

# Annual Report

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2020





*Krisztián Körössy*  
Krisztián Körössy  
Managing Director

*Bálint Szécsényi*  
Bálint Szécsényi  
Chief Executive Officer

*András 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. Although 30 years have since passed, our goals remain the same.


Over the past years, in addition to the ongoing 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 high quality investment and banking services to our private and corporate clients requires continuous development in terms of both product structure and technology. 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 endeavor 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 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 in the CEE region as a full-fledged member of the Budapest and Prague 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.

We consider it a great honor that in 2020 the jury of the Budapest Stock Exchange awarded second place to Equilor Befektetési Zrt in "The Investment Service Provider of the Year" competition. 

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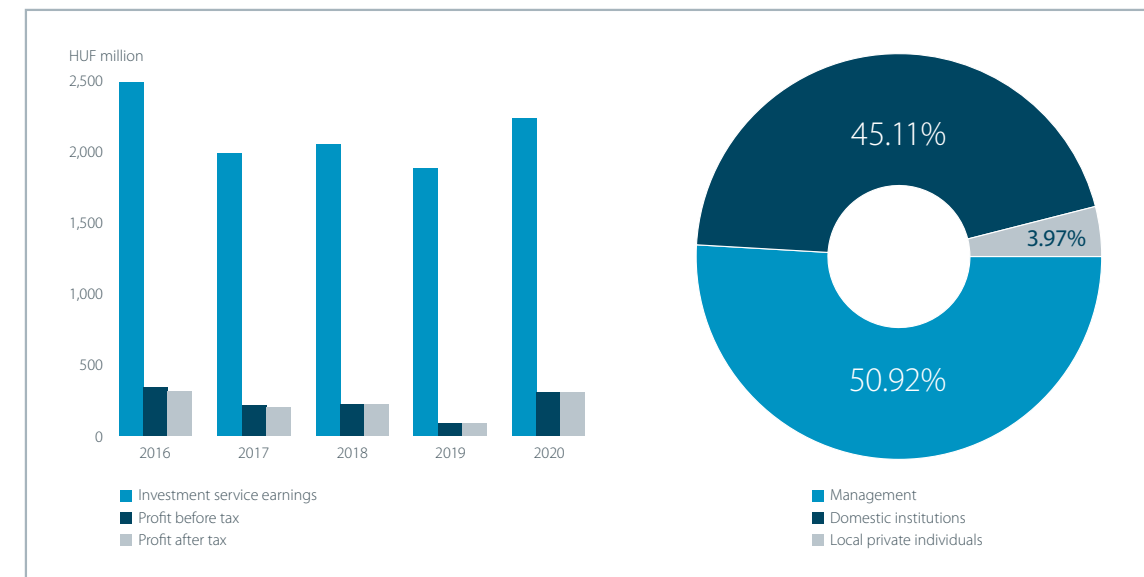


# Summary Financial and Corporate Information

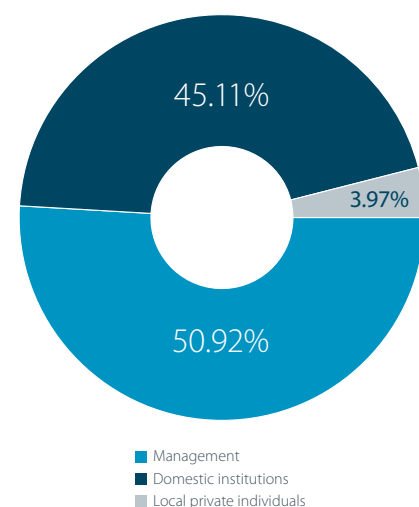
## Financial highlights

(in thousand HUF)	2016	2017	2018	2019	2020
Total assets	19,148,809	21,729,848	16,365,264	20,256,459	<b>30,082,191</b>
Shareholders' equity	2,302,692	1,994,704	2,067,770	1,932,951	<b>2,180,011</b>
Issued capital	1,000,000	1,000,000	1,000,000	1,000,000	<b>1,000,000</b>
Profit on investment service activities	2,494,541	1,986,063	2,051,345	1,889,405	<b>2,232,338</b>
Profit before tax	330,546	205,658	224,749	84,342	<b>309,260</b>
Profit after tax	305,113	190,262	219,279	84,342	<b>309,260</b>
Return on equity	17%	9%	11%	4%	<b>16%</b>

## Profit and loss data



## Ownership structure



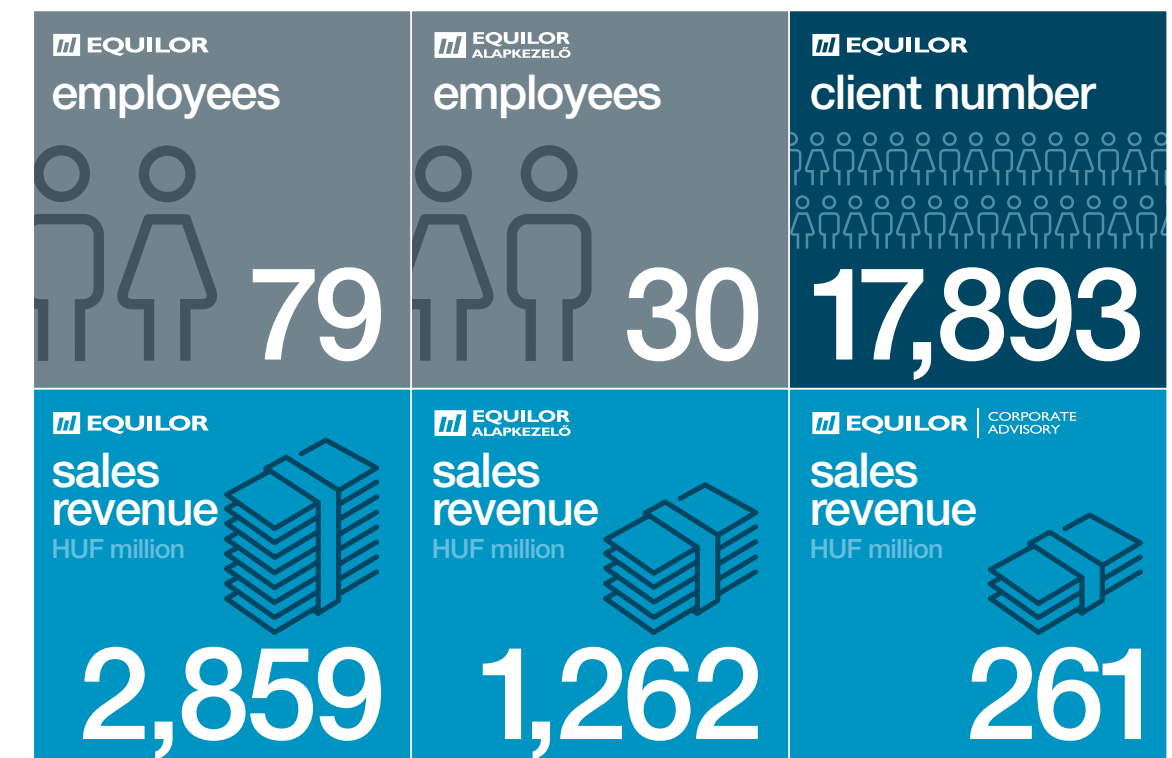
## Executive officers and persons in senior positions

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

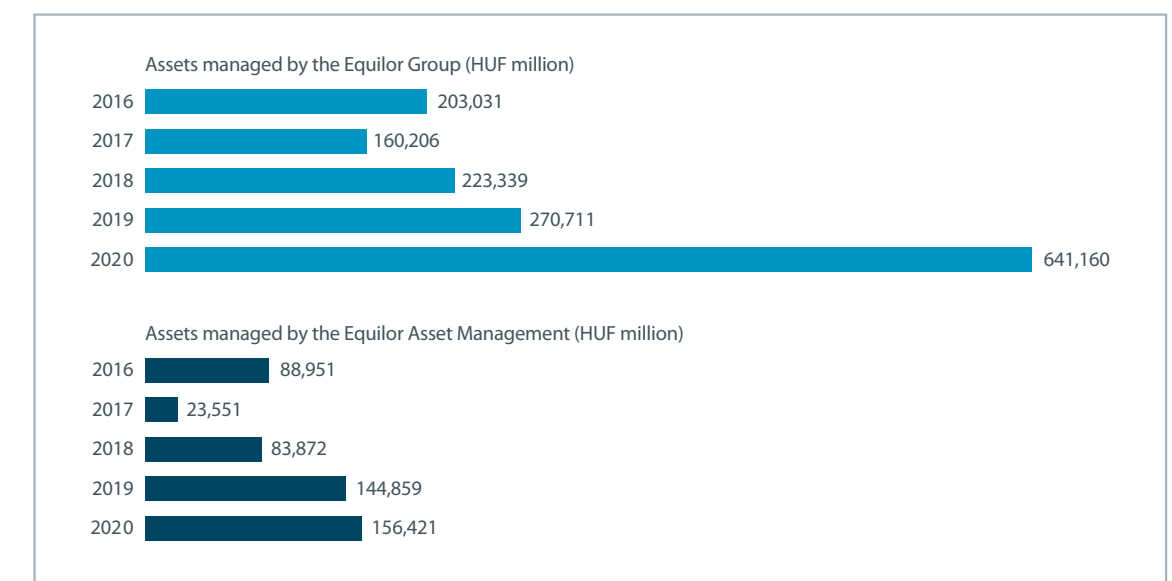
**Equilor's Supervisory Board** Dr. József Tóth, chairman // András Gömböcz // György Vas

**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

# The Equilor Group



## Assets managed by the Equilor





# Management Report

## The year we will always remember

Although the analysis of global processes does not necessarily form part of the annual report of our company that has been operating for more than three decades, we can safely say that 2020 was an extraordinary year not only in terms of macroeconomics of the capital market, but also as regards the events of recent history.

We are already familiar with the short-term effects of the virus; however, the long-term social, political, and psychological changes it causes are much more interesting, and examining these in detail will provide researchers and analysts in a wide range of sciences large amounts of work for years to come.

Depending on their place in society and their financial opportunities, everyone re-evaluated the order of importance of things and maybe even had time to get to know themselves better in an environment created by an extraordinary situation.





The principle goal of companies was to maintain operability, increase flexibility, and continuously adapt; most companies were able to do so to some extent, although the coronavirus pandemic and the resulting restrictions resulted in significant decreases in economic performance.

According to the IMF's calculations, world economic figures dropped by 3.3% in 2020, which was the worst figure since 1980 (when they started collecting data). A whole slew of economists compared the situation to that of the economic recession of 1929, though experience helped avoid a similar catastrophe. According to the IMF's forecasts, the world economy may grow by 6% in 2021 and 4.4% in 2022.

However, financial decision-makers resorted to solutions never seen before in the interest of overcoming the challenges of the previous year. Overseas, financial stimulus packages with values of more than USD 1 trillion were introduced one after the other, and the European Union decided to issue common bonds which are being made available to Member States partly as non-refundable subsidies and partly as loans, all in the interest of helping the economy get back on its feet. Central banks have not stood idly by either, turning up their various relaxed fiscal policies to eleven and further decreasing base interest rates wherever possible.

This not only continued the economic experiment under way since 2009 but even upped the ante, though this may come at a high price later on. The various nations have gone deeper into debt than ever before, with the United States' federal debt reaching 129% of the GDP by the end of the year, and this figure may continue to increase with the introduction of newer Biden packages. Even Germany, renowned for its prudence, started seemingly extravagant spending that may cause the state debt to reach 70% of GDP. Hungary was no exception: although the debt-to-GDP ratio has continuously decreased over the course of the past 10 years, the end of 2020 saw a return to 2010 levels with a figure of 80%.

2020 will also be memorable in international politics. The United Kingdom's exit from the European Union was finally settled, which allows the two regions to again trade with each other without customs fees. The biggest open question pertains to the financial sector; however, despite of these uncertainties, the smooth operation of the European financial sector continues to be guaranteed. The European Union managed to agree on the upcoming budget and even managed to implement the common bond issue, which had previously been unimaginable; these were used to compile a substantial fiscal package to manage the crisis.

Another important issue in 2020 was who would win the elections in the United States. The victory and inauguration of Joe Biden saw a less divisive and more centralist politician take office to manage the world's largest economy. Joe Biden started off by relegating the extremists in his own party to the back rows and went on to prove that Donald Trump's flavor of populism can be overcome from the center. However, one of the most significant results of Trump's presidency, the recognition of the Chinese challenge, is expected to be unavoidable, and the Democratic leadership will also have to take action against this significant economic threat.

Capital markets also experienced historical movement. The first quarter of the year brought drops in exchange rates not seen since the big economic recession; however, these returned to normal with unprecedented speed after the Fed's famous statement that they would do everything in their power to restore the economy: by the end of the year, most important American indexes closed at historical highs and even some European indexes experienced unforeseen levels by January. We saw the direct opposite of this process in the case of the VIX index (which represents volatility on the world market), which rose to seldom-experienced heights in March. But despite these record high market prices, the index never dropped below 20, even though it had dropped to values below 10 on previous occasions.



As regards the year 2021, a positive factor could be that vaccination levels are quite high in a number of countries – including Hungary – and developed countries are getting to the point where everyone who wants the vaccine is able to gain access to it, which can allow life to return to normal and economic players can again breathe easier. The only threat now is the appearance of a mutant virus that the current vaccines may not be effective against; luckily the chances of this are slim.

Inflation levels remained low in 2020 on a global scale, which were compounded by the mid-year plummeting of oil prices and the official restrictions put in place due to the epidemic. Inflation fears may significantly grow in 2021 thanks to the restarting of economies and the exceptionally low basis effect. Central banks are emphasizing that these effects are temporary, and they are currently not expecting lasting inflation pressure. Last year, the increase in consumer price indexes was 3.3% in Hungary, which is within the central bank's tolerance range. However, at 3.7% the core inflation filtered for tax effects was higher; this is the index to which the National Bank of Hungary (MNB) attributes especial importance.

From the aspect of capital markets and Equilor, a positive development was the record rate of growth in savings last year, which was a result partly of the increase in markets and partly by unspent earnings. Due to these positive effects, the Equilor group's revenues exceeded HUF 4.3 billion and the amount of the assets we managed grew to more than HUF 380 billion.

Equilor Befektetési Zrt had the eighth largest turnover on the spot market of the Budapest stock market, and it finished 2020 at 38th place on the Warsaw Stock Exchange. The company's financial consultancy team organized a number of public and private offerings with a combined value close to HUF 300 billion.

Although last year was one of the greatest challenges of Equilor's more than 30-year-long history, the company's exceptionally stable IT background and strong financial position helped us face these challenges with the help of the dedicated work of our employees and the unwavering trust of our clients. The challenges allowed us to gain new experience; using the knowledge that we obtained and the conclusions we drew, we are able to continue to provide our clients with the highest quality services in the future.





## Private Banking and Premium Investment Services

2020 was filled with challenges in the investment field as well, though luckily these were of a different nature than those experienced in areas heavily affected by the virus. The collapse of the shares market in March required a lot of work and the strict adherence to risk management by our Private Banking and Premium Investment division, which bore fruit later on in the year. The fact that the markets quickly regained their balance provided a possibility to direct the attention of our clients to numerous new investment products. This was measurable not only in the satisfaction of existing clients, but also in the significant influx of new clients. The investments managed by the Private Banking and Premium Investment division grew from HUF 140 billion to more than HUF 200 billion by the end of 2020.

Examining the product distribution, it can be further determined that the wide investment portfolio showed a healthy balance between the various products. Retail government securities continue to be very popular, though an increasing number of investors are directing their attention away from the Budapest Stock Exchange and towards the international securities market, especially American stock markets, which also provided exceptional possibilities regarding yields last year. The foreign currency market also maintained its leading role, where trading for domestic legal tenders was high regarding both turnover and income.

With the introduction of its investment consultancy service, the company took a big step in the direction of perfecting the premium and tailored service that had already enjoyed the most success among our clients. We believe that our client-centric, private banking approach will have results not only in the satisfaction of our clients, but also in performance that approximates expected yields. The adaptation to challenges is reflected by the fact that the number of staff in the Private Banking and Premium Investment division was expanded by 20% in 2020, further strengthening the high level of service enjoyed by our clients. ▀





# Equilor Asset Management

Equilor Asset Management closed 2020 with the highest level of results and assets managed since its foundation in 2012. The assets managed increased by 8.37%, surpassing the market average, in the course of the year and amounted to almost HUF 157 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.

In 2021, Equilor Asset Management is one of the few Hungarian asset managers on the market that deals with the management of private and public securities, real estate investments funds, private capital funds, and portfolios as well as providing investment consultancy.

The Asset Management's team of experts is thus able to provide in-house truly complex, tailored portfolio management services for its clients.

A testament to the success of our work is the fact that both our Central European Equity Fund and the Noah International Share Investment Fund received Class Awards from the professional jury at Privátbankár.hu in 2020.

One of the most important tasks in 2020 was to develop the private capital fund management branch. For next year, our objectives include increasing the volume of and the return on our existing balanced-performance investment funds.

Our investment strategies always reflect our value judgment and we broaden our product range accordingly. ▮



# Corporate Finance

In 2020, Equilor's Corporate Finance team successfully advised on a number of projects by providing capital market and management consulting services.

The year was dominated by private transactions, in which we actively supported our clients both on buy and sell sides during the course of various M&A projects. The company continued its active involvement in capital market transactions: as part of the National Bank of Hungary's Bond Funding for Growth Scheme, we supported many of our clients in successfully achieving their fundraising goals. By the issuance of bond securities, more than HUF 200 billion was raised. Similarly to previous years, in 2020, we continued to enhance our due diligence, business planning and valuation services provided also to private equity and venture capital firms. Additionally, we also supported these clients in organizing their financing activities. ■







## Institutional Trading

As a member of the Budapest and Warsaw stock exchanges, Equilor serves Hungarian and international institutional clients as well as the world's largest investment banks and fund managers via a direct presence on the stock market.

We are increasingly using direct market access (DMA) services to serve our institutional clients, in addition to which we also consider our analysis and consultancy services to be very important, as they allow us to convey added value to our partners.

We have participated in organizing a number of private securities issues and stock exchange auctions on the Hungarian market, which further bolstered our market share in 2020. **■**

## 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, compilation, 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 personalized and committed consultancy, ensures that customer needs are effectively served. **■**



# 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

Our colleagues personally support the Magic Lamp Wish Granting Foundation, which has been fulfilling the wishes of gravely ill children since 2003, as well as the Smile Foundation, which was founded more than 20 years ago and provides therapeutic storytelling and art therapy to children who have lost their mental and spiritual balance due to a serious illness or trauma (and to their families). Our hospital therapy sessions and their groups aimed at providing long-term assistance in rehabilitation are available in Budapest, Pécs, and Debrecen, and they hold 400-450 therapy sessions for approximately 800 children. 





## Balance Sheet (assets)

		in thousand HUF	
No,	Title	31/12/2019	31/12/2020
<b>1</b>	<b>A) Fixed assets (lines 02+10+18)</b>	<b>656,477</b>	<b>701,796</b>
<b>2</b>	<b>I. INTANGIBLE ASSETS (lines 03-09)</b>	<b>78,674</b>	<b>126,671</b>
3	Capitalised value of foundation/restructuring	0	0
4	Capitalised value of research and development	0	0
5	Concessions and similar rights	373	45,131
6	Intellectual assets	74,621	73,860
7	Goodwill	0	0
8	Advance payments of intangible assets	3,680	7,680
9	Revaluation of intangible assets	0	0
<b>10</b>	<b>II. TANGIBLE ASSETS (lines 11-17)</b>	<b>223,873</b>	<b>202,556</b>
11	Land and buildings and related concessions and similar rights	31,974	26,258
12	Technical equipment,machines and vehicles	0	0
13	Other equipment, machines and vehicles	191,899	176,298
14	Breeding stock	0	0
15	Capital WIP, renovations	0	0
16	Advance payments of capital WIP	0	0
17	Revaluation of tangible assets	0	0
<b>18</b>	<b>III. FINANCIAL INVESTMENTS (lines 19-25)</b>	<b>353,930</b>	<b>372,569</b>
19	Long term shares in related companies	247,200	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	95,214	113,853
24	Securities representing long term loans	0	0
25	Revaluation of financial investments	0	0
<b>26</b>	<b>B) Current assets (lines 27+34+49+54)</b>	<b>19,568,782</b>	<b>29,338,266</b>
<b>27</b>	<b>I. INVENTORIES (lines 28-33)</b>	<b>0</b>	<b>0</b>
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	0	0
33	Advance payments on inventories stocks	0	0

		in thousand HUF	
No,	Title	31/12/2019	31/12/2020
<b>34</b>	<b>II. RECEIVABLES (lines 35-48)</b>	<b>770,483</b>	<b>306,117</b>
35	Trade account receivables	4,121	14,107
36	Account receivables from service supplied to customers	192,658	88,347
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	323,010	92,000
40	a) Claims against clearing houses	323,010	92,000
41	b) Claims against institutions offering clearing services	0	0
42	Receivables from related companies	155,619	108,150
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	95,075	3,513
47	Fair value adjustment of receivables	0	0
48	Positive difference of derivatives transactions	0	0
<b>49</b>	<b>III. MARKETABLE SECURITIES (lines 50-53)</b>	<b>808,684</b>	<b>1,011,809</b>
50	Investments in related companies	0	0
51	Other shares	8,616	22
52	Own shares	0	64,754
53	Securities presenting loans held for sale	800,068	947,033
<b>54</b>	<b>IV. CASH AND BANK (lines 55-56)</b>	<b>17,989,615</b>	<b>28,020,340</b>
55	Cash, cheques	23,201	24,890
56	Bank deposit	17,966,414	27,995,450
57	a) stock exchange account	1,803,285	1,642,108
58	b) Other bank deposit	16,163,129	26,353,342
<b>59</b>	<b>C) Prepaid expenses and accrued income</b>	<b>31,200</b>	<b>42,129</b>
60	Accrued income	9,540	11,322
61	Prepaid expenses	21,660	30,807
62	Deffered expenses	0	0
<b>63</b>	<b>TOTAL ASSETS (lines 01+26+59)</b>	<b>20,256,459</b>	<b>30,082,191</b>

29 April, 2021



## Balance Sheet (liabilities)

in thousand HUF			
No.	Title	31/12/2019	31/12/2020
<b>64</b>	<b>D) Shareholders' equity (lines 65+67+68+69+70+71+74+75)</b>	<b>1,932,951</b>	<b>2,180,011</b>
65	I. ISSUED CAPITAL	<b>1,000,000</b>	<b>1,000,000</b>
66	of which: treasury shares repurchased at face value	0	33,500
67	II. ISSUED, BUT NOT PAID CAPITAL	0	0
68	III. CAPITAL RESERVE	21,369	21,369
69	IV. RETAINED EARNING FROM PREVIOUS YEARS	827,240	784,628
70	V. NON-DISTRIBUTABLE RESERVES	0	64,754
71	VI. VALUATION RESERVE	0	0
72	1. Valuation reserve of revaluation of assets	0	0
73	2. Fair valuation reserve	<b>0</b>	<b>0</b>
74	VII. GENERAL RESERVE	0	0
75	VIII. PROFIT OR LOSS FOR THE YEAR	84,342	309,260
<b>76</b>	<b>E) Provisions (lines 77-79)</b>	<b>0</b>	<b>7,317</b>
77	Provisions for expected liabilities	0	0
78	Provisions for future costs	0	0
79	Other provisions	0	7,317
<b>80</b>	<b>F) Liabilities (lines 81+85+93)</b>	<b>18,279,471</b>	<b>27,779,320</b>
81	I. Subordinated liabilities	<b>0</b>	<b>0</b>
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)	9,171	13,707
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	9,171	13,707
91	Long term liabilities to other investees	0	0
92	Other long-term liabilities	0	0
93	III. SHORT-TERM LIABILITIES (lines 94-101, 104-110)	18,270,300	27,765,613
94	Short-term credits	0	0
95	Short-term loans	1,131,421	250,216
96	Advance payments received from customers	0	0
97	Trade accounts payables	25,890	26,297
98	Liabilities towards customers	17,009,564	27,212,365
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	31/12/2019	31/12/2020
103	b) Liabilities towards institutions offering clearing services	0	0
104	Short-term liabilities towards related companies	7,278	90,239
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	96,147	186,496
109	Fair value adjustment of liabilities	0	0
110	Negative difference of derivatives transactions	0	0
<b>111</b>	<b>G) Accrued expenses and deferred income (lines 112-114)</b>	<b>44,037</b>	<b>115,543</b>
112	Deferred revenues	2,133	2,353
113	Accrued expenses	41,904	113,190
114	Deferred income	0	0
<b>115</b>	<b>TOTAL LIABILITIES (lines 64+76+80+111)</b>	<b>20,256,459</b>	<b>30,082,191</b>

29 April, 2021

## Profit and Loss Statement

in thousand HUF			
No.	Title	31/12/2019	31/12/2020
a)	Incomes from stock brokerage activities	1,427,271	1,633,807
b)	Incomes from commercial activities	225,269	312,698
c)	Incomes from security issuing activities	65,216	245,326
d)	Incomes from deposit and portfolio management activities	64,221	79,170
e)	Incomes from other investment service activities	644,272	588,442
<b>1</b>	<b>Incomes from investment service activities (lines a+b+c+d+e)</b>	<b>2,426,249</b>	<b>2,859,443</b>
	of which valuation difference	0	0
f)	Expenditures of stock brokerage activities	318,204	344,388
g)	Expenditures of commercial activities	176,086	199,581
h)	Expenditures of share issuing activities	0	13,710
i)	Expenditures of deposit and portfolio management activities	11,643	14,425
j)	Expenditures of other investment service activities	30,911	55,001
<b>2</b>	<b>Expenditures of investment service activities (lines f+g+h+i+j)</b>	<b>536,844</b>	<b>627,105</b>
	of which valuation difference	0	0
<b>I.</b>	<b>Profit on investment service activities (lines 01-02)</b>	<b>1,889,405</b>	<b>2,232,338</b>
<b>II.</b>	<b>Other incomes</b>	<b>92,738</b>	<b>79,806</b>
	of which: reversal of impairment loss provision	5,632	8,926
<b>III.</b>	<b>Incomes from non-investment service activities</b>	<b>40,000</b>	<b>0</b>
<b>IV.</b>	<b>Own performance capitalized</b>	<b>0</b>	<b>0</b>
a	Cost of raw materials	27,281	23,653
b	Value of services used	464,315	455,316



in thousand HUF			
No.	Title	31/12/2019	31/12/2020
c	Value of other services	16,219	20,892
d	Cost of goods sold	30,150	0
e	Value of recharged services	36,863	37,247
<b>V.</b>	<b>Material type expenditures (lines a-e)</b>	<b>574,828</b>	<b>537,108</b>
3	Wages	677,432	762,064
4	Other personnel-related payments	80,289	61,971
5	Personnel related contributions	141,897	139,607
<b>VI.</b>	<b>Personnel-related expenditures (lines 03-05)</b>	<b>899,618</b>	<b>963,642</b>
<b>VII.</b>	<b>Depreciation</b>	<b>75,141</b>	<b>94,200</b>
<b>VIII.</b>	<b>Other expenses</b>	<b>401,611</b>	<b>478,236</b>
	of which: impairment loss provision	1,425	5,188
<b>IX.</b>	<b>Non-investment service activities expenditures</b>	<b>0</b>	<b>0</b>
<b>A</b>	<b>TRADING PROFIT (lines I-IX)</b>	<b>70,945</b>	<b>238,958</b>
6	Dividends and profit-sharing received	15,072	56,062
	of which: received from related companies	15,002	56,062
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	15,968	5,595
	of which: received from related companies	1,845	2,430
10	Other incomes from financial transactions	47,729	54,676
	of which: valuation difference	0	0
<b>X.</b>	<b>Incomes from financial transactions (lines 6-10)</b>	<b>78,769</b>	<b>116,333</b>
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	39,953	17,386
	of which: from related companies	21,522	1,556
14	Write-off of financial investments	0	0
15	Other expenditures of financial transactions	25,419	28,645
	of which: valuation difference	0	0
<b>XI.</b>	<b>Expenditures of financial transactions (lines 11-15)</b>	<b>65,372</b>	<b>46,031</b>
<b>B</b>	<b>PROFIT ON FINANCIAL TRANSACTIONS (lines X-XI)</b>	<b>13,397</b>	<b>70,302</b>
<b>C</b>	<b>PROFIT BEFORE TAXATION</b>	<b>84,342</b>	<b>309,260</b>
XII.	Tax liability	0	0
<b>F</b>	<b>PROFIT AFTER TAXES</b>	<b>84,342</b>	<b>309,260</b>
XIII.	General reserve creation (+) /usage (-)	0	0
<b>G.</b>	<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>84,342</b>	<b>309,260</b>

29 April, 2021

## CASH-FLOW statement

in thousand HUF		
	31/12/2019	31/12/2020
<b>I. OPERATIONAL CASH-FLOW</b>	<b>3,530,050</b>	<b>10,974,919</b>
1. Profit before taxes +/-	84,342	309,260
2. Depreciation+	75,141	94,200
3. Impairment accounted and reversed +/-	-4,005	-153,631
4. Difference between provisions made and provisions used +/-	0	7,317
5. Income from fixed asset disposals +/-	-11,190	-2,950
6. Changes in trade payables +/-	-147	407
7. Changes in liabilities to clients +/-	3,593,077	10,202,801
8. Changes in other current liabilities +/-	4,094	177,846
9. Changes in accrued expenses and deferred income +/-	-32,858	71,506
10. Changes in trade account receivables +/-	8,667	-9,986
11. Changes in current assets (without receivables and financial assets) +/-	47,923	351,278
12. Changes in accrued expenses and deferred income +/-	-15,832	-10,929
13. Taxes paid (on profits) -	0	0
14. Dividends and profit shares paid -	-219,162	-62,200
<b>II. INVESTMENT CASH FLOW</b>	<b>-158,848</b>	<b>-80,508</b>
15. Purchase of fixed assets -	-256,481	-157,638
16. Sale and reclassification of fixed assets +	82,561	21,068
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 +	15,072	56,062
<b>III. FINANCIAL CASH FLOW</b>	<b>481,280</b>	<b>-863,686</b>
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 +	1,262,114	217
23. Final cash received +	0	0
24. Reduction of stock (decrease of capital) -	0	0
25. Repayment of bonds -	0	0
26. Loan repayment -	-800,264	-881,421
27. Non-repayable assets given -	-100	0
28. Valution of cash in foreign currencies +/-	19,530	17,518
<b>IV. CHANGES IN CASH</b>	<b>3,852,482</b>	<b>10,030,725</b>

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](http://www.equilor.hu/kozvetetelek) which may be necessary to understand the financial position of the company.

29 April, 2021





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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 2020 which comprise the balance sheet as at December 31, 2020 (which shows an equal amount of total assets and total liabilities of thHUF 30,082,191 and profit for the year of thHUF 309,260), 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, 2020 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
<b>Completeness of custody assets</b>	
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:  - interview of management and those charged with governance,
The management should design implement and operate an effective control environment to ensure the permanent availability of the complete custody assets.	- testing the embedded controls over the coverage of client cash and security accounts,
In case the control environment was not operating effectively shortage could occur in some clients’ properties.	- reconciling the client cash with the depository cash by depository sites based on confirmation letters,
Based on the significance of the above described circumstances the completeness of custody assets was identified as a key audit matter.	- 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 custody assets related client complaints,
	- reviewing significant subsequent events.

**Other Information: The Business Report**

Other information includes the business report of the Company for 2020. 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 2020 corresponds to the financial statements of the Company for 2020 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 29 April 2020 and our uninterrupted engagement has lasted for 9 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 25 March 2021 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 2021

*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 and Warsaw Stock Exchanges



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