



ANNUAL REPORT

2017



KONZUM
PRIVATE EQUITY

Dear Shareholder!

With all due respect, we provide you with the consolidated audited annual financial statements showing the whole of Konzum Group for year 2017, created for 31 December 2017, according to International Financial Reporting Standards (IFRS), as well as the individual audited annual financial statements of KONZUM PLC for year 2017.

Based on the applicable accounting standards, the unique and consolidated annual report for year 2017, prepared according to our best knowledge, gives a true and fair aspect of the assets, liabilities and financial position of the KONZUM Group, as well as the 2017 management report gives a realistic picture of the situation, development and performance of KONZUM Group.

KONZUM Group started the financial year 2018 with a stabile position, strong balance sheet and equity, with excellent organic and growth prospects. The objective of the KONZUM Group is to continue its dynamic growth, supported by a favorable micro and macroeconomic environment. Our intention is to make the KONZUM Group a dominant player not only in the Hungarian, but also in the Central- and Eastern European region.

Budapest, 26. 04. 2018.

Gellért Jászai
Chairman of the Board

Aladin Ádám Linczésny
member of the Board of Directors

General data:

TSZ1. General Company Data

Date of charter in effect	03. 04. 2018.
Place of last registration of registry court	Court Of Registration of the Budapest Municipal Court
Date of last registration of registry court	19. 04. 2018.
No. of last registration of registry court	Co. 02-10-049323/20
Amount of the Issuer's share capital at the closure of the business year	521.500.000 HUF
The functioning period of the Issuer	<u>indefinite</u> /definite
The Issuer's business year	01 January – 31 December
The name of the Issuer's auditor	ESSEL AUDIT Auditor Ltd.
The address of the Issuer's auditor	1162 Budapest, Fertály Str. 5-7.
The publishing location of the Issuer's communications	the Company's website: www.konzum.hu the BSE website: www.bet.hu
The main activity of the Issuer	6820'08 Renting and operating self-owned, rented property

RS4. The Company's securities structure

The registered capital of the Issuer	521.500.000 HUF
The production method of the securities	Dematerialised
The type of securities	Ordinary shares
Type of share	Registered share
Nominal value	25 HUF
Stock exchange (yes/no)	Yes
The year of introduction (in case of stock exchange)	1990
Series and serial number	00000001-20860000
The rights listed attached to the securities	Provides the same rights
Control line (the total par value of the securities-series')	521.500.000 HUF

RS1. Ownership structure, rate of shares and voting rates

	Total share capital						Introduced series ¹					
	At the beginning of the year (01.01.2017) (Shares of 100 HUF par value)			At the end of the period (31.12.2017) (Shares of 25 HUF par value)			At the beginning of the year (01.01.2017)			At the end of the period (31.12.2017)		
	% ²	% ³	pcs	% ²	% ³	pcs	% ²	% ³	pcs	% ²	% ³	pcs
Domestic institution/company	43,11		8993066	44,04		9 186 352						
Foreign institution/company	11,14		2 324 686	6,89		1 459 313						
Domestic private persons	12,7		2 648 690	36,07		7 523 906						
Foreign private persons	0,1		11 320	0,52		108 812						
Employees, executive officers	32,95		6874206	10,43		2 175 706						
Private property												
Owner part of general government ⁴												
International Development Institutions ⁵												
Other	0,0		8 032	1,95		405 911						
TOTAL:	100	100	20 860 000	100	100	20 860 000						

² Ownership share

³ Right to vote

The introduced series is equal to the total share capital.

The ownership share and the right to vote are equal.

RS2. The development of amount of shares in private property (pcs) in the reference year

	01 January	31 March	30 June	30 September	31 December
Company level	0	0	0	0	0
Subsidiaries	0	0	0	0	0
Total	0	0	0	0	0

RS3. List of Owners beyond 5% and their introduction (at the end of period) in respect of the introduced series

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Right to vote (%) ^{3,4}	Comment ⁵
KONZUM PE Fund	B	T	8 830 204	42,33	42,33	
Lőrinc Mészáros	B		4 082 300	19,57	19,57	
Gellért Jászai	B		2 175 706	10,43	10,43	
CB Germany Branch	K	L	1 290 442	6,19	6,19	

¹Domestic (B), Foreign (K)

²Depository (L) Business Organisation (T) Institutional (I)

The introduced series is equal to the total share capital.
The share percentage and voting rights are equal.

TSZ2. Executive persons and (strategic) employees affecting the operation of the Issuer

Nature ¹	Name	Assignment	Beginning of mandate	Mandate beginning/ending	Personal shares owned (pcs)
IT,SP	Gellért Zoltán Jászai	IT president and CEO	2015.04.30	30. 04. 2019	2 175 706
IT	Ágnes Mészáros	IT member	26. 04. 2017	30. 04. 2019	0
IT	Aladin Ádám Linczényi	IT member	26. 04. 2016	30. 04. 2019	0
IT	Beatrix Mészáros	IT member	26. 04. 2017	2019.04.30	0
IT	jr. Lőrinc Mészáros	IT member	26. 04. 2017	2019.04.30	0
FB	János Tima	FB president	26. 04. 2017	2019.04.30	0
FB	Dr Orsolya Páricsi, née Dr. Egyed	FB member	26. 04. 2017	2019.04.30	0
FB	Dr Kadosa Adorján Antal	FB member	26. 04. 2017	2019.04.30	0
Private shares (pcs) T O T A L:					2 175 706

¹ Employee in strategic position (SP), board member (IT), FB member (FB)

TSZ2/1. Employees in full-time employment (people)

	End of base period	Beginning of current year	End of current year
Company level	1	1	1
Group level	8	8	1377

**The annual report of the Supervisory Board of KONZUM
Investment and Asset Management PLC about consolidated financial statement for 2017
based on the International Financial Reporting Standards (IFRS) adopted by the EU.**

The Board of Directors, in compliance with its statutory obligations, has prepared the consolidated financial statements of KONZUM Investment and Asset Management Public Limited Company (1065 Budapest, Révay utca 10. II. em., hereinafter „KONZUM” or „the Company”) in accordance with the International Financial Reporting Standards adopted by the EU ('IFRS'). The most important parts of these statements are summarized below.

Over the last two years KONZUM has witnessed the most important growth in its history. In 2017, the Company has become one of the most dominant investment groups in Hungary. Following the complete change in its investment profile and its repositioning in 2016, KONZUM has started to expand along the goals defined in its new growth strategy.

As a first step, the Company acquired KONZUM Investment Fund Management Zrt. in 2016, and at the end of 2016 KONZUM Group acquired the minority stake in HUNGUEST Hotels Hotel Industry Zrt. In 2017, in line with its new strategy, KONZUM Group has made new acquisition including OPUS GLOBAL Nyrt., Balatontourist Kft., Appeninn Nyrt. As a result of long-term strategic cooperation with CIG Pannónia Insurance Nyrt. announced in December 2017, KONZUM will become the largest shareholder of the insurance company in 2018 which will further expand the Company's Capital Markets portfolio.

In 2017, HUNGUEST Hotels Hotel Industry Zrt. and Erkel Hotel Spa Hotel Kft have become part of consolidated subsidiaries under KONZUM. In August 2017, the Company has acquired 9,13% of the shares of Appeninn Property Holding Nyrt. which was further increased with an additional 15,38% stake.

Today, the total assets managed by the KONZUM Group exceeds 150 billion HUF and the Company's portfolio focuses on companies with significant growth potential across sectors including Capital Markets, Tourism, Real Estate and Asset management.

By the end of 2017, the share price of KONZUM has reached record highs which has made KONZUM the world's best-performing share in 2017. The Management believes that the investors' confidence of the past year reflects the strong fundamentals of KONZUM and the outstanding growth potential of the Company. KONZUM was included in the BUX basket in September 2017 and at the beginning of March 2018 it became a member of the BSE Premium Category.

KONZUM has started 2018 with a stabile position, strong balance sheet and equity, and excellent organic and acquisitive growth prospects. The strong financial position achieved in 2017 will support the ambitious growth strategy that aims to make KONZUM the dominant investment holding company not only in Hungary but also in the Central and Eastern Europe region. The future growth of KONZUM will be further enhanced by the acquisition of

companies in the CEE region which will complement with the Group's Hungarian investments and create opportunities for the regional growth.

The capital increases announced in December 2017 will further increase the Company's consolidated equity and profit. Given that capital increases have been implemented after the balance sheet date, their effects will be reflected in the first half of 2018.

The Board of Directors submitted the annual financial statements of the Company to the Supervisory Board, the main items of these are as follows:

- The consolidated financial statements of the Company for the financial year 2017 as per the International Financial Reporting Standards adopted by the European Union, in which the total amount of assets and resources is thousand HUF 66 400 176 and the equity is thousand HUF 40 847 907.
- The consolidated financial result of the Company for the financial year 2017 was thousand HUF 16 823 847 net income along with thousand HUF 10 346 534 after-tax profit, and HUF 19 649 696 thousand total comprehensive income.

The Supervisory Board submits its opinion on the annual report in a separate report to the General Meeting.

Budapest, 05 April 2018

KONZUM NYRT.

Board of Directors