



**Independent Auditors' Report issued on the
2019
Annual Financial Statements
and Business Report
of M6 Duna Koncessziós Zrt.**

This is an English translation of the Independent Auditors' Report on the 2019 annual financial statements of M6 Duna Koncessziós Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual financial statements it refers to.

M6 Duna Koncessziós Zrt. - K12 - 2019.12.31.





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M6 Duna Koncessziós Zrt. - K12 - 2019.12.31.





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Independent Auditors' Report

To the shareholders of M6 Duna Koncessziós Zrt.

Opinion

We have audited the 2019 annual financial statements of M6 Duna Koncessziós Zrt. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2019, which shows total assets of EUR 212,034,181 and profit after tax for the year of EUR 16,233,205, and the income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance for the year then ended in accordance with Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the annual financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these 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 annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

The other information comprises the 2019 Business Report of the Company. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.

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M6 Duna Koncessziós Zrt. - K12 - 2019.12.31.





Our opinion on the annual financial statements expressed in the Opinion section of our report does not cover the business report.

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

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements.

In our opinion the 2019 business report of the Company is consistent, in all material respects, with the 2019 annual financial statements of the Company and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respects.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and, management is responsible for preparing the annual financial statements on a going concern basis. Valuation made by management shall be based on the principle of going concern, 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.

Auditors' Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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.

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- 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 use of the going concern basis for the preparation of the annual financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

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

Budapest, 10 February 2020

KPMG Hungária Kft.

Registration number: 000202

Zoltán Varga

Partner, Professional Accountant

Registration number: 007320

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M6 Duna Koncessziós Zrt. - K12 - 2019.12.31.



13368254-4211-114-01

Statistical number

Cg.01-10-045198

Registration number

Company name:

M6 Duna Autópálya Koncessziós Zrt.

Company address:

1117 Budapest, Alíz utca 1.

ANNUAL REPORT

for the period from 01.01.2019-31.12.2019

This is an English translation of the Annual Report
In case of any differences or controversies, the Hungarian language original prevails

Date: 10 February 2020

M6 Duna Autópálya Koncessziós Zrt.**BALANCE SHEET Assets**

amounts in EUR

No.	Description	31.12.2018	Modification(s) of previous year	31.12.2019
a	b	c	d	e
1.	A. Fixed assets (lines 2+10+18)	181 501 292		159 200 005
2.	I. INTANGIBLES (lines 03-09)	784		150
3.	Capitalized value of formation/restructuring	-		-
4.	Capitalized value of research and development	-		-
5.	Concessions, licenses and similar rights	784		150
6.	Intellectual property	-		-
7.	Goodwill	-		-
8.	Advances and prepayments on intangible assets	-		-
9.	Adjusted value of intangible assets	-		-
10.	II. TANGIBLES (lines 11-17)	181 500 508		159 199 855
11.	Land and buildings and rights to immovables	180 914 938		158 126 717
12.	Plant and machinery, vehicles	361 052		1 045 786
13.	Other equipment, tools, fixtures and fittings, vehicles	4 548		8 980
14.	Breeding stock	-		-
15.	Assets in course of construction	-		-
16.	Payments on account	219 970		18 372
17.	Adjusted value of tangible assets	-		-
18.	III. FINANCIAL INVESTMENTS (lines 19-28)	-		-
19.	Long-term participations in affiliated companies	-		-
20.	Long-term loans to affiliated companies	-		-
21.	Long-term participations in a significant owned companies	-		-
22.	Long-term loan to significant owned companies	-		-
23.	Other long-term participations	-		-
24.	Long-term loan to other companies linked by virtue of participating interests	-		-
25.	Other long-term loans	-		-
26.	Long-term debt securities	-		-
27.	Adjusted value of financial investments	-		-
28.	Valuation difference of financial investments	-		-

Date: 10 February 2020

M6 Duna Autópálya Koncessziós Zrt.
BALANCE SHEET Assets

amounts in EUR

No.	Description	31.12.2018	Modification(s) of previous year	31.12.2019
a	b	c	d	e
29.	B. Current assets (lines 30+37+46+53)	37 097 657		37 432 790
30.	I. STOCKS (lines 31-36)	-		-
31.	Raw materials and consumables	-		-
32.	Unfinished production, semi-finished products	-		-
33.	Young, fattened and other livestock	-		-
34.	Finished products	-		-
35.	Goods	-		-
36.	Advances and prepayments for stocks	-		-
37.	II. RECEIVABLES (lines 38-45)	59 766		714 951
38.	Accounts receivables	49 265		49 248
39.	Receivables from affiliated companies	-		-
40.	Receivables from significant owned companies	-		580 179
41.	Receivables from other companies linked by virtue of participating interest	-		84 326
42.	Bill receivable	-		-
43.	Other receivables	10 501		1 198
44.	Valuation difference of receivables	-		-
45.	Valuation difference of derivative instruments	-		-
46.	III. SECURITIES (lines 47-52)	-		-
47.	Participating Interests in affiliated companies	-		-
48.	Other significant participating interests	-		-
49.	Other participating interests	-		-
50.	Own shares and own partnership shares	-		-
51.	Debt securities held for trading	-		-
52.	Valuation difference of securities	-		-
53.	IV. CASH AND BANK (lines 54-55)	37 037 891		36 717 839
54.	Cash and cheques	-		-
55.	Bank accounts	37 037 891		36 717 839
56.	C. Prepayments (lines 57-59)	16 221 066		15 401 386
57.	Prepayments of the incomes/revenues	8 985 182		9 089 174
58.	Prepayments of the costs and expenses	7 235 884		6 312 212
59.	Deferred costs and expenses	-		-
60.	TOTAL ASSETS (lines 1+29+56)	234 820 015		212 034 181

Date: 10 February 2020

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M6 Duna Autópálya Koncessziós Zrt.

BALANCE SHEET Liabilities and equity

amounts in EUR

No.	Description	31.12.2018	Modification(s) of previous year	31.12.2019
a	b	c	d	e
61.	D. Owners equity (lines 62+64+65+66+67+68+71)	43 244 184		53 277 388
62.	Issued capital	28 932 310		28 932 310
63.	from line 54: par value of own shares bought back by the Company	-		-
64.	Registered capital, but not paid yet	-		-
65.	Capital reserve	-		-
66.	Retained earnings	-		8 111 873
67.	Tied-up capital	-		-
68.	Revaluation reserve	-		-
69.	1. Valuation reserve for adjustments	-		-
70.	2. Fair value valuation reserve	-		-
71.	Profit/loss for the year	14 311 874		16 233 205
72.	E. Provisions (lines 73-75)	-		-
73.	Provisions for expected losses	-		-
74.	Provision for expected liabilities	-		-
75.	Other provisions	-		-
76.	F. Liabilities (lines 77+82+92)	181 644 374		150 252 565
77.	I. DEFERRED LIABILITIES (lines 78-81)	18 420 792		18 420 792
78.	Deferred liabilities to associated company	-		-
79.	Deferred liabilities to other companies linked by significant of participating interests	16 083 193		16 083 193
80.	Deferred liabilities to other companies linked by virtue of participating interests	2 337 599		2 337 599
81.	Deferred liabilities to other parties	-		-

Date: 10 February 2020

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Statistical number

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Cg.01-10-045198

Registration number

M6 Duna Autópálya Koncessziós Zrt.

BALANCE SHEET Liabilities and equity

amounts in EUR

No.	Description	31.12.2018	Modification(s) of previous year	31.12.2019
a	b	c	d	e
82.	II. LONG-TERM LIABILITIES (lines 83-91)	130 356 040		99 117 396
83.	Long-term loans received	-		-
84.	Convertible bonds	-		-
85.	Liabilities from issue of bonds	49 676 873		37 196 639
86.	Investment and development credits	74 094 733		55 480 048
87.	Other long-term credits	-		-
88.	Long-term liabilities to associated company	-		-
89.	Long-term liabilities to significantly interest company	-		-
90.	Long-term liabilities to other companies linked by virtue of participating interests	-		-
91.	Other long-term liabilities	6 584 434		6 440 709
92.	III. SHORT-TERM LIABILITIES (lines 93-104)	32 867 542		32 714 377
93.	Short-term loans	-		-
94.	from line 81: convertible bonds	-		-
95.	Short-term credits	30 473 571		31 094 914
96.	Advances from customers	3 319		3 228
97.	Accounts payable	118 845		129 447
98.	Liabilities on drafts	-		-
99.	Short-term liabilities to associated company	705 836		-
100.	Short-term liabilities to significantly interest company	102 589		-
101.	Short-term liabilities to minority-interest company	-		-
102.	Other short-term liabilities	1 463 382		1 486 788
103.	Valuation difference of liabilities	-		-
104.	Valuation difference of derivative instruments	-		-
105.	G. Accruals (lines 106-108)	9 931 457		8 504 228
106.	Accruals of incomes	3 538 228		2 916 118
107.	Accruals of costs and expenses	2 788 181		2 454 064
108.	Deferred incomes	3 605 048		3 134 046
109.	TOTAL LIABILITIES AND EQUITY (lines 62+72+76+105)	234 820 015		212 034 181

Date: 10 February 2020

Cg.01-10-045198

Registration number

M6 Duna Autópálya Koncessziós Zrt.**PROFIT AND LOSS STATEMENT**

Type A (full cost method)

amounts in EUR

No	Description	2018.01.01.- 2018.12.31.	Modification(s) of previous year	2019.01.01.- 2019.12.31.
a	b	c	d	e
1.	Net domestic sales	53 859 137		54 912 398
2.	Net export sales	-		-
I.	Total sales (01+02)	53 859 137		54 912 398
3.	Change in self-manufactured stocks.	-		-
4.	Own work capitalised	-		-
II.	Own performance capitalised (03±04)	-		-
III.	Other revenues	184 642		502 617
	from line III. rewrite of impairment loss	-		-
5.	Cost of materials	20 328		18 424
6.	Value of rendered services	1 525 086		1 802 171
7.	Value of other services	197 748		209 228
8.	Cost of goods sold	-		-
9.	Value of sold (Intermediated) services	2 413 998		2 599 471
IV.	Material-type costs (05+06+07+08+09)	4 157 160		4 629 294
10.	Wages and salaries	235 506		207 928
11.	Other staff costs	19 777		13 966
12.	Social security contributions	55 271		47 157
V.	Staff costs (10+11+12)	310 554		269 051
VI.	Depreciation	23 387 547		23 448 671
VII.	Other expenses	1 102 997		1 115 303
	from line VII. impairment loss	-		-
A.	OPERATING PROFIT/LOSS (I±II+III-IV-V-VI-VII)	25 085 521		25 952 696

Date: 10 February 2020

M6 Duna Autópálya Koncessziós Zrt.

PROFIT AND LOSS STATEMENT

Type A (full cost method)

amounts in EUR

No	Description	2018.01.01.- 2018.12.31.	Modification(s) of previous year	2019.01.01.- 2019.12.31.
a	b	c	d	e
13.	Dividends and profit-sharing (received or due)	-		-
	from line 13. from associated company	-		-
14.	Capital gains on investments	-		-
	from line 14. from associated company	-		-
15.	Interest and capital gains on financial investments	5 106		1 544
	from line 15. from associated company	-		-
16.	Other interest and similar income (received or due)	-		-
	from line 16. from associated company	-		-
17.	Other income from financial transactions	230 448		191 432
	from line 17. valuation difference	-		-
VIII.	Income from financial transactions (13+14+15+16+17)	235 554		192 976
18.	Losses on financial participations, shares	-		-
	from line 18. to associated company	-		-
19.	Losses on financial investment - expenses and FX losses	-		-
	from line 19. to associated company	-		-
20.	Interest payable and similar charges	9 002 005		7 786 158
	from line 20. to associated company	-		-
21.	Losses on shares, securities and bank deposits	-		-
22.	Other expenses from financial transactions	480 246		399 189
	from line 22. valuation difference	-		-
IX.	Expenses on financial transactions (18+19+20+21+22)	9 482 251		8 185 347
B.	RESULT OF FINANCIAL TRANSACTIONS (VIII-IX)	- 9 246 697		- 7 992 371
C.	PROFIT/LOSS BEFORE TAXATION (±A±B)	15 838 824		17 960 325
X.	Corporation tax	1 526 950		1 727 120
D.	PROFIT/LOSS AFTER TAXATION (±C-X)	14 311 874		16 233 205

Date: 10 February 2020

Company name:
Company address:
Statistical number

M6 Duna Autópálya Koncessziós Zrt.
1117 Budapest, Alíz utca 1.
13368254-4211-114-01

Cash flow - statement			amounts in EUR	
No	Description		2018.01.01.- 2018.12.31.	2019.01.01.- 2019.12.31.
I.	Operating cash flow	rows 1-13	24 859 933	31 434 109
1a	Profit before tax	(+)	15 838 824	17 960 325
	showing separately: financially settled aid received for operation funding		-	-
1b	Adjustments in profit before tax	(+)	-	-
1	Adjusted profit before tax (1a+1b)	(+)	15 838 824	17 960 325
2	Depreciation write-off	(+)	23 387 547	23 448 671
3	Impairment loss and reversal	(+)	-	-
4	Difference between formation and utilization of provisions	(+)	-	-
5	Fixed assets sold	(+)	-	10 524
6	Changes in accounts payable	(+)	21 745	10 602
7	Changes in other short-term liabilities	(+)	426 979	785 110
8	Changes in accrued and deferred liabilities	(+)	- 1 034 727	- 1 427 229
9	Changes in trade receivables	(+)	- 49 265	16
10	Changes in current assets (without receivables and liquid assets)	(+)	16 716	655 202
11	Changes in accrued and deferred assets	(+)	680 222	819 680
12	Tax paid (on profit)	(-)	- 1 526 950	- 1 727 120
13	Dividends and profit-sharing paid	(-)	- 12 901 158	- 6 200 000
II.	Investment cash flow	rows 14-18	3 139 899	- 1 136 860
14	Purchase of fixed assets	(-)	- 896 131	- 1 149 415
15	Sale of fixed assets	(+)	-	12 555
16	Repayment, termination or redemption of long-term loans and bank deposits	(+)	4 036 030	-
17	Long-term loans and bank deposits	(-)	-	-
18	Dividends and profit-sharing received	(+)	-	-
III.	Financial cash flow	rows 19-26	- 27 414 284	- 30 617 301
19	Receipts from shares issue, capital raising (capital increase)	(+)	-	-
20	Receipts from the issue of bonds and debt securities	(+)	-	-
21	Borrowings	(+)	-	-
22	Non-repayable assets received	(+)	-	-
23	Cancellation of shares, disinvestment (capital reduction)	(-)	-	-
24	Redeemed bonds and debt securities	(-)	- 10 916 652	- 12 230 851
25	Loan installment payments, repayment of loans	(-)	- 16 497 632	- 18 386 450
26	Non-repayable liquid assets transferred	(-)	-	-
IV.	Changes in liquid assets	rows I.+II.+III.	585 548	- 320 052
27	Revaluation of funds held in foreign currencies	(+)	-	-
V.	Changes in funds as shown in the balance sheet	rows IV.+27.	585 548	- 320 052

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

SUPPLEMENTARY NOTES TO THE ANNUAL REPORT FOR 2019

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2019

1. GENERAL BACKGROUND INFORMATION

M6 Duna Autópálya Koncessziós Zrt. (the “Company”) has its legal at 1117 Budapest, Alíz utca 1, since April 2019.

The Company was founded on 7 October 2004.

Therefore the owners of the Company as of 31 December 2019 were as follows (“Shareholders”):

- M6 Duna B.V. (Strawinskylaan 303, WTC A-Tower, PO Box 79074, Amsterdam 1070 NC, the Netherlands)
- Aberdeen Infrastructure (HoldCo) B.V. (Strawinskylaan 303, WTC A-Tower, PO Box 79074, Amsterdam 1070 NC, the Netherlands)
- Intertoll Capital Partners B.V. (Blaak 40, 3011TA Rotterdam, the Netherlands).

The owners of M6 Duna BV are the Aberdeen investment group and EBRD (European Bank for Reconstruction and Development).

The Company is a private company limited by shares established for a fixed term, which is the concession period set out in the Concession Agreement concluded with the Hungarian State. The concession period is 22 years, lasting until 8 October 2026. The rights and obligations set by the Concession Agreement were transferred to the Company via the Transfer Agreement dated 13 October 2004 by the consortium originally obtaining the concession.

Accordingly, the Company is solely engaged in the design, construction, renovation, operation and maintenance under concession of the section of the M6 Motorway between Érdi tető and the intersection of the M6 and M8 Motorways at Dunaujváros, and the financing of the above activities. The interim completion of the motorway occurred on 11 June 2006. The relevant Traffic Authority issued the final licence to operate for this section of the M6 Motorway on 31 October 2006. The Final Acceptance Certificate issued by the Minister of Economy and Transport –acting on behalf of the Hungarian State – became effective on 13 December 2006.

The Company’s obligations under the Concession Agreement include the renewal of the motorway before the end of the operation period. According to the project’s financial model, the Company will have sufficient funds to fulfil this obligation, without endangering the future profitable operations.

2. ACCOUNTING POLICY

The books and records of the Company are maintained in accordance with Law C of 2000 on Accounting, as amended (the “Law”) and generally accepted accounting principles in Hungary. In accordance with the requirements of the Law, from 1 January 2008 the books and records of the Company are maintained in EUR.

The accounting policy, the valuation method and process of the Company with the modifications introduced during this period are as follows:

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2019

Financial statement preparation date

The preparation date of the financial statements for the year ended 31 December 2018, the preparation date was 8 January 2019, while for the year ended 31 December 2019, the preparation date was 8 January 2020.

Intangible fixed assets

Purchased software, included in Rights of property value, are amortised over 3 years. Intangible fixed assets below purchase price of 100 000 HUF are fully depreciated when put into use.

Tangible fixed assets

Accordinging the paragraph 23 (3) of the Law, the Company records the acquisition cost of the assets purchased or created under the Concession Agreement as tangible fixed assets in its books.

The acquisition cost includes:

- upfront fees, commitment fees, handling fees etc. stipulated in the financing contracts directly linked to the design and construction of the motorway
- interest due until the interim completion of the motorway minus interest received on funds dedicated to the project
- banking fees and bank advisors' (technical, financial, legal, etc.) fees directly linked to the project as stipulated by the financing contracts
- insurance costs directly linked to the project, until interim completion
- direct salaries and related taxes of company officers and employees exclusively working on the project, until interim completion
- design, construction, monitoring, environmental, safety, documentation etc. advisory fees, until final completion of the construction contract
- realised and unrealised FX differences on foreign currency liabilities in direct connection with the construction, until project completion

The heavy maintenance costs incurred on the motorway are capitalised to the asset and depreciated over the remaining part of the concession period.

Tangible fixed assets are stated at acquisition costs less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the related asset.

The useful life of the motorway and the ancillary facilities is calculated from the interim completion date (11 June 2006) until the end of the concession period, which is 20.3 years, with zero residual value.

The depreciation rates applied for the different asset types are as follows:

Motorway and ancillary facilities	4.9%
Vehicles	20.0%
Office and IT equipment	33.3%
Furniture	14.5%

Tangible assets below purchase price of 100,000 HUF are fully depreciated when put into use.

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2019

Swap contracts

In accordance with the law, swap contracts are accounted for using the hedging method (not using real valuation).

Profit and loss statement

The accompanying statement of operations is prepared according to the full cost method. Assets and liabilities denominated in HUF are valued at the daily FX rates set by the National Bank of Hungary. The consequent valuation gains/losses are recorded net as Result on financial transactions.

Net sales

a) Availability fee income:

During the term of the concession, the Company is entitled to possess and utilize certain assets under exclusive state ownership (e.g. main road) and to receive the benefits derived from those assets. Accordingly, starting from interim completion, the Company receives monthly availability fees from the Hungarian State for the use of the motorway. The availability fee amounts are determined by the calculation formulae contained in the Concession Agreement. Such availability fees are recorded as income in the month where they belong. As the actual invoicing of such availability fees is always done in the following month, the uninvoiced monthly fees are recorded as deferred income (see Point 8)

b) Released income of "deemed operation":

The interim completion of the motorway occurred on 11 June 2006 that is with 71 days of delay compared to the target interim completion date of 31 March 2006. Since the Company was not responsible for that delay, therefore the budgeted availability fees for such „deemed operation” period have been fully reimbursed by the Ministry of Economy and Transport („GKM”), in accordance with the agreement dated 17 May 2007.

These fees from the “deemed operation” were fully accrued and are subsequently released to profit and loss on a straight line basis over the concession period (see Point 13 and 14).

c) Leaseholding income:

The one-off entry fees paid by operators of the petrol stations in 2006 were fully accrued and are subsequently released to profit and loss on a straight line basis over the concession period (see Point 13 and 14).

Other revenues

The construction contractor has settled certain guarantee obligations in a lump sum payment. Such guarantee payment was fully accrued and are released to profit and loss in line with the yearly actual defect rectification costs (see Point 13 and 15).

Value of rendered services

The deferred part of the additional concession fee payable to the Prime Minister’s Office (see Point 8) is recorded among Prepayments. This concession fee is deferred over the concession period and charged to profit and loss (as rendered service) on a straight line basis. The remaining scheduled payments of such concession fee are classified to liabilities (the amounts due within one-year to short-term liabilities) (see Point 11).

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2019

Value of sold (intermediated) services

The monthly operation fees payable to the operation subcontractor are classified to sold (intermediated) services. The recharged costs are also recorded here.

Material errors

In accordance with the Law, amounts exceeding 2% of total assets are considered as material errors resulting of tax audits, self-revisions and errors effecting prior years (the corresponding figure in 2018 was 4.7 mEUR and in 2019 it was 4.2 mEUR).

The Company considers as exceptional those revenue, cost or expense items, which are outside the normal scope of operations, do not occur regularly and individually exceed 100 000 EUR. There were no such exceptional items in the year ended 31 December 2019.

3. FINANCIAL POSITION, PROFITABILITY AND LIQUIDITY

In March 2006 the project was successfully refinanced: the previous syndicated long-term bank loan was replaced by cheaper funds from a new loan from the European Investment Bank („EIB”) and the proceeds of the issuance of floating rate Notes (see Point 11). Due to the refinancing, the project’s feasibility and profitability is even more secure and robust, per the underlying Financial Model. The Company has fulfilled its debt service obligations in 2018 and 2019 as well, in full compliance with the credit agreements.

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2019

4. INTANGIBLE FIXED ASSETS

The changes in intangibles during 2018 and 2019 are detailed as follows (in EUR):

	<u>Concessions, licenses and similar rights</u>
<u>Gross value</u>	
Opening balance at 1 January 2018	13 713
Additions	296
Disposals	0
Closing balance at 31 December 2018	<u>14 009</u>
Additions	0
Disposals	0
Closing balance at 31 December 2019	<u>14 009</u>
<u>Accumulated depreciation</u>	
Opening balance at 1 January 2018	11 841
Depreciation-straight line method	1 384
Disposals	0
Closing balance at 31 December 2018	<u>13 225</u>
Depreciation-straight line method	634
Disposals	0
Closing balance at 31 December 2019	<u>13 859</u>
Net Book Value at 31 December 2018	<u>784</u>
Net Book Value at 31 December 2019	<u>150</u>

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Supplementary Notes for 2019

5. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets during 2018 and 2019 are detailed as follows (in EUR):

	<u>Land & Buildings</u>	<u>Machinery & vehicles</u>	<u>Other equipment</u>	<u>Construction- in-progress</u>	<u>Total</u>
<u>Gross value</u>					
Opening balance at					
1 January 2018	472 365 883	1 544 316	64 120	0	473 974 319
Additions	394 448	280 408	1 009	345 965	1 021 830
Disposals	0	0	0	-125 995	-125 995
Closing balance at					
31 December 2018	<u>472 760 331</u>	<u>1 824 724</u>	<u>65 129</u>	<u>219 970</u>	<u>474 870 154</u>
Additions	566 664	775 781	8 568	122 986	1 473 999
Disposals	-3 941	-47 758	0	-324 584	-376 283
Closing balance at					
31 December 2019	<u>473 323 054</u>	<u>2 552 747</u>	<u>73 697</u>	<u>18 372</u>	<u>475 967 870</u>
<u>Accumulated depreciation</u>					
Opening balance at					
1 January 2018	268 512 977	1 414 034	56 472	0	269 983 483
Depreciation- straight line method	23 332 416	49 638	4 109	0	23 386 163
Disposals	0	0	0	0	0
Closing balance at					
31 December 2018	<u>291 845 393</u>	<u>1 463 672</u>	<u>60 581</u>	<u>0</u>	<u>293 369 646</u>
Depreciation- straight line method	23 352 854	91 047	4 136	0	23 448 037
Disposals	-1 910	-47 758	0	0	-49 668
Closing balance at					
31 December 2019	<u>315 196 337</u>	<u>1 506 961</u>	<u>64 717</u>	<u>0</u>	<u>316 768 015</u>
Net Book Value at					
31 December 2018	<u>180 914 938</u>	<u>361 052</u>	<u>4 548</u>	<u>219 970</u>	<u>181 500 508</u>
Net Book Value at					
31 December 2019	<u>158 126 717</u>	<u>1 045 786</u>	<u>8 980</u>	<u>18 372</u>	<u>159 199 855</u>

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Supplementary Notes for 2019

6. RECEIVABLES

In line with its Financial Model, the Company is providing a loan facility to its Shareholders from its surplus cash, in proportion to their shareholdings.

Any amount (interest plus principal) payable under this upstream loan facility may, at the election of either party, be offset against any dividend which is declared to the borrower in its capacity as Shareholder of the Company.

Accordingly, the changes in long-term loans during 2018 and 2019 were as follows (in EUR):

Opening balance at 1 January 2018	4 036 030
Offset against dividend payable on 14 Febr 2018	<u>-4 036 030</u>
Closing balance at 31 December 2018	0
New loans advanced in October 2019	<u>664 505</u>
Closing balance at 31 December 2019	<u>664 505</u>

The final maturity of the facilities is the date on which the Concession Agreement expires, i.e. in October 2026. The floating interest rates of the loans are linked to the applicable interbank rate (12M Euribor) (see Point 8).

7. OTHER RECEIVABLES

As of 31 December 2018 and 31 December 2019, Other receivables mainly included overpayment of various taxes.

8. PREPAYMENTS

As of 31 December 2018 and 31 December 2019 the not invoiced income items were as follows (in EUR):

	2018.12.31	2019.12.31
Availability fee from NFM	8 887 229	8 980 096
Leaseholding fee and overweight fee	97 953 0	107 846
Interest on upstream loans	0 0	1 232
Interest on current accounts and bank deposits	<u>0 0</u>	<u>0</u>
Total	<u>8 985 182</u>	<u>9 089 174</u>

In accordance with the VAT law, receivables from the legal successor of GKM, the Prime Minister's Office as of 31 December 2018 and 31 December 2019 are not recorded as Accounts Receivable, but included as deferred income.

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Supplementary Notes for 2019

As of 31 December 2018 and 31 December 2019 prepayments of costs were as follows (in EUR):

	2018.12.31	2019.12.31
Deferred concession fee	7 195 867	6 270 072
Insurance premium	38 004	38 735
Other	2 013	3 405
Total	7 235 884	6 312 212

The deferred part of the additional concession fee paid to the Prime Minister's Office (see Point 11) in accordance with the second amendment of Concession Agreement is recorded among Prepayments. This concession fee is deferred over the concession period (until 2026) and charged as an expense on a straight line basis.

9. ISSUED CAPITAL

The respective shareholdings (which are the same as the voting rights) as of 31 December 2019 were as follows (in EUR):

"Shareholder"	Ownership type	Amount	Portion
M6 Duna B.V.	majority	19 474 321	67.31%
Aberdeen Infrastructure (HoldCo) B.V.	significant	5 786 462	20.00%
Intertoll Capital Partners B.V.	minority	3 671 527	12.69%
Total		28 932 310	100%

10. SUBORDINATED LIABILITIES

The Shareholders provided subordinated loans totalling to 18 420 792 EUR to the Company, in proportion to their shareholdings. The loans expire in October 2026. The interest on these loans is linked to the Company's EBIT (6%) and payable semi-annually.

11. LONG-TERM LIABILITIES

As of 31 December 2018, the outstanding debts with maturity over one year were as follows:

Lender	Type of debt	Expiry date	Total original facility	Outstanding amount LT portion
EIB	Loan	2025.03.31	200 000 000 €	74 094 733 €
Noteholders	Notes	2025.03.31	212 000 000 €	49 676 873 €
Total				123 771 606 €

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Supplementary Notes for 2019

As of 31 December 2019, the outstanding debts with maturity over one year were as follows:

<u>Lender</u>	<u>Type of debt</u>	<u>Expiry date</u>	<u>Total original facility</u>	<u>Outstanding amount LT portion</u>
EIB	Loan	2025.03.31	200 000 000 €	55 480 048 €
Noteholders	Notes	2025.03.31	212 000 000 €	37 196 639 €
Total				92 676 687 €

Interest and principal repayments on the EIB loan and the Notes are due semi-annually on each 31 March and 30 September. Accordingly, the repayments due on the EIB loan and the Notes in 2020 have been reclassified to Short-term credits (see Point 12).

The floating interest rates of the EIB loan and the Notes are linked to the applicable interbank rate (6M Euribor). The entire debt service under the EIB loan and the Notes is guaranteed by the monoline insurer Assured Guaranty (Europe) Ltd. (formerly called: Financial Security Assurance UK Ltd.).

In order to eliminate the interest risk on the EIB loan and the Notes, the Company concluded swap contracts with BNP Paribas SA (Paris). As a result, the effective interest rates on the EIB loan and the Notes are fixed for the whole term. The notional amounts of the swaps follow the repayment profile of the loan and the Notes.

In 2019 the Company paid a net amount of 6 294 229 EUR on the interest swaps and incurred a net loss of 5 965 085 EUR as difference between the fixed and floating rates of these swaps.

The EIB loan and the Notes are guaranteed by the Company's shares held in custody. All the assets and future receivables of the Company are pledged as security for these borrowings as well.

Upon refinancing, the Company made an obligation to pay in total 19 013 067 EUR of additional concession fee to GKM at predetermined dates, ending on 30 September 2024. Up to 31 December 2019, 12 428 633 EUR of that has been paid to GKM in total.

Of the remaining 6 584 434 EUR liability, the scheduled payments in 2020 (in total 143 725 EUR) are reclassified to Other short-term liabilities as of 31 December 2019.

12. SHORT-TERM CREDITS

The short-term credits as of 31 December 2018 were as follows:

<u>Lender</u>	<u>Type of debt</u>	<u>Expiry date</u>	<u>Total original facility</u>	<u>Outstanding amount ST portion</u>
EIB	Loan	2025.03.31	200 000 000 €	18 242 720 €
Noteholders	Notes	2025.03.31	212 000 000 €	12 230 851 €
Total				30 473 571 €

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Supplementary Notes for 2019

The short-term credits as of 31 December 2019 were as follows:

<u>Lender</u>	<u>Type of debt</u>	<u>Expiry date</u>	<u>Total original facility</u>	<u>Outstanding amount ST portion</u>
EIB	Loan	2025.03.31	200 000 000 €	18 614 680 €
Noteholders	Notes	2025.03.31	212 000 000 €	12 480 234 €
Total				31 094 914 €

13. ACCRUALS

As of 31 December 2018 and 31 December 2019 accruals included the following items (in EUR):

	2018.12.31	2019.12.31
Accrued income from "deemed operation"	3 605 048	3 134 046
Accrued income from petrol station leaseholding contracts	1 943 777	1 698 759
Accrued swap costs	1 721 981	1 392 837
Guarantee payment to cover defect rectification	1 594 451	1 217 359
Motorway operation & maintenance cost	526 414	550 289
Accrued interest on loans and Notes	393 964	400 224
Accrued guarantee fee	71 063	56 999
Technical and financial advisory fees	18 055	17 073
Audit fee	14 555	14 555
Seconded director's fee	10 842	10 961
Legal advisory fees	20 000	0
Other	11 307	11 126
Total	9 931 457	8 504 228

14. NET SALES

Net sales in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Availability fee income	52 702 764	53 692 287
Released income of "deemed operation"	464 705	464 705
Leaseholding income	364 396	360 910
Secondment fee income	133 621	124 200
Other operational income from the motorway	113 285	143 284
Reinvoiced items	80 366	127 012
Total	53 859 137	54 912 398

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Supplementary Notes for 2019

15. OTHER REVENUES

Other revenues in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Released guarantee payment	110 054	377 092
Previous year's corporate tax credit	74 579	90 335
Liquidated damages from supplier	0	22 517
Proceeds from sales of fixed assets	0	12 555
Other	9	118
Total	<u>184 642</u>	<u>502 617</u>

16. VALUE OF RENDERED SERVICES

The value of rendered in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Concession fee	949 919	950 068
Defect rectification cost	110 054	377 092
Legal, technical & financial advisory cost	232 476	213 455
Seconded officers' fees	101 643	125 747
Vehicle rental	37 393	37 364
Office rent	25 046	24 354
Audit fee	23 951	23 328
Bookkeeping, payroll calculation etc.	15 741	16 667
Other	28 863	34 096
Total	<u>1 525 086</u>	<u>1 802 171</u>

17. VALUE OF OTHER SERVICES

Other services in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Insurance premiums	191 510	200 464
Bank charges	6 127	7 831
Authority fees	111	933
Total	<u>197 748</u>	<u>209 228</u>

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Supplementary Notes for 2019

18. VALUE OF SOLD (INTERMEDIATED) SERVICES

Value of sold (intermediated) services in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Operation subcontractor's fee	2 334 901	2 473 254
Reinvoiced costs	<u>79 097</u>	<u>126 217</u>
Total	<u>2 413 998</u>	<u>2 599 471</u>

19. OTHER EXPENSES

Other expenses in 2018 and 2019 consisted of the following items (in EUR):

	2018	2019
Local business tax	938 407	953 987
Innovation contribution	154 275	156 883
Book of value of sold fixed assets	0	2 031
Donations	1 888	1 823
Other	<u>8 427</u>	<u>579</u>
Total	<u>1 102 997</u>	<u>1 115 303</u>

20. STAFF

The average statistical staff number for 2018 and 2019 was 4.60 and 3.69 persons, respectively. At the end of 2018 there were 5, while at the end of 2019 there were 4 employees, working in intellectual jobs. One of them is currently on maternity leave.

21. BOARD OF DIRECTORS, SUPERVISORY BOARD

No remuneration, advances or loan were provided by the company to the members of the Board of Directors or the Supervisory Board in 2018 and 2019.

The original Hungarian version of this annual report has been signed by:

Marc Hörnig – Chairman of the Board of Directors

Fáskerti Zsolt – Member of the Board of Directors

Their business address is 1117 Budapest, Alíz utca 1.

The person in charge of bookkeeping is Fodor-Szathmáry Zsófia (mother's name: Vöröskői Terézia), who is a registered accountant at the Ministry of Finance under the registration number 198600.

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Supplementary Notes for 2019

22. CORPORATE TAX

The following is the calculation of the corporate tax charge for 2018 and 2019 (in EUR):

	2018	2019
Profit before tax	15 838 824	17 960 325
<u>Adjusting items:</u>		
Proportional part of previous years' unrealised foreign exchange gain	1 229 802	1 321 941
Difference in net book value of disposed assets under statutory and tax accounts	-25 775	-3 521
Non-deductible expenses	189	53
Allowable donation	-373	-363
Previous year's tax credit	-76 559	-88 214
	<u>16 966 108</u>	<u>19 190 220</u>
Corporate tax base for 9% rate		
Corporate tax payable	<u>1 526 950</u>	<u>1 727 120</u>

23. DIVIDEND DECLARATION

The Board of Directors proposes to the Shareholders to declare around 7.5 mEUR from the profit after tax of the year 2019 as dividend and to transfer the remaining part to Retained Earnings, on their Annual General Meeting.

Budapest, 10 February 2020

BUSINESS REPORT FOR 2019

M6 Duna Autópálya Koncessziós Zrt. (the “Company”) was founded on 7 October 2004. The Company is a private company limited by shares, established for a fixed term of 22 years, which is the concession period as set out in the Concession Agreement concluded with the Hungarian State.

In accordance with the Concession Agreement, the Company is engaged in the design, construction, renovation, operation and maintenance of the 58.6 km long section of the M6 Motorway between Érdi tető and the intersection of the M6 and M8 Motorways at Dunaújváros, and the financing of the above activities.

The construction works started in October 2004. The interim completion – so the opening of the motorway – took place on 11 June 2006. The relevant Traffic Authority issued the final licence to operate on 31 October 2006. The Final Acceptance Certificate issued by the Minister of Economy and Transport –acting on behalf of the Hungarian State – became effective on 13 December 2006. On 31 March 2010 the further sections of the M6 Motorway has been opened for traffic. Consequently, the M6 Motorway gives direct access to the city of Pécs.

In the 13.5 years that elapsed since the opening, the motorway has been operated in an orderly manner, without significant performance point events or unavailability incidents. The motorway is properly operated, maintained etc., in accordance with the routine maintenance plans and Hungarian road standards, by our operation subcontractor, Duna-Intertoll Zrt. The contract with Duna-Intertoll Zrt. is valid until the end of 2020.

The operation of the motorway is regularly checked by the relevant Hungarian authorities.

During the term of the concession, the Company is entitled to possess and utilize certain assets under exclusive state property (e.g. main road) and to receive the benefits deriving from those assets. Accordingly, the Company receives revenues starting from 11 June 2006, in the form of monthly availability fees paid by the Hungarian State, calculated with the formulas set out in the Concession Agreement. These fees have been fully received and in time in 2019 as well.

In addition, the ancillary facilities of the motorway also generate revenues for the Company. Accordingly, 2*2 petrol stations are operated by MOL and OMV, respectively, in the Complex Rest Areas at km 30 and 70 of the motorway.

The Company has fulfilled its debt service obligations in 2019 as well, in full compliance with the credit agreements.

The Aberdeen investment group and EBRD are committed to the long-term successful and efficient operation of the Company.

There were no significant events after the balance sheet date.

Budapest, 10 February 2020