



4iG Nyrt.  
Represented by: Péter Fekete, Deputy CEO  
1037 Budapest, Montevideo u. 8.

**Independent Expert Report**  
**regarding the contribution value of Portuguese**  
**Telecommunication Investments Kft.**

Dear Members of the Board,

**Background of the engagement**

4iG Nyrt. plans to increase its equity by raising its share capital, which would be achieved by the contribution in kind (hereinafter the "Transaction") of the 100% stake of Portuguese Telecommunication Investments Kft. (hereinafter "PTI"). PTI's significant asset is its 50% stake in Hungaro DigiTel Távközlési Kft. (hereinafter "HDT" or the "Company").

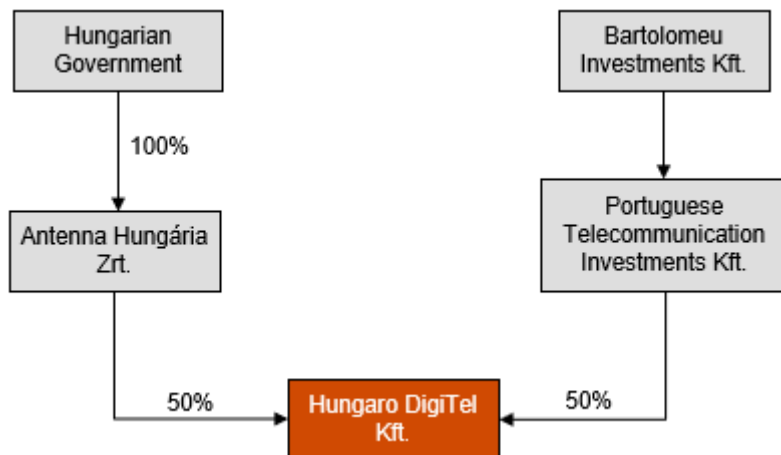
In order to carry out the Transaction, the report of an expert with the expertise required for the valuation of the given asset must be obtained in accordance with Section 3: 251 (1) of Act V of 2013 on the Civil Code. In the case of a public limited company, pursuant to Section 3: 296 (5) of the same Act, the expert report shall be published.

In connection with the Transaction 4iG Nyrt. has asked PricewaterhouseCoopers Magyarország Kft. (hereinafter referred to as "PwC") to determine the contribution value of the contributed stake in PTI, and to prepare the respective independent expert report (hereinafter referred to as "Expert Report").

Based on the above, we have prepared our Expert Report in connection with the capital increase planned by a non-pecuniary contribution (contribution in kind) of PTI in 4iG Nyrt.

## Work carried out and information base

### Ownership background of PTI and HDT



In preparing the Expert Report, we determined the market value of PTI's 100% stake in accordance with the ownership structure, considering the market value of PTI's 50% stake in HDT.

The valuation date was 31 December 2020. Only information that was known and available at the time of the valuation was considered in the valuation. Information arising after the time of the valuation and its effect on the value is not included in the valuation.

For the preparation of our independent Expert Report, we used information on the existing macroeconomic, market, financial and regulatory environment. Our valuation is only valid for the valuation date. Our engagement does not include an obligation to update the Expert Report for a later date.

The main information base for the valuation was the information made available to us by the management of HDT and PTI, primarily the financial information provided, historical data, business plan and other documents, as well as interviews with the management. We have not performed any audit tasks in accordance with generally accepted auditing standards on the data and information provided to us, nor have we ascertained the accuracy of the data; we assumed that the information provided to us was accurate and complete.



## **Introducing the companies subject to business valuation**

### Portuguese Telecommunication Investments Kft.

Portuguese Telecommunication Investments Kft. is an asset management company whose significant asset is its 50% stake in HDT.

### Hungaro DigiTel Kft.

Hungaro DigiTel Távközlési Kft. is Hungary's market-leading satellite telecommunications service provider with its own infrastructure and a terrestrial satellite transmitting station. The Company provides telecommunications services mainly to public as well as private customers.

The main activity of the Company is satellite telecommunications (in addition, the Company is entitled to perform 25 additional activities).

The Company's business activities can be divided into the following four service groups:

- Satellite Data Transmission („VSAT”) service
- Uplink service
- Wi-Fi network deployment service
- IT security (DDOS) service

The Company is a joint venture, 50% owned by Antenna Hungária Zrt. and 50% owned by Portuguese Telecommunication Investments Kft. Antenna Hungária Zrt. is 100% owned by the Hungarian State (from 2019 to 31 December 2022, the minister without portfolio for the Management of National Assets).

## **Business valuation methodology**

### Business valuation methodologies

Based on international standards, there are three generally accepted valuation methods: income, market comparable, and net asset valuation methodologies. The appropriate method to determine the fair market value is always dependent on the character of the company to be valued and the particular situation.

The *income approach* examines the cash flow related to the operation of companies, discounting it with the appropriate cost of capital, thus determining the value of the company. The method is based on the company's long-term business plan.



The *market valuation approach*, i.e. valuation based on comparable companies is usually based on financial or operational parameters of the company. The market comparable approach determines the market value of a company's equity based on data from comparable companies whose industry activity, revenue composition and economic environment are like those of the company being valued.

The net assets method derives the value of the valued company's equity by determining the market value of the assets and liabilities. The methodology is based on the revaluation and aggregation of balance sheet items. Under this method, the market value of 100% equity can be estimated as the difference between the market value of assets and liabilities.

#### Selected business valuation method

The appropriate methodology was selected in accordance with the activities of the PTI and HDT subject to the business valuation.

Considering that PTI's main activity is asset management and its significant asset is HDT's 50% share, we applied the net assets method to value PTI. The net assets method derives the value of the valued company's equity by determining the market value of its assets and liabilities. As the business value of HDT is mainly derived from continuing operations and income generation, we performed its valuation based on the income approach, using the discounted cash flow methodology. Under the DCF method, the market value of a company is determined by the amount of expected future cash flows. The method means calculation of the Net Present Value of future free cash flows using a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

#### The main steps of income-based valuation are:

- Determining the operating conditions of the activities that fundamentally determine the company's cash;
- Determining the future free cash flows (after-tax cash flows regardless of the method of financing) for the so-called explicit forecast period (operating, capital expenditures and working capital cash flows), then determining the net present value of these cash flows at the appropriate discount rate;
- Estimating the terminal value, i.e. determining the net present value of long-term sustainable cash flows assumed after the explicit period;
- Determining the preliminary value of equity considering other items (e.g. cash, debt, non-operating assets available for sale, additional assets needed for operation);
- Consideration of liquidity discount;
- Value conclusion.



The starting point for the income-based valuation of HDT was the Company's business plan for 2021-2032, which was revised as necessary based on historical data for 2018-2020, comparative data and market expectations.

During the valuation, HDT's future revenue was determined on the basis of the service packages provided to its current and future partners, and contracts available.

The main steps of the net assets valuation method:

- Balance sheet items with significant value were reviewed and considered for revaluation based on information available;
- If the review confirmed that the book value as of 31.12.2020 is equal to the market value, the book value has been accepted;
- Balance sheet items with no significant effect on the value were taken into account at book value.

Valuation criteria

During our work, the valuation was performed considering the following criteria:

- Definition of market value: Fair market value is defined as the price which would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, each acting at arm's length for their own economic self-interest, who are well informed about the market circumstances, the financial situation and future prospects of the company in question.
- Going concern: We have assumed that the companies will continue to operate as planned, complete their ongoing investments, and operate them in addition to their existing assets, with the purpose, efficiency, and profitability set forth in their business plans.



## **Limitations**

This Expert Report has been prepared in accordance with the relevant legal regulations for our Client, 4iG Nyrt. The Expert Report may only be used for the purpose set out in our contract and this Expert Report. The Expert Report may be published in accordance with the relevant Hungarian legislation. Disclosure, compression, display, or any reference to the Expert Statement in any form other than the above requires the prior approval of PwC.

PwC shall not be liable to any third party for any damages or obligations arising from the use of the Report or any information contained in the Report, unless expressly and bindingly required by law.

It is the responsibility of any person considering the Report to make decisions based on our Report and other analyses independent of our work and other information available to them.

PwC shall not be liable for any decision or failure to complete the proposed transaction(s) or for any adverse consequences of the transaction(s). In particular, no liability is taken for the possible financial and other consequences for a party not receiving the expected benefit after the transaction(s) has taken place or has not taken place.

It is the responsibility of the management of 4iG Nyrt. to make a proposal regarding the terms and conditions of the planned Transaction based on its own judgment. The independent Expert Report and the procedures supporting it are not intended to be the sole basis for any decision regarding the Transaction. Accordingly, it may not be used as a substitute for other investigations and procedures that the parties may perform in determining the terms of the Transaction.

The information used was obtained by PwC from several, partly publicly available, sources and from the Management of the companies involved in the valuation. The available data have not been reviewed, verified or subjected to verification by a third party, and we have not performed audit in accordance with auditing standards, nor have we provided legal or tax advice.

We are not responsible for the accuracy or verification of financial data received from the Management or publicly available industry or other company information. We have assumed that the financial and other information provided to us by the Management is accurate and complete. We have also assumed that all material liabilities (actual or contingent) related to the operations of the companies concerned are included in the financial statements. We have accepted the Management's statement that it is not aware of any fact that would call into question the accuracy, reliability or completeness of those financial and other information.

Please note that the financial projections used in our valuation are based on expectations and future business assumptions. Due to the uncertainty surrounding the



forecasts, there may be significant differences between the actual cash flows realized in the future and the cash flows forecast for the same period.

With respect to the forecasts, trends and financial projections provided by the Management, we have assumed that the information used to make these forecasts is reasonable and reflects the Management's most likely forecasts and expectations regarding the business of the company concerned. When estimating the business value, we started from the assumption that there will be no significant change in the professional management of the companies in the future.

By its very nature, valuation work cannot be considered as a uniform and exact science, and the conclusions drawn by the analyst may contain partly subjective value judgments and decisions, thus there is no single and indisputable value.

During the preparation of the valuation, we did not investigate the title to, or liabilities to the assets directly or indirectly owned by 4iG Nyrt and the valued companies. Our analysis assumes that any ownership claim is valid, property rights are appropriate and marketable, and there are no restrictions that could not be clarified by a simple procedure.

All conclusions, results and circumstances included in the Report are based on facts, expected events and judgments that became known on or shortly after the valuation date.

The Expert Report does not include the possible effects of events or circumstances that may have occurred after the date of the Expert Report, nor does it contain any information that may have come to light after that date.

## **Independence**

PwC is independent of the Client, PTI and HDT, their management and owners.

The content of the Report is independent of the level of remuneration and the fact of remuneration does not depend on the achievement of any predetermined analytical result. The analysis and its conclusions reflect PwC's professional opinion.



### **The result of the valuation**

Based on the valuation performed, the contribution value of the 100% share of PTI to be invested in 4iG, determined on a conservative basis, is at least HUF 3,093,811 thousand.

If the new shares to be issued during the actual capital increase are issued at the contribution value of HUF 3,156,000,126 and at the issue value of HUF 606 per share specified by the Board Resolution of 4iG Nyrt., the issuing of 5,207,921 shares as the consideration for the contribution of the 100% stake of PTI will balance the value of the capital increase with the contribution value.

Budapest, May 27, 2021

Yours faithfully:

A handwritten signature in blue ink, appearing to read 'Csaba Polacsek'.

Dr. Csaba Polacsek  
Partner  
PricewaterhouseCoopers Magyarország Kft.