount of EUR 1,000,000.00.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(expressed in EUR)

NOTE 4 – 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 | 20,846.35 |
| Additions for the financial year | 0.00 | 0.00 |
| Disposals for the financial year | 0.00 | 0.00 |
| Transfers 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 | -1,549,149.63 | -20,496.87 |
| Value adjustment for the financial year | -70,639.88 | -349.48 |
| Impairment | 0.00 | 0.00 |
| Reversal impairment | 97,480.78 | 0.00 |
| Reversals for the financial year | 0.00 | 0.00 |
| Transferts for the financial year | 0.00 | 0.00 |
| | <hr/> | <hr/> |
| Value adjustments - closing balance | -1,522,308.73 | -20,846.35 |
| | <hr/> | <hr/> |
| Net book value - opening balance | 4,002,936.37 | 349.48 |
| Net book value - closing balance | 4,029,777.27 | 0.00 |

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 31/12/2019
(expressed in EUR)

NOTE 5 – Financial assets

Evolution of financial assets:

| | 1. Shares in affiliated undertakings | 5. Investments held as fixed assets |
|--|--|---|
| Gross book value - opening balance | 239,039,876.47 | 718.00 |
| Additions for the financial year | 0.00 | 0.00 |
| Disposals for the financial year | 0.00 | 0.00 |
| Transferts for the financial years | 0.00 | 0.00 |
| Gross book value - closing balance | 239,039,876.47 | 718.00 |
| Value adjustment - opening balance | -1,163,714.66 | -357.00 |
| Value adjustment for the financial year | -521,599.03 | 0.00 |
| Reversals for the financial year | 0.00 | 0.00 |
| Transferts for the financial year | 0.00 | 0.00 |
| Value adjustments - closing balance | -1,685,313.69 | -357.00 |
| Net book value - opening balance | 237,876,161.81 | 361.00 |
| Net book value - closing balance | 237,354,562.78 | 361.00 |

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019
(expressed in EUR)

NOTE 5 – Financial assets (continued)

The capital and reserves of affiliated undertakings/investments held as fixed assets as at December 31st, 2019 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 | Reiter Ferenc u -45-49., 1135 Budapest, Hungary | 99.21 | 31/12/2019 | HUF 247,197,000.00/ EUR 747,880.68 | HUF 5,098,000.00/ EUR 15,423.71 | EUR 742,001.11 |
| Sigma Kft | Nagy Jeno u 12., 1126 Budapest, Hungary | 100.00 | 31/12/2019 | HUF 112,298,000.00 / EUR 339,751.31 | HUF 43,730,000.00/ EUR 132,302.67 | EUR 217,150.27 |
| Upington Investments Sàrl | 272, rue de Neudorf, L- 2222 Luxembourg | 100.00 | 31/12/2019 | EUR 19,441,214.50 | EUR - 383,899.34 | EUR 12,500.00 |
| Szekhely 2007 Kft | Nagy Jeno u 12., 1126 Budapest, Hungary | 99.28 | 31/12/2019 | HUF 89,125,000.00 / EUR 260,642.70 | HUF -5,830,000.00 / EUR -17,638.34 | EUR 267,702.82 |
| Fotex Netherlands BV | Sarphatikade 13, 1017 WW Amsterdam, The Netherlands | 100.00 | 31/12/2019 | EUR 271,853,361.00 | EUR 21,421,108.00 | 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 330.53 and is given only for information and conversion purpose.

Hungaroton Music Zrt

On December 31st, 2019, a value adjustment of EUR 37,834.23 has been recorded.

Sigma Kft.

The Company received a dividend of HUF 10,000,000.00 (EUR 31,225.60 from Sigma Kft approved by its annual general meeting held on April 15th, 2019).

Szekhely 2007 Kft.

On December 31st, 2019, a value adjustment of EUR 483,764.80 has been recorded.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(expressed in EUR)

NOTE 6 – Amounts owned by affiliated undertakings

As at December 31st, 2019, this caption is mainly composed of:

- unpaid dividends from Szekhely 2007 Kft. for an amount of EUR 1,297,293.90
(2018: EUR 1,300,283.89)
- interest bearing loans to Upington Investments S.ár.l for a principal amount of EUR 880,000.00
(2018: 780,000.00)
- interest bearing loan to Szekhely 2007 Kft for a principal amount of HUF 48,000,000.00
(EUR 145,221.31) (2018: 148,514.85)

NOTE 7 – Other debtors

As at December 31st, 2019, the other debtors are mainly composed of:

- VAT recoverable for an amount of EUR 140,055.15 (2018: EUR 70,030.85).
- Advance paid to the Direct Tax Administration for an amount of EUR 176,946.98
(2018: EUR 248,313.88)
- Other receivable for an amount of EUR 351,212.54 (2018: EUR 377,919.67)

NOTE 8 – Own shares

Own shares

| | | |
|-----------------|------------|---------------------|
| Opening balance | 14,513,519 | EUR 20, 613, 583.67 |
| Acquisition | 282,979 | EUR 538,590.35 |
| Closing balance | 14,796,498 | EUR 21,152,174.02 |

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 at the weighted average cost.

FOTEX HOLDING

Financial Statements for the year ended 31/12/2019

(expressed in EUR)

NOTE 9 – 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, 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 |
| Transfer to reserve | 0.00 | -538,590.35 | 538,590.35 | 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 | 165,724.79 | -165,724.79 |
| Result for the financial year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -885,123.13 |
| As at December 31st, 2019 | 30,543,933.00 | 8,248,001.98 | 21,152,174.02 | 3,054,393.30 | 0.00 | 93,118.36 | 185,313,647.24 | -885,123.13 |

(*) At the Annual General Meeting of the Company held on June 17th, 2019, the Company has decided not to pay dividends to the shareholders holding ordinary shares of the Company.

(**) 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.

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(expressed in EUR)

NOTE 9 – Capital and reserves (continued)

The movements in capital and reserves during the previous 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.

(**) 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.

Subscribed capital

As at December 31st, 2019, 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, i.e. a total of 72,723,650 shares with a par value of EUR 0.42.

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 amount produced by applying the 12 month interest rate of the European Central Bank prevailing at 1 January of the year in which the dividend is paid on the nominal value of shares (i.e. 0.42 x interest rate x 2). This dividend may only be paid if the Company's consolidated financial statements for the relevant year prepared under IFRS show profits which, subject to compliance with legal provisions, allow for the distribution of such dividend.

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NOTE 9 – Capital and reserves (continued)

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 those described above, 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.

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 the article 5 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.

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.

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(expressed in EUR)

NOTE 10 – Provisions for taxation

This caption can be detailed as follows:

| | 2019 | 2018 |
|------------------------|-------------|------------------|
| Corporate income tax | 0.00 | 9,148.50 |
| Municipal business tax | 0.00 | 2,025.00 |
| Wealth tax | 0.00 | 0.00 |
| | <u>0.00</u> | <u>11,173.50</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.

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NOTE 11 – 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 31/12/2019 | Total 31/12/2018 |
|---|-----------------------|---|----------------------------------|----------------------|----------------------|
| Amounts owed to credit institutions | 10,337.89 | 0.00 | 0.00 | 10,337.89 | 15,431.55 |
| Trade creditors (1) | 113,129.89 | 0.00 | 0.00 | 113,129.89 | 178,862.85 |
| Amounts owed to affiliated undertakings (2) | 19,946,163.95 | 0.00 | 0.00 | 19,946,163.95 | 19,019,075.13 |
| Other creditors | | | | | |
| Tax authorities | 121.56 | 0.00 | 0.00 | 121.56 | 17,718.40 |
| Social security authorities | 793.36 | 0.00 | 0.00 | 793.36 | 769.00 |
| Other creditors | 342,460.98 | 0.00 | 0.00 | 342,460.98 | 342,308.48 |
| Total | 20,413,007.63 | 0.00 | 0.00 | 20,413,007.63 | 19,574,165.41 |

(1) As at December 31st, 2019, the trade creditors are mainly composed of trade creditors – purchase invoice accruals for an amount of EUR 111,085.82 (2018: EUR 176,118.78).

(2) As at December 31st, 2019, the amounts owed to affiliated undertakings are mainly composed of:

- Interest bearing loan of EUR 5,716,314.60 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. (2018: EUR 4,916,314.60).

- Interest bearing loan of EUR 14,000,000.00 granted by FN2 B.V, company held indirectly by Fotex Holding SE. The loan shall be repaid in full by December 31st, 2020 together with any accrued interest (2018: EUR 14,000,000.00).

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NOTE 12 – Net turnover

The Company has the following revenue:

| | 2019 | 2018 |
|-------------------------|---------------------|---------------------|
| Name wearing fee | 674,490.18 | 676,751.57 |
| Property management fee | 377,872.83 | 435,243.13 |
| | <u>1,052,363.01</u> | <u>1,111,994.70</u> |

NOTE 13 – Other operating income

At December 31st, 2019, there is no other operating income.

At December 31st, 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)

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NOTE 14 – Raw materials and consumables and other external expenses

The other external expenses are composed of:

| | 2019 | 2018 |
|---|---------------------------|---------------------------|
| Subcontracting, maintenance and repairs | -9,471.62 | -15,121.37 |
| Rent, Commissions and professional fees (1) | -642,144.83 | -438,559.26 |
| Insurance premiums | -6,521.00 | -6,708.20 |
| Marketing and communication costs | -3,204.48 | -6,389.31 |
| Miscellaneous external charges | -25,692.76 | -25,956.28 |
| | <u>-687,034.69</u> | <u>-492,734.42</u> |

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

- EUR 13,000.00 for the statutory accounts (2018: EUR 13,000.00)
- EUR 118,251.00 for the consolidation accounts (2018: EUR 112,620.00).

NOTE 15 – Other operating expenses

The other operating expenses mainly include Tantièmes for a gross amount of EUR 382,857.29 (2018: EUR 433,840.66).

NOTE 16 – Income from participating interests

This item is composed of:

- dividends received from affiliated undertakings for an amount of EUR 31,225.60 (2018: EUR 320,075.20),

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NOTE 17 – 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 127,088.82
(2018: EUR 100,715.22)

NOTE 18 – Additional information

Staff costs

During the financial year, the Company employed 1 employee.
The members of the Board of Directors and the Chairman of the Audit Committee receive "Tantièmes" for a gross amount of EUR 382,857.29 (2018: EUR 433,840.66).

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

In late 2019, a cluster of cases displaying the symptoms of "pneumonia of unknown cause" were identified in Wuhan, the Capital of China's Hubei province. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, WHO declared COVID-19 a pandemic.

The businesses of the participations of the Company are in geographies where the impact of the virus is primarily being managed medically with economic stimulus being considered to protect businesses from any negative short-term consequences. As of the date of the financial statements, as it relates to the group, the economic impact of the virus and the length of time the conditions are expected to last are neither unknown nor quantifiable.

Further, whilst there may be, as yet unknown, negative consequences arising from the virus, there is no indication that the participations of the Company will have any significant difficulties operating on a going concern basis for at least 12 months and for the foreseeable future. The management considers the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event hence any future impact is likely to be in connection with the assessment of the value of investments at future valuation dates.

Apart from the above-mentioned events no significant event occurred after the end of the reporting period that would require adjustments to or disclosure in these financial statements.