

Financial Statements

audited

CEE ACTIVE ASSET MANAGEMENT LTD.

31 December 2021

Contents

Business environment and activity	3
Members of the Board of Directors	8
Members of the Supervisory Board	9
Balance Sheet	10
Profit or Loss Statement	11
Cash Flow Statement	12
Notes to the Financial Reports	13
Company data	
General information	
Accounting policy	
Significant accounting policies	

Business environment and activity

According to all economic and financial indicators, 2021 was a year of strong recovery from the previous year's "lockdown recession".

Despite soaring growth forecasts, outperforming equity markets and strong commodity prices, as the year drew to a close, two shadows loomed over the economic outlook: the threat of an omicron variant, which emerged in November, and rising global inflation trends, which threatened to blow through the calculations of economic policymakers.

However, the caveats of the new virus variant do not alter the fact that the global economy has rebounded strongly in 2021. The IMF estimates that global GDP grew by 5.9 percent in the year - a big turnaround from the 3.1 percent drop in overall GDP in 2020, when the pandemic struck and most countries went into recession.

For the world's largest economy, the US, the turnaround was also significant - from a 3.4% fall in 2020 to a 5.7% rise in 2021. A healthy US economy is pulling the rest of the world along with it.

2021 was the sixth best year for US equities since 1990. The S&P 500 was up 26.9%, while the Dow Jones rose 18.7% and the NASDAQ Composite 21.4%. Excess liquidity in the system has brought speculation to the market. At the beginning of the year, amateur investors used social media to push up corporate stocks that were shorted by hedge fund professionals. In 2021, some investors rushed special purpose acquisition company (SPAC) deals, which allow private companies to go public without the lengthy IPO process.

But there have already been warning signs that have made policymakers nervous. In particular, the continued rise in inflationary pressures. The official inflation rate was 6.8 percent in December, the highest in nearly four decades.

Federal Reserve Chairman Jay Powell has insisted for much of the year that the rise in rates is temporary, but has remained cautious about the Fed's plans to reduce support for financial markets in 2022 and raise interest rates slowly.

For China, the other big driver of global economic growth, the year was decidedly mixed. The IMF forecast GDP growth of 8% in 2021, but "momentum is slowing". The IMF predicted GDP growth of 5.6% in 2022. At the heart of fears about the upward potential of China's economy relative to the rest of the world have been some serious structural flaws - such as weakness in the property market.

Europe was also set for a strong economic recovery in 2021. According to IMF figures, GDP growth of 4.8% was reported in the euro area and 7.5% in the UK in the post-Brexit period.

While these forecasts are encouraging for European policymakers, they mask the reality that severe austerity measures are being introduced in many countries as a result of the omicron transition, and that many on the continent face an energy crisis, which could be exacerbated by the Russia-Ukraine conflict.

Gas and coal prices in Europe are at an all-time high, as shortages in global energy markets are increased by political tensions with Russia, the main supplier of gas. Oil prices are also strong, adding to Europeans' inflation fears.

Hungary reported an average annual GDP growth of 7.1% last year. Manufacturing sectors performed well: industry managed to increase production volumes in the last quarter of 2021 despite supply problems, and thus its value added certainly contributed positively to both quarterly and annual GDP growth. Similarly, construction performed well, with particularly strong output volumes in December. Residential consumption also picked up on the back of strong domestic demand.

Unfortunately, the shock of the Russian-Ukrainian war could lead to a further sharp rise in energy prices and could radically change the outlook for the Hungarian economy this year, adding further inflationary pressures.

Expectations

As in previous years, CEEAAM Zrt. closed the year 2021 with a profit.

The Company's result for 2021 slightly exceeded the figures forecasted in its business plan. Due to rising wage costs and the unfavourable market environment, the Company does not expect to achieve a high profit in the coming year.

In line with the objectives set out in CEEAAM's strategy, it will continue to provide a professional service to its existing client base with tailor-made products. Investment decisions will be taken quickly but carefully, taking into account the risks taken and the returns to be obtained. CEEAAM Zrt. makes the bulk of its investments in foreign currency denominated bonds. Clients can make their bond investment decisions quickly and cost-effectively by using the Company's services.

In addition to the securities of Hungarian and other Central European issuers, CEEAAM also pays particular attention to securities of Western European banks, insurance companies and corporates offering above-average yields.

For the financial year 2022, the Company has identified the following main risk factors for its performance:

- the Russian-Ukrainian war and the sanctions imposed by Western countries may make it partially impossible to trade CIS bonds,
- inflation may continue to rise, to which central banks will have to react,
- The Covid19 virus could spread further, negatively affecting global economic growth.

Risk Management

CEEAAM's Risk Management Rules, Assessment Rules and Rules of Trading Book set out the principles and methods of the risk management of the company.

With the purpose of transparency and control and to identify and address operational risks, CEEAAM applies an Internal Auditor, a Risk Officer, Compliance Officer responsible and a Safeguarding Officer. In the organization of the Company, the internal audit and the functions of compliance officer and risk management are separated. The risk officer is responsible for monitoring and analyzing the different kind of risks, but the competent leaders are also involved in the preliminary identification of the risks. In addition to the in-process control, the personal control activities of the executives also represent a substantial part.

The Company measures and addresses operational risks and the changes in the market and the legal environment in accordance with the prevailing laws and regulations and as per its internal rules.

The remuneration package consists solely of the basic salary. To avert risk, no additional benefits are applied on the performance, thus the remuneration of the risk management and other control functions is independent of the performance of the fields controlled by them.

The company assigned the following capital requirements to the identified risks on the sheet date of 31.12.2021 (rounded to thousand HUF):

<u>initial capital requirement:</u>	<u>55,350,000</u>
<u>total capital requirements on K-factor:</u>	<u>6,692,000</u>
<u>available solvency capital for risks:</u>	<u>206,887,000</u>
- tier capital:	206,887,000
• share capital:	60,000,000
• retained earnings:	146,887,000
- reductions from tier:	25,000
<u>Solvency surplus:</u>	<u>151,537,000</u>

Human capital

The Board of Directors of the Company consisted of three members: Mr. Zsolt Székelyhidi, Mr. Andor Katzer and Ms. Emilia Garas. The Internal Audit and compliance function is operating as an outsourced activity.

Dividends

The Board of Directors – similarly to 2021 – does not propose to pay any dividends after the results of the fiscal year of 2021. A higher level of retained earnings enables the company to comply easier with the National Bank of Hungary's capital requirements in a difficult business year.

Auditor

CEEAAM is audited by KES Audit Kft for financial year 2021.

Other information required and proposed by the Act on Accounting

CEEAAM had no subsidiary and had not acquired any stake in other companies either, in the course of the last fiscal year.

After the balance sheet date, no significant event occurred in the Company's operation.

Due to its operation field and size, environmental protection does not have a material effect on the financial position of the Company.

The Company is not engaged in any R&D activity.

Budapest, 31 May 2021.

Zsolt Székelyhidi

Andor Katzer

Members of the Board of Directors

The Board of Directors of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Board of Directors were last elected at the General Meeting for undetermined period of time.

Mr Zsolt Székelyhidi (Chairman)

Appointed: 16 December 2009

Mr Székelyhidi graduated from the Budapest Business School and also received a Bachelor of Business Studies degree of the University of Lincolnshire and Humberside. In 2002 he obtained the MSc degree of University of Pécs. Mr Székelyhidi started his career in 1999 at Central European International bank where he worked as an investment advisor responsible for domestic and foreign bond, equity and FX futures transactions of the clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Mr Székelyhidi speaks English and German besides Hungarian. In 2009 he founded CEE Active Asset Management holding presently 50% of the shares of the company and representing it as a managing director.

Mr Andor Katzer

Appointed: 1 April 2010

Mr Katzer studied at the Budapest School of Economics and after successfully graduating he also earned a BA degree in Business Studies at the University of Lincolnshire and Humberside. In 2002 besides obtaining the MSc degree of University of Pécs he successfully finished the course of ELTE Institute of Post-graduate Legal Studies and received a Diploma in Legal Studies. From 1999 until 2009 Mr Katzer was working as an investment advisor at Central European International Bank (CIB) specialised in trading local and foreign assets on behalf clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Two years later Mr Katzer was appointed Head of Treasury Sales at CIB where he managed a team responsible for the bank's clients' fixed income and foreign exchange transactions. Mr Katzer has a good command of English, German, Italian and French languages. In 2010 he became co-owner and managing director of CEEAAM Ltd holding 50% of the company's shares presently.

Ms Emilia Garas

Appointed: 17 May 2017

Mr Garas graduated at the University of Economics in Budapest. Before joining to CEEAAM Ltd. Ms Garas filled different senior back office and settlement department positions at Hanwha Bank and OTP Garancia Insurance Ltd. She speaks English.

Members of the Supervisory Board

The Supervisory Board of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Supervisory Board were last reelected at the General Meeting of 23 May 2016 for 5-year period of time.

Mr Gábor Nagy (Chairman)

Appointed: 01 April 2010

Mr Nagy is an economist who finished his studies at the Budapest University of Economics before graduating from the Budapest University of Technology and Economics (BME). Mr Nagy is co-owner and member of the management of Ramasoft Ltd, a company that is specialised in developing VAR based risk management software used by local banks and financial companies holding financial assets. Mr Nagy was previously member of the Board of Directors of CEEAAM Ltd.

Mr Norbert Narozsny

Appointed: 16 December 2009

After graduating from the Budapest Business School Mr Narozsny filled various management positions in the real estate industry working as an economist. In 2006 Mr Narozsny cofounded Nagro Investment Ltd. an enterprise that offers investment advice to real estate development companies. Mr Narozsny holds the position of CEO at Nagro Investment Ltd.

Dr László Földvári

Appointed: 16 December 2009

Dr Földvári, founder and head of the Földvári Law Firm, graduated "summa cum laude" in the Faculty of State and Legal Sciences of Eötvös Loránd University in 1994. After working as a trainee lawyer, he passed the bar exam, and started his practice as a private attorney-at-law registered at the Budapest Bar Association. In addition to the degree in law, he obtained a degree as an economist at the University Of Economic Sciences Of Budapest. He also graduated as a Specialist of European Law. Földvári Law Firm focuses on real property law, corporate law and the law of contracts. The company has also has extensive experiences in the field of Internet law, labour law and intellectual property law.

BALANCE SHEET (IN THOUSAND HUF)	NOTES	2020	2021
<i>I. Intangible Assets</i>		25	0
3. concessions, licenses and similar rights		25	0
<i>II. Property and equipment</i>		106 834	108 959
1. land and buildings and rights to immovables		104 979	106 994
3. other equipment, accessories, vehicles		1 855	1 965
6. advance payments for investments		0	0
<i>III. Financial investments</i>		-	-
A. Fixed Assets		106 859	109 959
<i>I. Inventories</i>		-	-
<i>II. Receivables</i>		2 765	2 457
1. trade receivables		390	0
10. other receivables		2 375	2 457
<i>III. Securities</i>		0	0
4. Other Securities		0	0
<i>IV. Cash and Cash equivalents</i>		1 151 206	1 627 009
2. Bank desposits		1 151 206	1 627 099
B. Current assets		1 153 971	1 629 466
C. Accrued and deferred assets		2 363	2 748
TOTAL ASSETS		1 263 193	1 741 173
<i>I. Share capital</i>		60 000	60 000
<i>II. Share capital unpaid</i>		-	-
<i>III. Capital reserve</i>		-	-
<i>IV. Retained earnings</i>		132 034	134 672
<i>V. Tied-up reserve</i>		-	-
<i>VI. Revaluation reserve</i>		-	-
<i>VII. General reserve</i>		-	-
<i>VIII. Profit or loss for the year</i>		2 638	12 215
D. Shareholders' equity		194 672	206 887
E. Provisions		0	0
<i>I. Subordinated liabilities</i>		-	-
<i>II. Long-term liabilities</i>		-	-
<i>III. Current liabilities</i>		1 065 116	1 531 614
4. Accounts payable		8 820	6 591
5. Liabilities to customers		1 053 282	1 522 703
12. Other short term liabilities		3 014	2 320
F. Liabilities		1 065 116	1 531 616
G. Accrued and deferred liabilities		3 405	2 672
TOTAL LIABILITIES		1 263 193	1 741 173

STATEMENT OF OPERATIONS (IN THOUSAND HUF)	NOTES	2020	2021
<i>Commission</i>		106 991	93 703
<i>Gains on securities traded on prop. account</i>		-	-
<i>Corporate finance activities</i>		-	-
<i>Custodianship, safe-keeping and portfolio management activities</i>		0	0
<i>Other income</i>		2 494	926
1. Revenue		109 485	94 629
<i>Commission expenses</i>		-5 355	-7 594
<i>Losses on securities traded on prop. account</i>		-	-
<i>Expenses of corporate finance activities</i>		-	-
<i>Expenses of custodianship, safe-keeping and portfolio management activities</i>		-	-
<i>Other expenses</i>		-9 411	-9 810
2. Expenses		-14 766	-17 404

PROFIT AND LOSS ACCOUNT (IN THOUSAND HUF)	NOTES	2020	2021
<i>Income from investment service activity</i>		106 991	93 703
<i>Expenses on investment service activity</i>		-14 776	-17 404
I. Profit or loss of investment service activity		94 719	77 225
II. Other income		0	0
III. Profit or loss of non investment service activity		-	-
IV. Own performance capitalised		-	-
V. Material cost		-63 600	-42 080
VI. Staff costs		-24 786	-20 422
VII. Depreciation		-2 234	-3 208
VIII. Other operating charges		-3 326	-2 176
IX. Expenses of non investment service activity		-	-
A. Income from operations		773	9 339
X. Non distributing financial activity income		2 500	5 402
XI. Non distributing financial activity expenses		-372	-276
B. Profit or loss from financial transactions		2 126	5 087
C. Profit before income tax (A+B)		2 899	14 426
XII. Income tax payable		261	2 211
D. Profit after taxes (C-XII)		2 638	12 215
XV. Retained earnings and reserves		-	-
G. PROFIT OR LOSS FOR THE YEAR		2 638	12 215

CASH-FLOW STATEMENT (IN THOUSAND HUF)	NOTES	2020	2021
<i>Profit before income tax</i>		2 899	14 425
<i>Corrections in profit before income tax</i>		-2 297	-7 627
Corrected profit before income tax		602	6 799
<i>Amortization</i>		2 234	3 208
<i>Accounted amortization and write-back</i>		-	-
<i>Difference between provisions made for liabilities and actual use</i>		-	-
<i>Gains and losses on sale of invented assets</i>		-	-
<i>Change in account payable</i>		2 781	-2 229
<i>Change in other short term liabilities</i>		242 553	468 727
<i>Change in passive provisions made</i>		1 330	-733
<i>Change in accounts receivable</i>		36	390
<i>Net change in current assets</i>		4 773	-82
<i>Change in active provisions made</i>		-146	-385
<i>Tax paid</i>		-261	-2 211
<i>Dividends paid</i>		-	-
I. Net Cash flow from operating activities		253 902	473 484
<i>Purchase of financial investments</i>		-18 437	-5 308
<i>Proceeds from sale of financial investments</i>		-	-
<i>Dividends received</i>		-	-
II. Net Cash flow from investment activities		-18 437	-5 308
<i>Proceeds from issuance of stocks</i>		-	-
<i>Proceeds from issuance of financial investments</i>		-	-
<i>Credits and loans received</i>		-	-
<i>Repayment, elimination of long-term loans, bank deposits</i>		-	-
<i>Liquid assets definitely</i>		-	-
<i>Retirement of stocks, withdrawal of capital</i>		-	-
<i>Repayment of bonds and securities representing credit</i>		-	-
<i>Repayment of credits and loans</i>		-	-
<i>Long term loans and bank deposits</i>		-	-
<i>Liquid assets transferred definitely</i>		-	-
<i>Changes in liabilities to founders and long-term liabilities</i>		-	-
III. Net Cash flow from financing activities		0	0
<i>Cash and Cash equivalents as at 1.JAN</i>		913 444	1 151 206
<i>Cash and Cash equivalents as at 31.DEC</i>		1 151 206	1 627 009
IV. Net increase/decrease in cash		237 762	475 803

Notes to the financial reports

Company data

Name fo the company:	CEE Active Asset Management Ltd.
Address:	1/B. Törpe str. Budapest H-1124 Hungary
Registered office:	1/B. Törpe str. Budapest H-1124 Hungary
Date of founding:	16.12.2009 (registered: 30.12.2009)
Court registration number:	01-10-046560
Tax Identification number:	11714910-2-43
HFSA license number:	EN-III/63/2010
Main bank account number:	10702019-65686654-51100005

Ownership structure: Company founders / owners / changes in share capital

Owners:	Shares held:
Andor Katzer	3.000 pcs (50%)
Zsolt Székelyhidi	3.000 pcs (50%)

The annual report was prepared by: Andrea Volár / registered accountant

Registration number: 164497

Accounting policy

The company maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary. The company's functional currency is the Hungarian Forint (HUF).

Form of report:	Annual report
Form of Balance Sheet	„A” type Balance Sheet
Form of Profit or Loss account	„A” type – with expenditure (total cost) method
Date of Balance Sheet	December 31
Date of preparation of Balance Sheet	May 31 (following year)

Significant accounting policies

The company has prepared its accounting policies and accounting system in line with current regulations in order to show real picture on its profitability capabilities, capital, current and future financial status published in the annual report.

The company uses double book keeping system, preparing balance sheet and profit and loss account as well.

Main evaluation principles

- Invested financial assets are registered at historical value in the books
- Liabilities are registered at historical value in the books
- Depreciation is written down on bad debts by the extent of expected loss
- Securities bought for sale are registered at historical value in the books
- Securities bought for sale are valued by FIFO method
- Liabilities are recorded at book value in the balance sheet

Financial condition

Assets of the company

Description	2020		2021	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Fixed assets	106 859	8.45	108 959	6.26
Inventories	25	0.01	0	0.0
Receivables	2 765	0.22	2 457	0.14
Securities	0	-	0	-
Liquid assets	1 151 206	91.13	1 627 009	93.44
Accrued incomes and deferred charges	2 363	0.19	2 748	0.16
TOTAL ASSETS	1 263 193	100.00	1 741 173	100.00

Liabilities of the company

Description	2020		2021	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Capital and reserves	194 672	15.41	206 887	15.41
Provisions	0	-	0	-
Long term liabilities	0	-	0	-
Short term liabilities	1 065 116	84.32	1 531 664	87.96
Accrued incomes and prepaid charges	3 405	0.27	2 672	0.15
TOTAL ASSETS	1 263 193	100.00	1 741 173	100.00

The main indicators of the business activity in 2021 (in tsd HUF):

Equity ratio	$\frac{\text{Owner's equity}}{\text{Total assets}} \times 100$	$\frac{194,672}{1,263,193} = 15.41\%$	$\frac{206,887}{1,741,173} = 11.88\%$
Ratio of equity and share capital	$\frac{\text{Equity}}{\text{Share capital}} \times 100$	$\frac{194,672}{60,000} = 324.45\%$	$\frac{206,998}{60,000} = 344.81\%$
Current ratio I.	$\frac{\text{Current assets}}{\text{Short term liabilities}}$	$\frac{1,153,971}{1,065,116} = 1.08$	$\frac{1,629,466}{1,531,614} = 1.06$
Current ratio III.	$\frac{\text{Cash and cash equiv.}}{\text{Short term liabilities}}$	$\frac{1,151,206}{1,065,116} = 1.08$	$\frac{1,627,009}{1,531,614} = 1.06$
Return on equity (ROE)	$\frac{\text{Net income}}{\text{Equity}} \times 100$	$\frac{773}{194,672} = 0.40\%$	$\frac{9,339}{206,887} = 4.51\%$
Return on asset (ROA)	$\frac{\text{Net income}}{\text{Total assets}} \times 100$	$\frac{773}{106,859} = 0.72\%$	$\frac{773}{106,859} = 8.57\%$

Budapest, 31 May 2021.



Zsolt Székelyhidi / Andor Katzer