



Annual Report

2019



Körössy
Krisztián Körössy
Managing Director

Szécsényi
Bálint Szécsényi
Chief Executive Officer

Gereben
András Gereben
Chairman

A Brief Introduction to Equilor

At the time of Equilor's foundation and the rearrangement of the Budapest Stock Exchange, a new era of the domestic capital market began in 1990. Almost 30 years have elapsed since then, but our objectives have remained unchanged ever since.

Over the past years, in addition to the steady development of our services, we have been striving to provide our customers with swift and reliable access to the ever expanding world of money and capital markets, and – by means of well-established financial consulting and analyses – assist them in increasing their assets managed by us.

The world of capital markets is one of the fastest developing industries, therefore being able to offer suitable investment and bank services to our private and corporate clients requires continuous development in terms of product structure and technology as well. Due to continuously strengthening market regulations, we put great emphasis on stability and the provision of reliable, transparent information, which forms the basis of responsible investment service.

We endeavour to work with employees who fully adhere to these principles, and consider them as fundamental values during their everyday work and decisions. Our colleagues serve all our clients with the utmost care and attention, giving the best of their knowledge, fully taking into consideration their needs, and providing them with tailor-made investment guidance.

As a result of our commitment over the past years, the number of Equilor customers, the assets managed, and our achievements have been steadily increasing; we meanwhile strive to keep the direct contact that our customers have come to know.

We are proud to be present throughout the entire CEE region as a full-fledged member of the Budapest, Prague, and Warsaw Stock Exchanges, and to offer, in conjunction with Equilor Corporate Advisory Zrt. and Equilor Asset Management, comprehensive investment and banking services to our customers ranging from trading in stock exchanges through asset management to corporate finances.

It is an honour and the recognition of our work that Budapest Stock Exchange has valued Equilor's activity with multiple awards in recent years.

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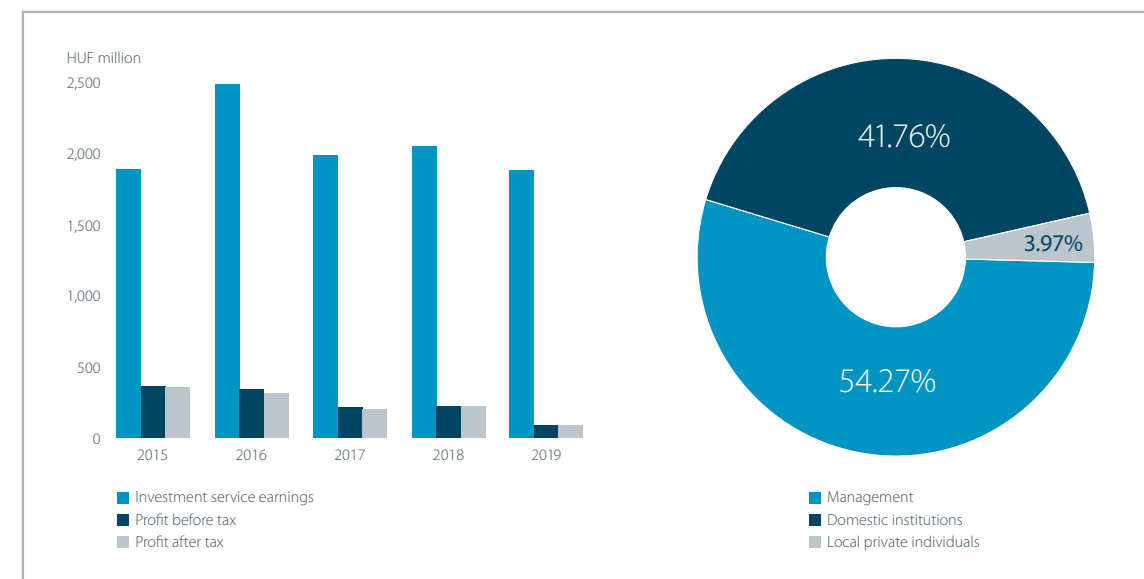


Summary Financial and Corporate Information

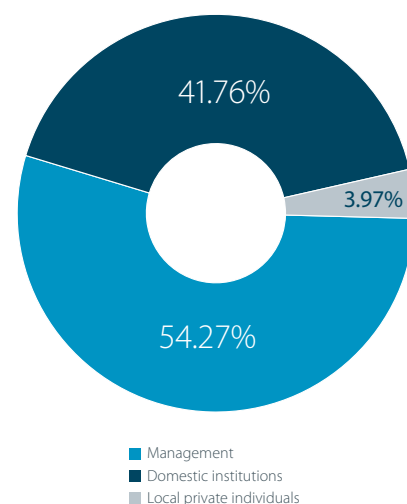
Financial highlights

(in thousand HUF)	2015	2016	2017	2018	2019
Balance sheet total	15,399,767	19,148,809	21,729,848	16,365,264	20,256,459
Equity	1,997,579	2,302,692	1,994,704	2,067,770	1,932,951
Issued share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Investment service earnings	1,884,503	2,494,541	1,986,063	2,051,345	1,889,405
Profit before tax	362,220	330,546	205,658	224,749	84,342
Profit after tax	350,446	305,113	190,262	219,279	84,342
Return on equity	22%	17%	9%	11%	4%

Profit and loss data



Ownership structure



Executive officers and persons in senior positions

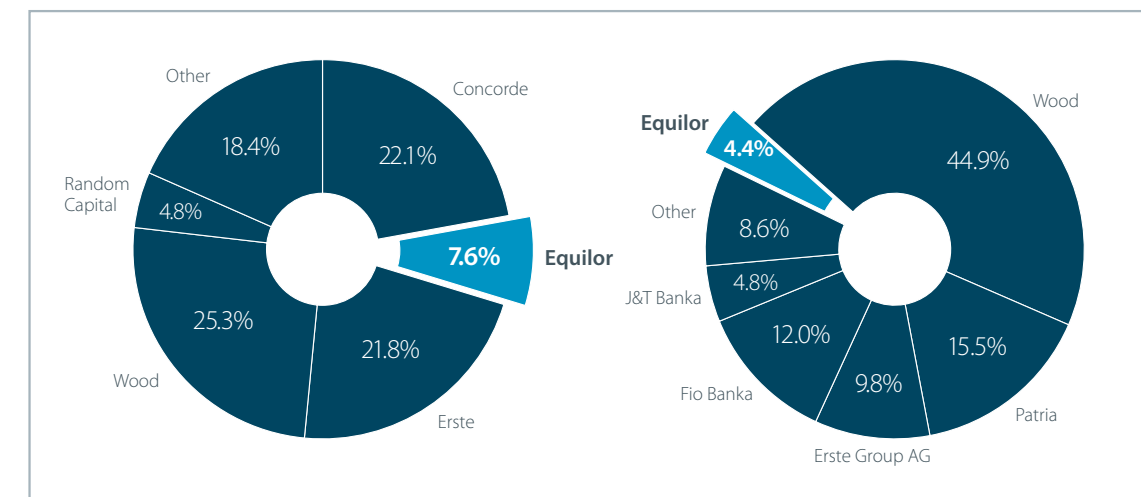
Equilor's Board of Directors András Gereben, chairman // Krisztián Kőrössi, managing director // Bálint Szécsényi, CEO

Equilor's Supervisory Board Dr. József Tóth, chairman // András Gömböcz // György Vas

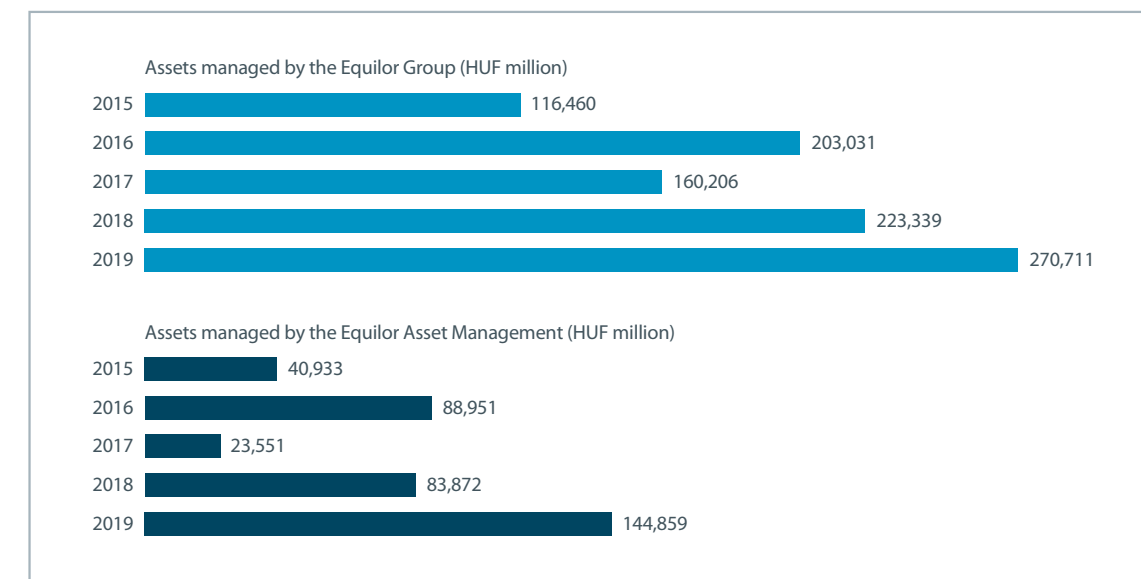
Independent auditor Venilia Vellum Auditing and Tax Consultancy Ltd., H-1026 Budapest, Szilágyi Erzsébet fasor 79.
Gábor Merkel, Member of the Chamber of Auditors, Chamber identification number: MKVK EBV007363

Equilor's Market Share

Equity turnover – Budapest



Assets managed by the Equilor





Management Report

Conquering Peaks and The Calm Before The Storm

After the adjustment at the end of 2018, in 2019 European and overseas stock markets saw one of the greatest increases in recent decades. Major economic indicators improved, unemployment dropped, there was no major inflationary pressure, and the leading economies were able to continue along their respective paths of growth. It seemed that the most important question in 2020 was

only whether there would be any effect – which seemed impossible to many of us – that could reverse this positive trend.

As this material was written in April 2020, there is no longer any question as to what that effect will be; the question is rather how we can return to the previous growth trajectory, if that is at all possible.

Since the crisis in 2008, the central banks and governments controlling the macroeconomic processes have been working on ensuring that the existing social and economic order can continue on with the smallest possible interruptions. Although they were successful in 2019, 2020 posed a hitherto unparalleled challenge for decision-makers.

It seems solutions have been found for most of the problems forecasted at the start of last year. The United Kingdom was able to leave the European Union in a civilised manner, and China and the United States were close to the first section of a commercial agreement. As a result, volatility decreased during the course of the year, with only some ad hoc events having their effects felt. Consequently, the S&P 500 index grew by 28.9 percent, the DAX index increased by 25.5 percent, and the BUX index showed a slightly smaller rise of 17.7 percent last year.

What is common between these two events is that neither could be resolved over the long term. Although the United Kingdom left the Community, the most important economic issues would have to be discussed this year. The commercial rules for neither Northern Ireland nor for these two blocs were laid down, even though the original plans required that the negotiations be completed this year.

The conflict between China and the United States was not permanently resolved either, with only a first, smaller agreement being concluded that merely touches upon the main issues. Even without the spread of the coronavirus, these faults would have probably come to the surface over the course of 2020: the epidemic guarantees they will. A number of populist journalists and politicians have raised the issue that China should be made to provide compensation to the countries most affected by the virus for its incorrect handling of the epidemic and for retaining information.

Presidential elections will be held in the United States in November 2020: the picture is becoming clearer. It seems the scenario that markets would have considered to be the most negative will be avoided, and the Democratic Party is expected to nominate Obama's Vice-President Joe Biden, and the Republican Party is expected to back the incumbent President Donald Trump. The stakes are high in the elections: as we all know, Trump considers the growth of the economy and stock markets to be the most important, for which he is willing to sacrifice everything, while Biden has more social sensitivity and may even make decision that are detrimental to large corporations.

Referring to the trade war but actually partly at the Presi-

dent's behest, the Fed started slashing interest rates mid-year, though they emphasised at the start of the process that this wouldn't be an interest rate cutting cycle, but a mid-cycle interest rate increase adjustment. It cut interest rates by a total of 75 basis points until the end of the year, and they ended up having to continue easing the monetary policy in 2020 due to the spread of the coronavirus pandemic.

At the end of October, the European Central Bank declared that it would relaunch its bond purchase programme partly to help inflation and partly to inject some life into the Eurozone economy. However, the negative effects of the epidemic forced it to impose more drastic measures in 2020.

Although inflation remained low globally in 2019, the targets set by the central banks are in general not met. At the same time, the repatriation intent that manifest primarily in the United States contained a significant risk of increasing inflation over the long term, and, if oil prices were to return to their former levels, they might have a strong upward effect on inflation processes.

Hungary managed to achieve strong economic growth of 4.9 percent in 2019, with the rate of inflation barely exceeding the target of 3 percent set by the central bank. The processes on the labour market were advantageous, unemployment rates continued to drop, and household savings continued to increase.

Equilor Befektetési Zrt had the fourth largest turnover on the spot market of the Budapest and the sixth largest on the Prague stock markets, and it finished 2019 at 35th place on the Prague Stock Exchange. The company organised a number of public and private offerings with a combined value close to HUF 100 billion.

Another event that defined 2019 was the fact that after 16 years, Equilor moved to a new location on Pasaréti út. We are proud that after a lengthy preparation process, we managed to move the entire operation to the new location in just one weekend without our clients having felt any disturbances.

Of course, we could not have achieved these results without the trust of our customers and the dedicated work of our colleagues, who have always given us the greatest strength and motivation during Equilor's 30 years of history. █



Private Banking and Premium Investment Services

In 2019, our Private Banking and Premium Investment branch managed to realise growth in terms of both the number of clients and the assets managed: we currently manage the investments of more than 20 thousand clients in a value of more than HUF 140 billion.

Perhaps the most important event on the domestic capital market is the National Debt Management Centre's new product called the MÁP+, which is available only to private consumers and provides a state-backed investment alternative that is significantly more advantageous than any HUF-based investments on the market, both as regards its interest rates and its redeemability. The Hungarian State Treasury also provided a free investment service for clients who wanted to manage these deposits. Not surprisingly, a part of investments held in other government securities, investment funds, and other corporate bonds were invested in the product while the appeal of investing in riskier instruments decreased.

Due to the new EU regulations introduced last year to the currency market, the turnover of customers with capital leverage and small risk assumption decreased, though the increase in the traffic of corporate bonds managed to counter this effect. To us, the private banking approach primarily means direct personal service and the greatest possible flexibility, and not just a product.

Accordingly, we provide our clients with the means to effectively manage their savings, from the funds managed by the best fund managers on the Hungarian market, through the securities traded on the world's most important capital markets, to individual derivative products and an online trading platform. ■

Institutional trading

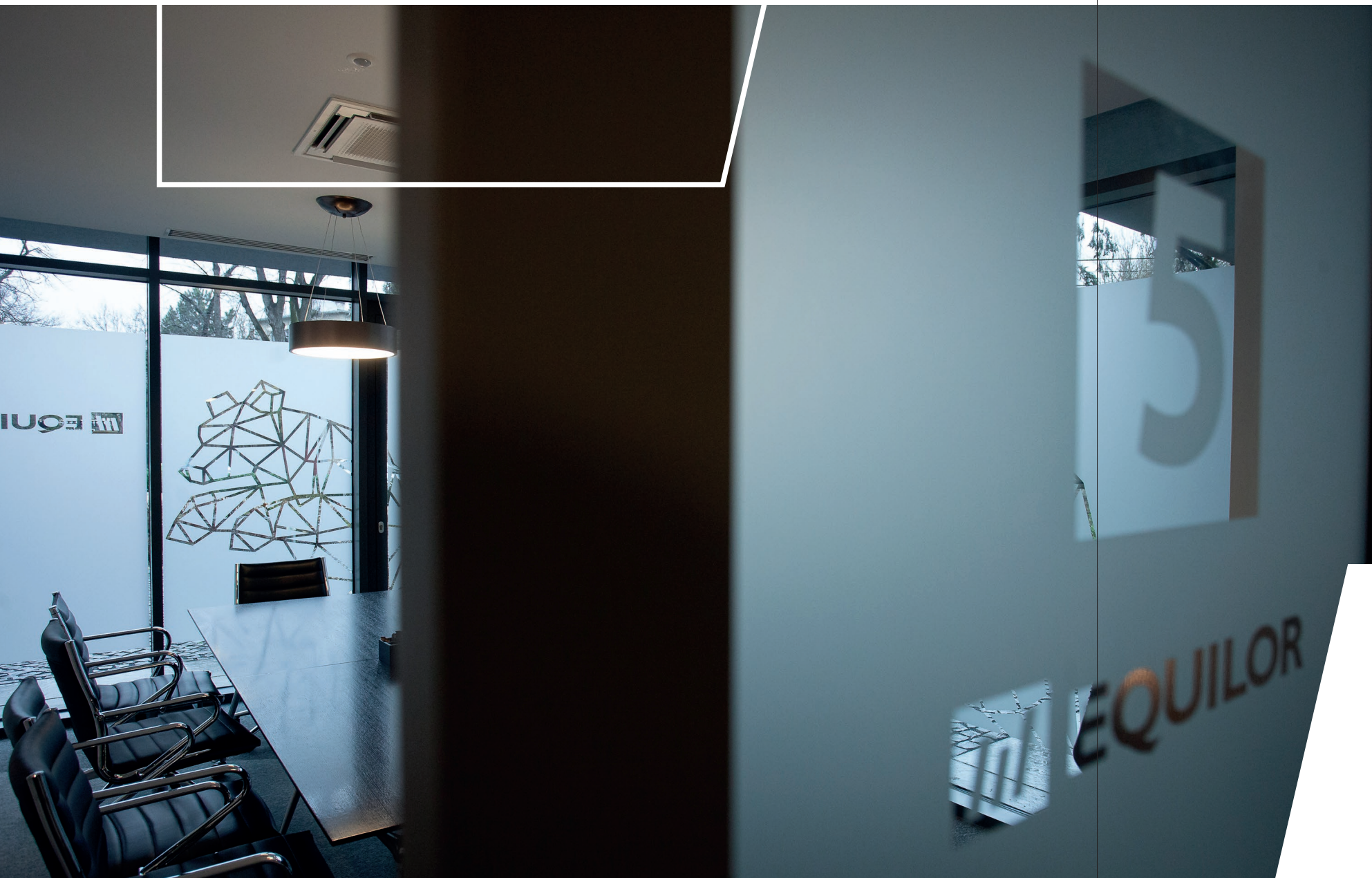


As a member of the Budapest, Prague, and Warsaw stock exchanges, Equilor is the only Hungarian service provider that serves Hungarian and international institutional clients via a direct presence on the stock market.

The need of institutional customers for direct electronic trading systems (called DMA) has continued in line with earlier trends; therefore it is important for us to remain in the forefront of service providers with technological developments, providing faster and safer access to regional stock exchanges.

Competition is very strong in the sector, and we have to vie for clients against providers who have large amounts of capital and are technologically developed, which we were not able to successfully do on all markets in 2019.

An important result that we achieved on the domestic market is that we participated in the successful sale of a number of private security issuances, which contributed to the good performance of the business branch. █



Equilor Asset Management

Equilor Asset Management closed 2019 with exceptionally good results. The assets managed increased significantly in the course of the year and amounted to almost HUF 145 billion by the end of the year. In the field of institutional asset management, we performed asset management for voluntary pension funds and business organizations.


By the end of 2019, Equilor Asset Management had thirteen funds, of which eight are public and five operate privately. The assets managed in the segment amount to HUF 138.4 billion.

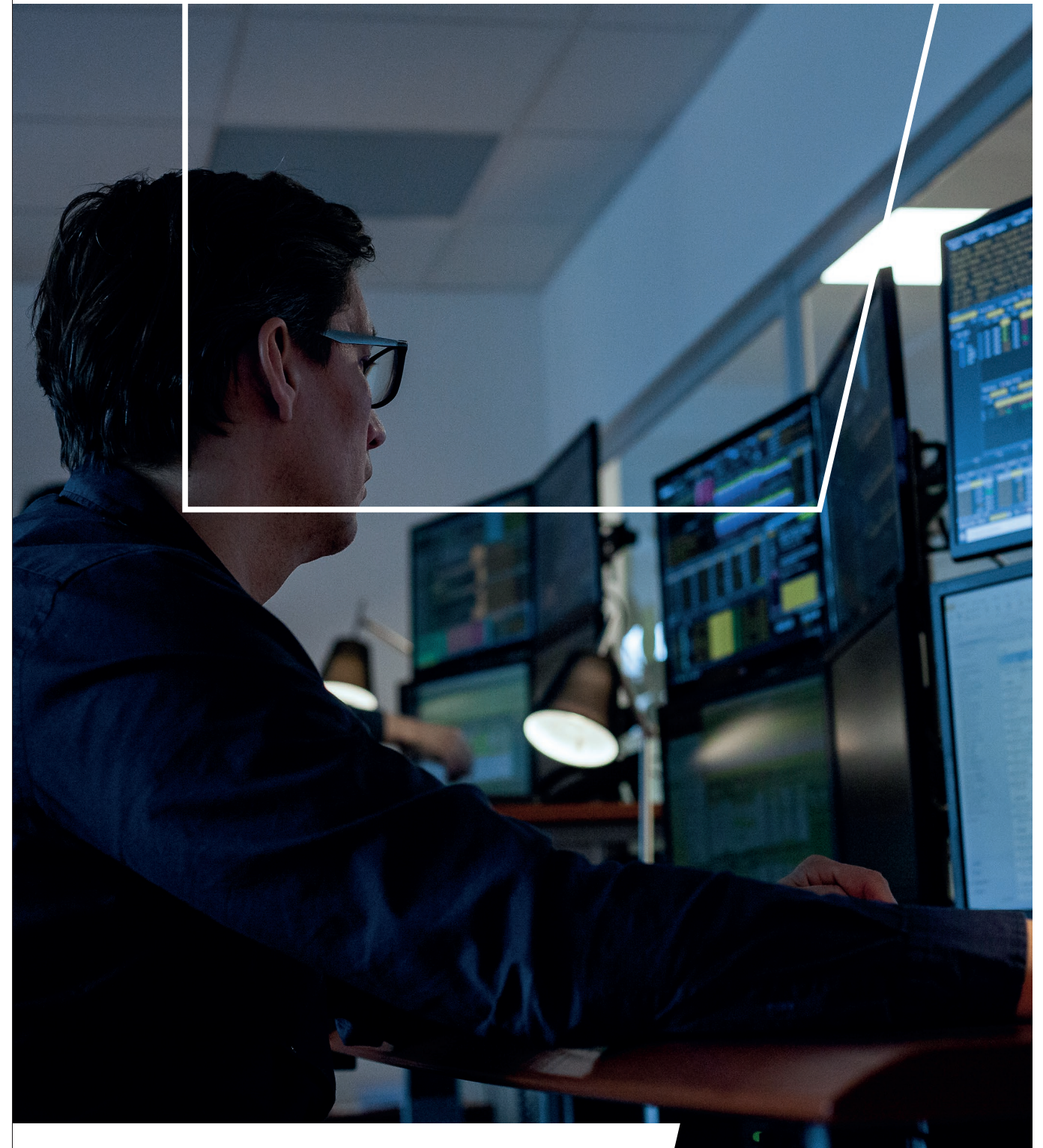
Similarly to 2018, the manager's most dynamically developing business branch was real estate funds, where it operated four privately managed funds. The fund portfolios include category "A" office buildings, areas under development, residential properties, and both speculative and long-term investments.

Similarly to 2019, the most important task of 2020 is the dynamic development of the real estate fund division. In 2019, our objectives include increasing the volume of and the return on our existing investment funds. In addition, it is of paramount importance to maintain the standard and results of our quality services to our institutional customers. Our investment strategies always reflect our value judgment and we broaden our product range accordingly. ■

Corporate Finance

In 2019, Equilor's Corporate Finance team successfully implemented a number of projects in connection with the capital market and business management consultancy services. Supporting the involvement of our clients' capital market resources was emphasised in 2019, and, among others, the year saw the start of the Growth Bond Programme (NKP), as part of which we supported our clients in achieving their borrowing targets. We also had an active presence on the market of public shares: in addition to managing the public purchase offers made for the shares of ELMŰ and ÉMÁSZ Nyrt., we also worked on preparing Pensum Nyrt.'s initial public offering, as a result of which the company's shares were introduced in the Budapest Stock Exchange's Standard category in 2020 Q1.

Similarly to previous years, in 2019 we continued developing our company assessment, business planning and evaluation services provided to private and risk capital fund managers, and we also cooperated in supporting the financing organisation and private sales activities of these clients. 





Equilor Fine Art

Equilor Fine Art Ltd, which deals with the fine art market and investing in works of art, was founded by Equilor 13 years ago. The company's activities include the management, building, enlargement and appraisal of collections, implementation of the sale and purchase of works of art, organization of exhibitions, arrangement of domestic and international verification of originality, as well as arrangement of credit and insurance services in relation to works of art.

Our background as an independent investment bank, along with personalised and committed consultancy, ensures that customer needs are effectively served.

As part of the cooperation launched in 2012, Equilor Fine Art was part of the team organising and supporting the Art Moments international contemporary visual arts festival in 2019 as well. 

Equilor Investment Ltd. Affiliates

Equilor Asset Management Ltd.

Issued share capital: HUF 112,000,000

Ownership share: 68.3%

Board of Directors:

Zsolt Pillár, chairman and CEO;

György Vas; János Melis

Supervisory Board:

Bálint Szécsényi, chairman;

Éva Németh; Péter Horváth

Equilor Corporate Advisory Ltd.

Issued share capital: HUF 5,000,000

Ownership share: 88%

Chief Executive Officer: András Gereben

Equilor Fine Art Ltd.

Issued share capital: HUF 168,000,000

Ownership share: 100%

Managing Director: Katalin Gereben, Dr

Budapest Stock Exchange Ltd.

Issued share capital: HUF 541,348,100

Ownership share: 0.15%

Corporate social responsibility

Equilor has been a sponsor of triathlon since 2016, not only because it is one of the most technically complex sports requiring great perseverance, but also because many in our team are committed members of the growing camp of triathlons, and Equilor's team even has two Iron Men in the persons of Krisztián Kőrössi and Péter Horváth.

With the sponsorship of the Újbuda Triathlon Team, we primarily want to support the competitive participation of junior-aged people, and we are proud that the outstanding athletes of the Equilor 575 Újbuda Team achieved the following results last year: Club Team national championship elite women's team, 1st place, UP boy's bronze medal, senior first place; MIX relay national championship elite 2nd place, UP team silver medal, Senior first place, adult relay first place; Aquatlon world championship Zsanett Bragmayer silver medal; Aquatlon European championship junior bronze medal Dominika Peszleg.

Our colleagues personally support the Smile Foundation, which was founded more than 20 years ago and provides therapeutic storytelling and art to children who have lost their mental and spiritual balance due to a serious illness or trauma (and their families). Therapeutic hospital sessions and long-term groups that assist rehabilitation are available in Budapest, Pécs, and Debrecen, and involve approximately 400-450 session for more than 800 children.



Balance Sheet (assets)

		in thousand HUF	
No,	Title	31/12/2018	31/12/2019
1	A) Fixed assets (lines 02+10+18)	546,509	656,477
2	I. INTANGIBLE ASSETS (lines 03-09)	52,428	78,674
3	Capitalised value of foundation/restructuring	0	0
4	Capitalised value of research and development	0	0
5	Concessions and similar rights	0	373
6	Intellectual assets	48,748	74,621
7	Goodwill	0	0
8	Advance payments of intangible assets	3,680	3,680
9	Revaluation of intangible assets	0	0
10	II. TANGIBLE ASSETS (lines 11-17)	213,368	223,873
11	Land and buildings and related concessions and similar rights	43,297	31,974
12	Technical equipment,machines and vehicles	0	0
13	Other equipment, machines and vehicles	167,613	191,899
14	Breeding stock	0	0
15	Capital WIP, renovations	2,458	0
16	Advance payments of capital WIP	0	0
17	Revaluation of tangible assets	0	0
18	III. FINANCIAL INVESTMENTS (lines 19-25)	280,713	353,930
19	Long term shares in related companies	243,000	247,200
20	Long term loans given to related companies	0	0
21	Other long term investments	11,516	11,516
22	Long term loans given to other investees	0	0
23	Other long term loans given	26,197	95,214
24	Securities representing long term loans	0	0
25	Revaluation of financial investments	0	0
26	B) Current assets (lines 27+34+49+54)	15,803,387	19,568,782
27	I. INVENTORIES (lines 28-33)	30,150	0
28	Raw materials and consumables	0	0
29	Work in progress and semi-finished goods	0	0
30	Animals	0	0
31	Finished goods	0	0
32	Goods	30,150	0
33	Advance payments on inventories stocks	0	0

		in thousand HUF	
No,	Title	31/12/2018	31/12/2019
34	II. RECEIVABLES (lines 35-48)	644,352	770,483
35	Trade account receivables	12,788	4,121
36	Account receivables from service supplied to customers	91,236	192,658
37	Account receivables from settlement of stock market transactions	0	0
38	Account receivables from settlements of over the counter transactions	0	0
39	Receivables from clearing houses and institutions offering clearing services	484,470	323,010
40	a) Claims against clearing houses	484,470	323,010
41	b) Claims against institutions offering clearing services	0	0
42	Receivables from related companies	156	155,619
43	Receivables from companies with material share relation	0	0
44	Receivables from companies with other share relation	0	0
45	Receivables from bills of exchange	0	0
46	Other receivables	55,702	95,075
47	Fair value adjustment of receivables	0	0
48	Positive difference of derivatives transactions	0	0
49	III. MARKETABLE SECURITIES (lines 50-53)	991,752	808,684
50	Investments in related companies	0	0
51	Other shares	23,875	8,616
52	Own shares	0	0
53	Securities presenting loans held for sale	967,877	800,068
54	IV. CASH AND BANK (lines 55-56)	14,137,133	17,989,615
55	Cash, cheques	20,287	23,201
56	Bank deposit	14,116,846	17,966,414
57	a) stock exchange account	1,579,619	1,803,285
58	b) Other bank deposit	12,537,227	16,163,129
59	C) Prepaid expenses and accrued income	15,368	31,200
60	Accrued income	12,943	9,540
61	Prepaid expenses	2,425	21,660
62	Deffered expenses	0	0
63	TOTAL ASSETS (lines 01+26+59)	16,365,264	20,256,459

29 April, 2020

Balance Sheet (liabilities)

in thousand HUF			
No.	Title	31/12/2018	31/12/2019
64	D) Shareholders' equity (lines 65+67+68+69+70+71+74+75)	2,067,770	1,932,951
65	I. ISSUED CAPITAL	1,000,000	1,000,000
66	of which: treasury shares repurchased at face value	0	0
67	II. ISSUED, BUT NOT PAID CAPITAL	0	0
68	III. CAPITAL RESERVE	21,369	21,369
69	IV. RETAINED EARNING FROM PREVIOUS YEARS	827,122	827,240
70	V. NON-DISTRIBUTABLE RESERVES	0	0
71	VI. VALUATION RESERVE	0	0
72	1. Valuation reserve of revaluation of assets	0	0
73	2. Fair valuation reserve	0	0
74	VII. GENERAL RESERVE	0	0
75	VIII. PROFIT OR LOSS FOR THE YEAR	219,279	84,342
76	E) Provisions (lines 77-79)	0	0
77	Provisions for expected liabilities	0	0
78	Provisions for future costs	0	0
79	Other provisions	0	0
80	F) Liabilities (lines 81+85+93)	14,220,599	18,279,471
81	I. Subordinated liabilities	0	0
82	Subordinated liabilities to related companies	0	0
83	Subordinated liabilities to other investees	0	0
84	Subordinated liabilities to other entities	0	0
85	II. LONG-TERM LIABILITIES (lines 86-92)	0	9,171
86	Long-term credits	0	0
87	Convertible bonds	0	0
88	Investment and development loans	0	0
89	Other long-term loans	0	0
90	Long term liabilities to related companies	0	9,171
91	Long term liabilities to other investees	0	0
92	Other long-term liabilities	0	0
93	III. SHORT-TERM LIABILITIES (lines 94-101, 105-110)	14,220,599	18,270,300
94	Short-term credits	0	0
95	Short-term loans	0	1,131,421
96	Advance payments received from customers	0	0
97	Trade accounts payables	26,037	25,890
98	Liabilities towards customers	13,416,487	17,009,564
99	Liabilities from settlement of stock market transactions	0	0
100	Liabilities from settlement of over the counter transactions	0	0
101	Liabilities towards clearing houses and institutions offering clearing services	0	0
102	a) Liabilities towards clearing houses	0	0

in thousand HUF			
No.	Title	31/12/2018	31/12/2019
103	b) Liabilities towards institutions offering clearing services	0	0
104	Short-term liabilities towards related companies	679,366	7,278
105	Short-term liabilities towards companies with material share relation	0	0
106	Short-term liabilities to other investees	0	0
107	Bill of exchange payable	0	0
108	Other short-term liabilities	98,709	96,147
109	Fair value adjustment of liabilities	0	0
110	Negative difference of derivatives transactions	0	0
111	G) Accrued expenses and deferred income (lines 112-114)	76,895	44,037
112	Deferred revenues	0	2,133
113	Accrued expenses	76,895	41,904
114	Deferred income	0	0
115	TOTAL LIABILITIES (lines 64+76+80+111)	16,365,264	20,256,459

29 April, 2020

Profit and Loss Statement

in thousand HUF			
No.	Title	31/12/2018	31/12/2019
a)	Incomes from stock brokerage activities	1,739,301	1,427,271
b)	Incomes from commercial activities	345,353	225,269
c)	Incomes from security issuing activities	18,750	65,216
d)	Incomes from deposit and portfolio management activities	51,156	64,221
e)	Incomes from other investment service activities	883,156	644,272
1	Incomes from investment service activities (lines a+b+c+d+e)	3,037,716	2,426,249
	of which valuation difference	0	0
f)	Expenditures of stock brokerage activities	491,756	318,204
g)	Expenditures of commercial activities	222,504	176,086
h)	Expenditures of share issuing activities	0	0
i)	Expenditures of deposit and portfolio management activities	26,455	11,643
j)	Expenditures of other investment service activities	245,656	30,911
2	Expenditures of investment service activities (lines f+g+h+i+j)	986,371	536,844
	of which valuation difference	0	0
I.	Profit on investment service activities (lines 01-02)	2,051,345	1,889,405
II.	Other incomes	79,054	92,738
	of which: reversal of impairment loss provision	203	5,632
III.	Incomes from non-investment service activities	0	40,000
IV.	Own performance capitalized	0	0
a	Cost of raw materials	30,474	27,281
b	Value of services used	427,606	464,315

in thousand HUF			
No.	Title	31/12/2018	31/12/2019
c	Value of other services	13,758	16,219
d	Cost of goods sold	0	30,150
e	Value of recharged services	26,597	36,863
V.	Material type expenditures (lines a-e)	498,435	574,828
3	Wages	651,743	677,432
4	Other personnel-related payments	75,687	80,289
5	Personnel related contributions	139,772	141,897
VI.	Personnel-related expenditures (lines 03-05)	867,202	899,618
VII.	Depreciation	68,414	75,141
VIII.	Other expenses	470,236	401,611
	of which: impairment loss provision	3,650	1,425
IX.	Non-investment service activities expenditures	0	0
A	TRADING PROFIT (lines I-IX)	226,112	70,945
6	Dividends and profit-sharing received	57,174	15,072
	of which: received from related companies	47,430	15,002
7	Capital gains on investments	0	0
	of which: received from related companies	0	0
8	Interest and financial gains on financial investments	0	0
	of which: received from related companies	0	0
9	Interest and interest-like revenues	20,313	15,968
	of which: received from related companies	10	1,845
10	Other incomes from financial transactions	44,956	47,729
	of which: valuation difference	0	0
X.	Incomes from financial transactions (lines 6-10)	122,443	78,769
11	Expenses and financial losses from investment	0	0
	of which: from related companies	0	0
12	Interest and capital gains on financial investments	0	0
	of which: from related companies	0	0
13	Paid interests and interest-like payments	98,441	39,953
	of which: from related companies	88,211	21,522
14	Write-off of financial investments	0	0
15	Other expenditures of financial transactions	25,365	25,419
	of which: valuation difference	0	0
XI.	Expenditures of financial transactions (lines 11-15)	123,806	65,372
B	PROFIT ON FINANCIAL TRANSACTIONS (lines X-XI)	-1,363	13,397
C	PROFIT BEFORE TAXATION	224,749	84,342
XII.	Tax liability	5,470	0
F	PROFIT AFTER TAXES	219,279	84,342
XIII.	General reserve creation (+) /usage (-)	0	0
G.	PROFIT OR LOSS FOR THE YEAR	219,279	84,342

29 April, 2020

CASH-FLOW statement

in thousand HUF		
	31/12/2018	31/12/2019
I. OPERATIONAL CASH-FLOW	-5,573,261	3,530,050
1. Profit before taxes +/-	224,749	84,342
2. Depreciation+	68,414	75,141
3. Impairment accounted and reversed +/-	-141,027	-4,005
4. Difference between provisions made and provisions used +/-	-54	0
5. Income from fixed asset disposals +/-	-9,916	-11,190
6. Changes in trade payables +/-	3,427	-147
7. Changes in liabilities to clients +/-	-5,401,786	3,593,077
8. Changes in other current liabilities +/-	220	4,094
9. Changes in accrued expenses and deferred income +/-	11,041	-32,858
10. Changes in trade account receivables +/-	-11,386	8,667
11. Changes in current assets (without receivables and financial assets) +/-	-187,454	47,923
12. Changes in accrued expenses and deferred income +/-	22,194	-15,832
13. Taxes paid (on profits) -	-5,470	0
14. Dividends and profit shares paid -	-146,213	-219,162
II. INVESTMENT CASH FLOW	43,099	-158,848
15. Purchase of fixed assets -	-62,231	-256,481
16. Sale and reclassification of fixed assets +	48,156	82,561
17. Repayment, termination and redemption of long-term loans given and bank deposits placed +	0	0
18. Long-term loans given and bank deposits placed -	0	0
19. Dividend, profit sharing received +	57,174	15,072
III. FINANCIAL CASH FLOW	-33,130	481,280
20. Proceeds from the issue of shares (fundraising) +	0	0
21. Proceeds from the issue of bonds and debt securities +	0	0
22. Loans taken +	88,211	1,262,114
23. Final cash received +	0	0
24. Reduction of stock (decrease of capital) -	0	0
25. Repayment of bonds -	0	0
26. Loan repayment -	-138,709	-800,264
27. Non-repayable assets given -	-150	-100
28. Valution of cash in foreign currencies +/-	17,518	19,530
IV. CHANGES IN CASH	-5,563,292	3,852,482

The supplementary notes which are integral part of the financial statements are not included. The supplementary notes can be read using the following link: www.equilor.hu/kozvetetelek which may be necessary to understand the financial position of the company.

29 April, 2020



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Translation of the Hungarian original
INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EQUILOR Befektetési Zrt.

Opinion

We have audited the financial statements of EQUILOR Befektetési Zrt. (the „Company”) for the year 2019 which comprise the balance sheet as at December 31, 2019 (which shows an equal amount of total assets and total liabilities of thHUF 20,256,459 and profit for the year of thHUF 84,342), as well as the related profit and loss account for the year then ended and the 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 its financial performance for the year then ended in accordance with Act C of 2000 on Accounting (the „Accounting Act”) effective in Hungary.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the *“The Auditor’s Responsibilities for the Audit of the Financial Statements”* section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the “Rules of conduct (ethical rules) of the auditor profession and the disciplinary process” of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the “Code of Ethics for Professional Accountants” (the IESBA Code) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the same 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 our 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.



Key audit matter	How our audit addressed the matter
Completeness of custody assets	
Due to the specific reporting requirements the client cash is reported as liabilities whereas client securities being off balance sheet items are reported in the supplementary notes to the financial statements.	The relevant audit procedures performed by us included the followings:
The management should design implement and operate an effective control environment to ensure the permanent availability of the complete custody assets.	- interview of management and those charged with governance,
In case the control environment was not operating effectively shortage could occur in some clients’ properties.	- testing the control over reconciliation of custody assets,
Based on the significance of the above described circumstances the completeness of custody assets was identified as a key audit matter.	- reconciling the client cash with the depository cash by depository sites based on confirmation letters,
	- reconciling the client securities with the depository securities by depository sites based on confirmation letters,
	- sample based testing of execution and settlement of client orders,
	- testing client complaints,
	- reviewing subsequent events.

Other Information: The Business Report

Other information includes the business report of the Company for 2019. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the financial statements is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the financial statements.

In our opinion, the business report of the Company for 2019 corresponds to the financial statements of the Company for 2019 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern principle, and preparing the financial statements using the going concern basis of accounting. Management must apply the going concern principle, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives during the 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, on the basis of the above, an auditor's report 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 Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they 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 Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism 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 management.
- ✓ Conclude on the appropriateness of management's preparation of the financial statements in accordance with the going concern principle 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our



conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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 the Company's internal control that we identify during the 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 auditor's 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

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 16 April 2019 and our uninterrupted engagement has lasted for 8 years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 09 April 2020 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements and/or in the business report.



The engagement partner on the audit resulting in this independent auditor's report is the signatory of the report.

Budapest, 29 April 2020

Free translation Hungarian version is signed

Venilia Vellum Könyvvizsgáló és Adótanácsadó Kft.

Company registration no: 01-09-566797

Investment company qualified registration no of Audit Company: TBV000340

Address: 1026 Budapest, Szilágyi Erzsébet fasor 79.

Name of Authorized representative: Gábor Merkel

on behalf of Venilia Vellum Ltd. and as a statutory registered auditor

Investment company qualified registration number of statutory registered auditor: EBV007363

This is a translation of Hungarian original – in case of any differences the Hungarian original is prevails.



Equilor is a full-fledged member of the Budapest, Prague and Warsaw Stock Exchanges



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