

ANNUAL REPORT 2021



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EXECUTIVE SUMMARY

of 2021

2021 was about adapting to long-term impacts, returning to pre-pandemic levels and surpassing previous achievements. Despite preliminary expectations the economy left the pandemic crisis behind, and quickly stabilised and returned to its dynamic growth path of the pre-pandemic period. This process has been facilitated to a large extent by the active involvement of the Hungarian capital market and Budapest Stock Exchange (BSE).

Further market development efforts of the Hungarian stock exchange are closely linked to the listing of BSE. Starting the necessary background work is a key element of the renewed strategy for 2021–2025. In many aspects, the IPO marks the beginning of a new era in the history of the Hungarian stock market, and we expect it to be an incentive for companies considering going public.

It is important to point out that the BUX index has had a historic year. The 50,721 points at the end of the year, following a series of records, represents an increase of more than

Richárd Végh

Chief Executive Officer of Budapest Stock Exchange

20% compared to 2020, but also an increase of more than 10% compared to 2019, the last year before the pandemic.

The initial public offering of AutoWallis was a significant milestone, raising HUF 10 billion, which surpassed expectations. We also welcomed newcomers to the Exchange - Eprolius Ingatlan in the Standard category, and OXO Technologies Holding, NAP and Polyduct on our medium-sized companies platform, BSE Xtend. Another two companies moved up to higher levels: AKKO Invest to the Premium category and Megakrán, the first company to move up from the BSE Xtend market, to the Standard category.

We cannot overlook the additional milestones that will significantly contribute to strengthening Hungary's position among regional capital markets. Among other things, Interactive Brokers, a global service provider with around one and a half million clients, went public, and the commodity market segment was revitalised thanks to a joint development project with Equilor. The bond market continued its robust growth, with the combined nominal value of the BSE Xbond platform exceeding HUF 1,618 billion last year. The segment that was established almost 3 years ago, is constantly expanding, with 66 issuers now listed on the BSE Xbond market.

There has also been an impressive increase in the range of initiatives we have built up over the past few years in our range of services for medium-



Dr. Mihály Patai

Chairman of Budapest Stock Exchange

sized enterprises. With the launch of the sixth edition, the BSE50 community now has 295 members. In 2021, 13 companies joined the ELITE Programme, an international business development training programme, bringing the number of Hungarian participants to close to sixty, an outstanding achievement in the region. Meanwhile, 6 new companies completed the Mentoring Programme during the year to help them prepare for the stock market. Our BSE Xmatch service, which supports the creation of private transactions, also continued in 2021. In this context, three more companies, Épduferr, Inventure Automobile and Civita Group, presented themselves to institutional investors, and we also launched the BSE Xmatch closed platform, where capital market participants can communicate and share information with each other.

Last but not least, the financial awareness and capital market activity of the general public also reached a new level in 2021: direct equity holdings exceeded the psychological threshold of HUF 1,000 billion.

We closed the market development strategy launched in 2016, reviewed the results and defined the directions for the coming years. We believe that the foundations are right. With this in mind, the 2021–2025 strategy is based on the principle of continuity, whether it is about achieving BSE’s IPO, increasing the role of equity finance in the economy, creating and developing a sustainable capital market ecosystem, educating the public about finance, or strengthening BSE’s international relations.

An efficient capital market can increase household wealth and help Hungarian companies grow.



BUDAPEST STOCK
EXCHANGE -
AN INTRODUCTION

KEY GOALS AND OPERATION

Budapest Stock Exchange Ltd. (BSE) is a key player on the Hungarian money and capital markets, and as such it provides economic operators with access to financial resources and offers investors a broad range of investment instruments. A key objective of the Exchange is to create a stable and independently financed Hungarian economy, and to continuously improve the financial literacy of the Hungarian people and the corporate sector.

As the successor to the first Hungarian stock exchange, founded more than a century and a half ago in 1864, the BSE plays a key role in the capital markets of both Hungary and the Central European region. As a result of the dynamic growth it achieved after its re-establishment in 1990, BSE now provides the highest level of service in compliance with the standards of developed markets, to security issuers, traders and investors from around the world.

In the last more than three decades, Budapest Stock Exchange evolved into one of the most innovative markets in the region: it was the first to introduce, among other activities, options and futures trading. The Exchange pioneered the

listing of exchange-traded funds in the region and was among the first to use central counterparty services, an essential component of the safety of settlements, in collaboration with KELER.

Today, BSE offers investors a wide range of products. In addition to equities and debt securities, which are the traditionally the most popular in Hungary, the range also includes investment funds and structured products, as well as international equities. The derivatives market of Budapest Stock Exchange encompasses not only futures and options trading, but also a foreign currency market with the highest trading volume in Europe and a commodity market which is unique in the region.

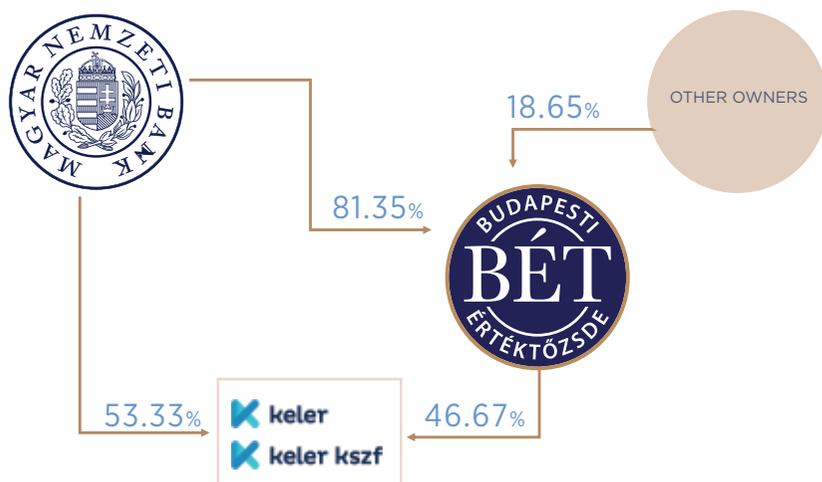
In summary, Budapest Stock Exchange provides issuance opportunities to companies raising funds, trading services to stock exchange member investment service providers and related information services to capital market participants. Apart from these activities, BSE, through its subsidiary KELER Group, is also involved in depository, settlement and clearing activities on the capital and energy markets.



BSE is committed to strengthening the role of capital markets in Hungary, helping companies to grow and be competitive, while ensuring the prosperity of households, where BSE enjoys a high level of trust as a key player.

On 20 November 2015, the Magyar Nemzeti Bank concluded a purchase agreement with the former owners of Budapest Stock Exchange, the Austrian CEESEG AG and Österreichische Kontrollbank AG.

**Ownership structure of BSE and its subsidiaries
(31 DECEMBER 2022)**



Roles of BSE and its subsidiaries



STRATEGY OF BUDAPEST STOCK EXCHANGE

At the end of 2020, BSE drew up a new strategy for 2021–2025, closing the previous five-year period and building on its results. As far as the starting position is concerned, BSE is looking forward to the next period from a moderately strong position. Although capital markets play a minor role in the Hungarian economy, even by the standards of its development level, recent years have seen an increasing demand for capital market financing and the emergence of new asset classes on the stock market, and the last five-year strategy has brought some major achievements in strengthening the ecosystem and developing new products. BSE's position in this market is strong, and the exchange could be one of the main beneficiaries of future capital market growth.

At the same time, BSE also faces challenges. One of the main consolidation drivers in the sector is the economies of scale, and the current size of BSE and the Hungarian capital market is a strong barrier to technological innovation and to the shift of the business model towards data solutions.

Value creation within the value chain is constantly shifting towards information technology, data, energy market products, and depository and CCP activities. This has relatively reduced the value of the primary and secondary market business model, thus increasing competitive pressure.

These risks also carry opportunities: the current level of underdevelopment predicts strong organic growth. BSE is placing greater emphasis than ever on regional cooperation. Several stock exchanges in the region are in a similar situation, which can create synergies on both the revenue and cost sides.

“The exchange could be one of the main beneficiaries of future capital market growth.”

The cornerstones of the new 5-year strategy

Exchange on the exchange

In addition to the many positive effects of going public (efficiency, transparency, a broad range of owners, fundraising opportunities, marketing element), the listing of BSE is also a milestone towards achieving the strategic objectives of the owners, as the main owner, MNB, wishes to reduce its shareholding and attract new investors and make them interested in the success of the Hungarian and regional capital markets.

New business segments and services

The ESG aspect will be emphasised in future index developments, both in the equity and bond asset classes, both for current and potential new indices of the BSE. Sustainability is an increasingly important issue in Hungary and abroad. The exchange supports this process in the Hungarian capital market from two directions. Firstly, BSE's role is to be a catalysator of change as a central player in the capital market and to participate in building a green and sustainable capital market. Secondly, it also intends to open up to non-public capital markets with the launch of the new BSE Xmatch private placement platform.

Further extending the role of the capital market

We expect large corporations with decision centres in Hungary to make greater use of capital market solutions to financially support their strategic decisions. In addition to boosting the equity market, the development of the Hungarian corporate bond market also plays a key role, while increasing non-equity trading revenues is a further priority.

**Regional
and industry
cooperation**

The consolidation processes among European infrastructure providers and the increasing economic weight of the region give Budapest Stock Exchange an inescapable strategic task to address the different types of cooperation opportunities in the Central and Eastern European region.

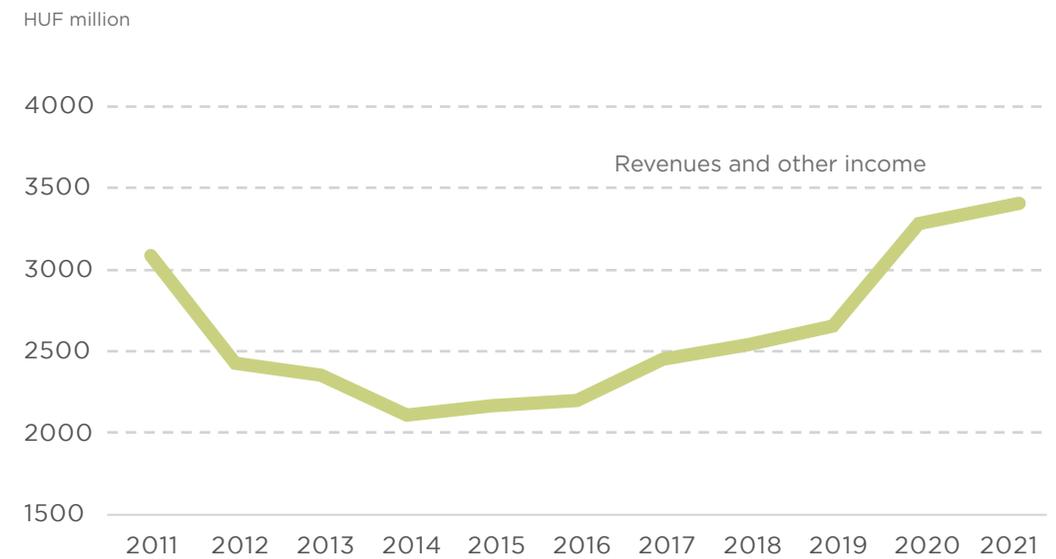
**IT innovation and
security**

The aim of BSE's information technology strategy is twofold: in addition to supporting the implementation of the business strategy, it is also important to meet the requirements of the regulatory framework for information technology. To ensure that we can manage the achievement of these two goals, we are already looking for hardware and software solutions in the basic infrastructure that support IT operations in a reliable, automated and secure way. Our critical infrastructure role in the market requires a high degree of availability and compliance with high quality standards. To this end, BSE will continue to build its IT infrastructure on IT solutions from market leaders.

KEY BUSINESS FIGURES

The total revenue of Budapest Stock Exchange in 2021 was around HUF 3.5 billion, up 5.6% on the previous year. As a result of this and the reduction in financial operating expenses, the 2021 EBITDA was HUF 982 million and profit after tax was HUF 586 million. The financial data presented in this chapter are based on the Hungarian Accounting Standards (HAS) for BSE.

Revenues of BSE – 2011-2021



Source: BSE

10286

HUF billion

- the equity market capitalisation of Budapest Stock Exchange on 31 December 2021

13

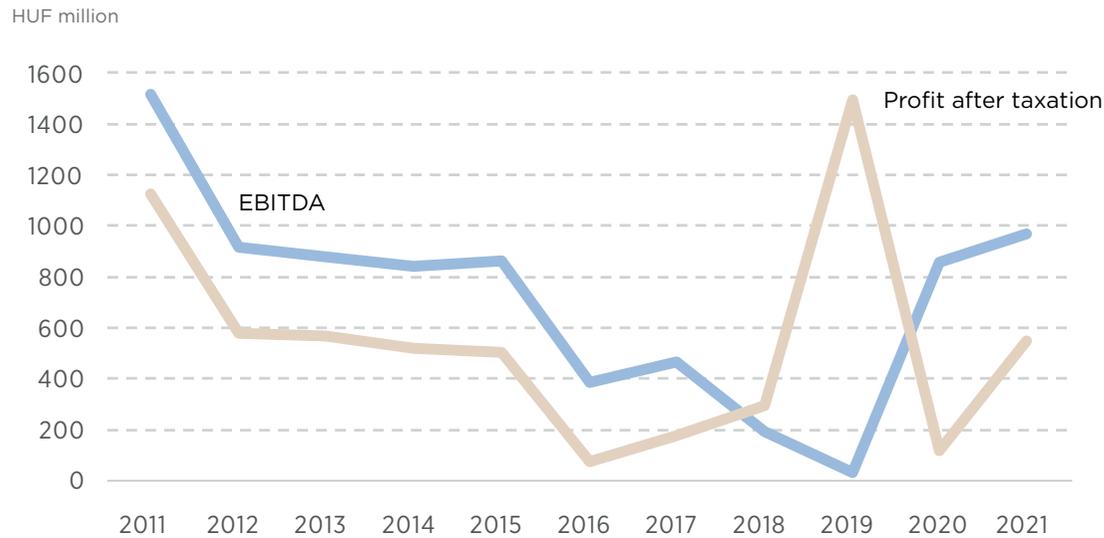
HUF billion

- the average daily spot equity market turnover in 2021

117

- the number of issuer companies at the end of the year

BSE performance indicators - 2011-2021

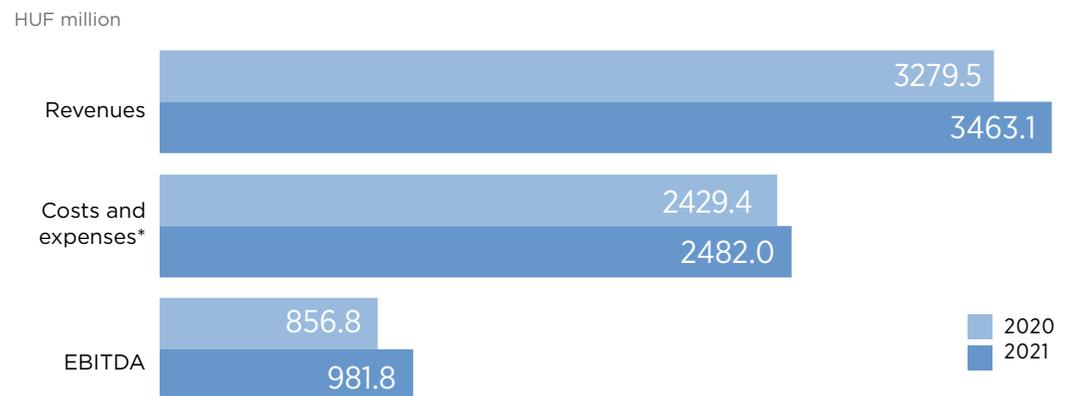


Source: BSE

+15% - EBITDA increase last year compared to the previous year

+395% - the increase in profit after tax in 2021

Key profitability figures of the Exchange - 2020-2021

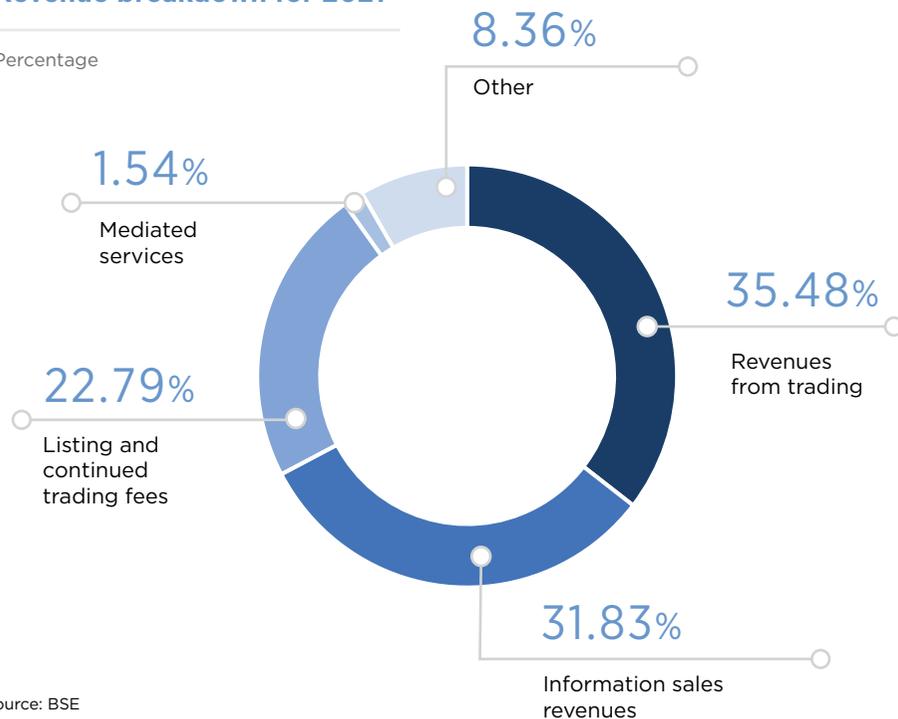


*Material, personnel and other expenses excluding depreciation, local business tax and special taxes
Source: BSE

Of the BSE's three main business segments, trading revenues amounted to HUF 1,229 million, listing and continued trading fees to HUF 789 million, and information sales revenues to HUF 1,102 million.

Revenue breakdown for 2021

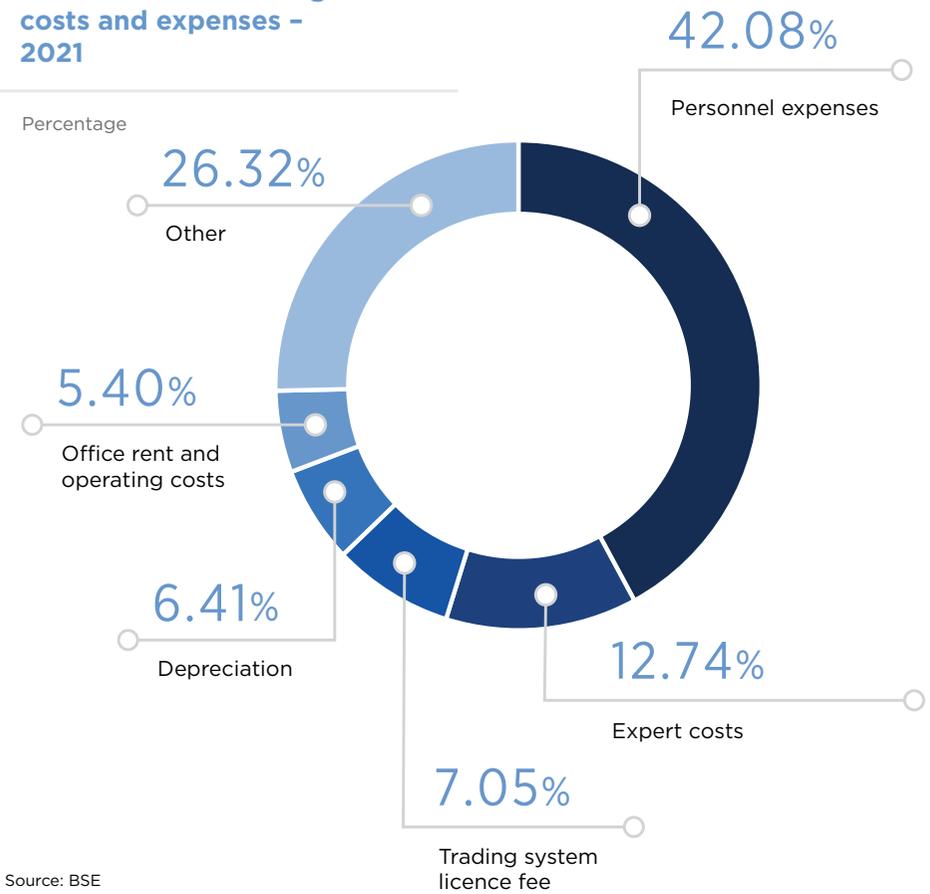
Percentage



Source: BSE

Breakdown of exchange costs and expenses - 2021

Percentage



Source: BSE

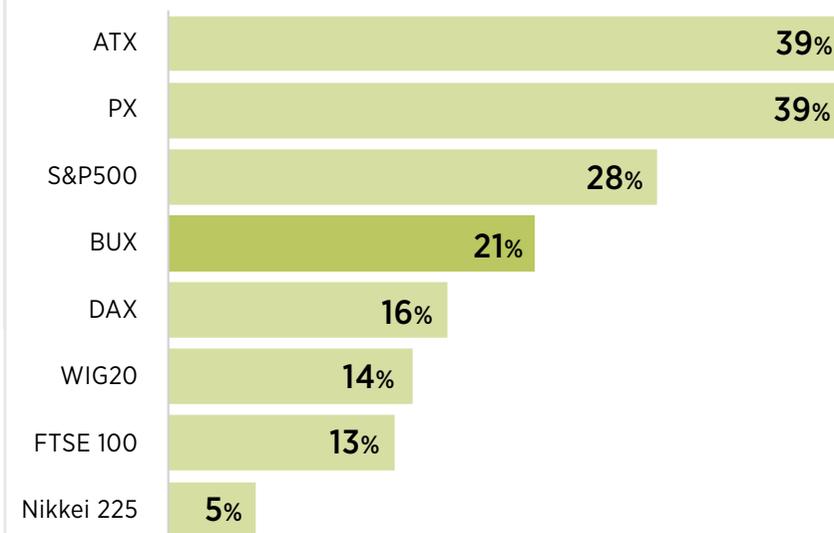
As far as costs and expenses are concerned, personnel expenses amounted to HUF 1,178 million, the trading system licence fee to HUF 197 million and expert fees to HUF 357 million.

MARKET TRENDS

The past two years have been shaped by the economic and social impact of the coronavirus pandemic. As the pandemic spread, there was considerable uncertainty not only in the Hungarian economy, but also in the global economy. The challenges posed by the economic downturn have also hit the domestic capital market, causing the BUX to fall significantly in 2020. This slowdown was overcome by mid-2021, and by the end of the year the index had substantially exceeded its pre-pandemic level. In terms of performance in local currency, the indicator finished in the middle among international and regional indicators, with an increase of 21%.

Performance of major stock price indices – 2021

Year-end closing value increase compared to end-2020 (in local currency)



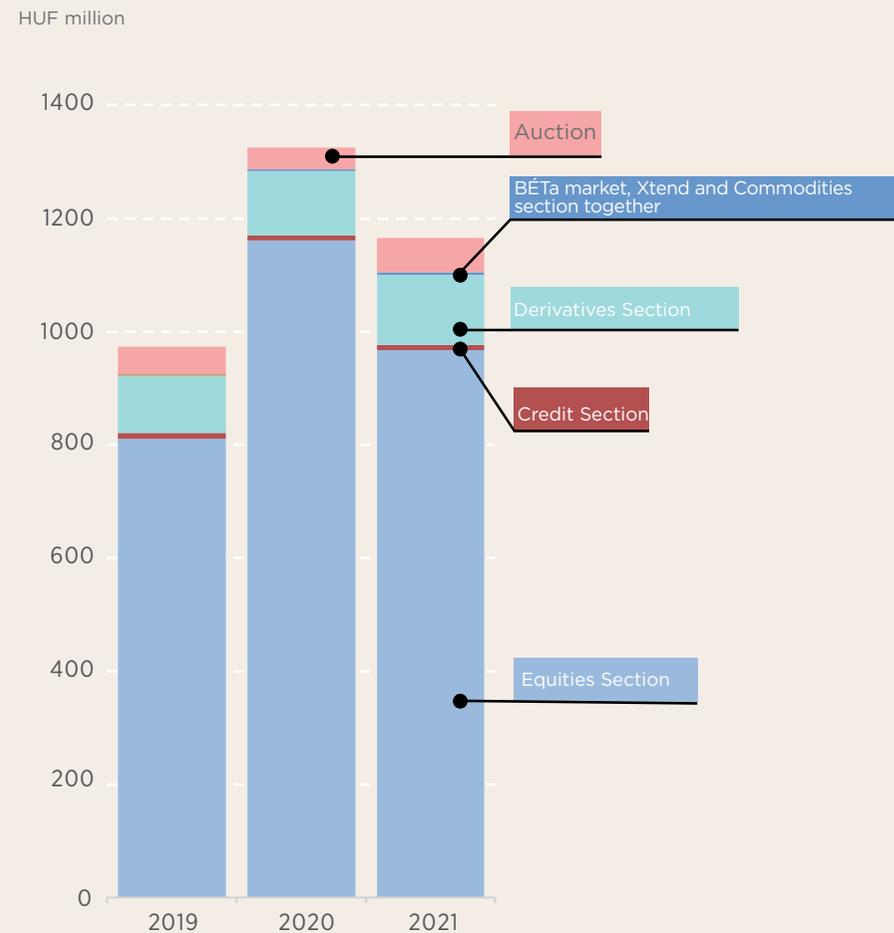
Source: Reuters, BSE, GPW, PSE, Wiener Boerse, Yahoo Finance

TRADING BUSINESS

The equity market is the most important segment of Budapest Stock Exchange, generating more than 80% of trading revenues. Internationally, the equity market remains concentrated, with four blue chip companies accounting for the vast majority of turnover.

BSE charges a percentage-based trading fee for the buying and selling of shares by investment firms on the exchange, depending on the value of the transaction. Trading revenues generated HUF 1,229 million in 2021, 11% less than a year earlier.

Trading revenues by market - 2019-2021

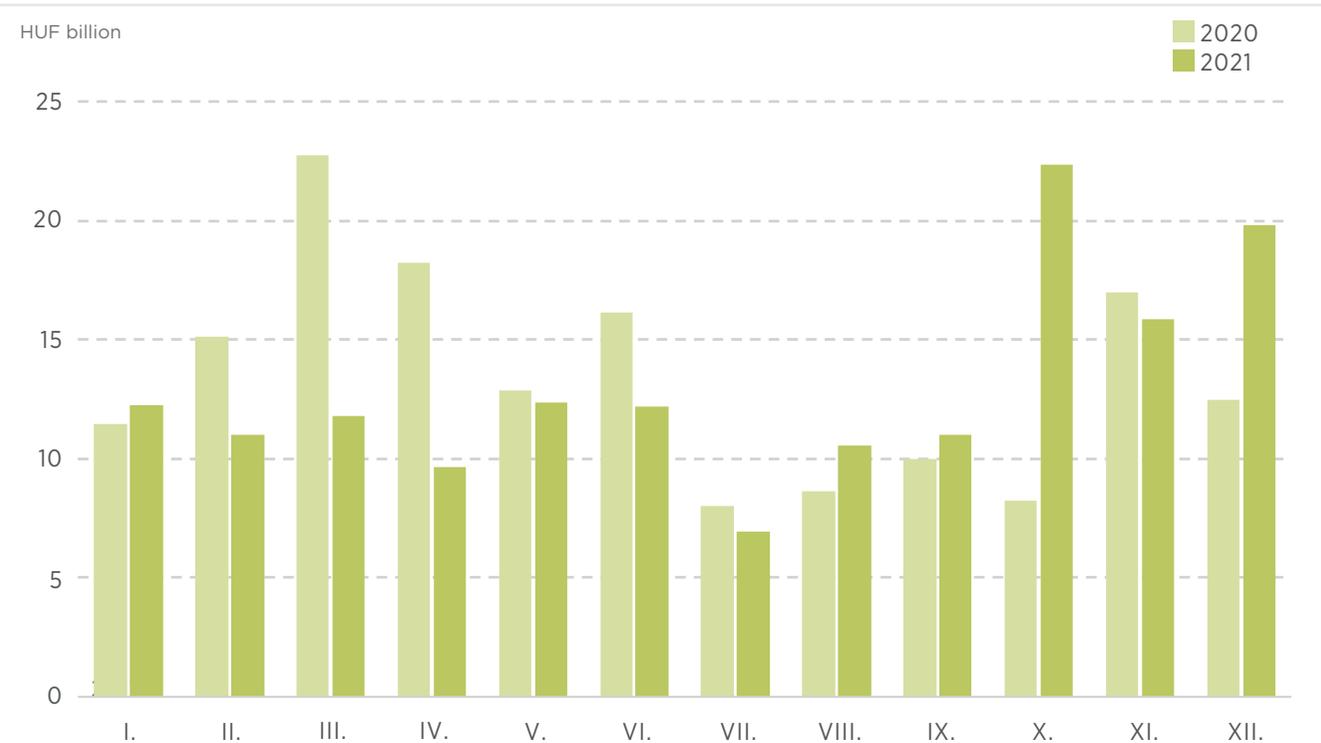


Source: BSE

Spot market

Unlike the stock market index, market turnover declined in 2021, with an average daily amount of HUF 12.95 billion representing a 3.3% decrease over the previous year, due to lower market volatility than in the previous year. The contraction in turnover is further nuanced by the fact that the figure above includes large block transactions in OTP Bank shares (totalling HUF 470 billion). The average adjusted daily turnover in 2021 was therefore HUF 11.1 billion.

Monthly averages of daily turnover on the spot market - 2020-2021



Source: BSE

Daily averages at annual level

HUF billion



2020 average



2021 average



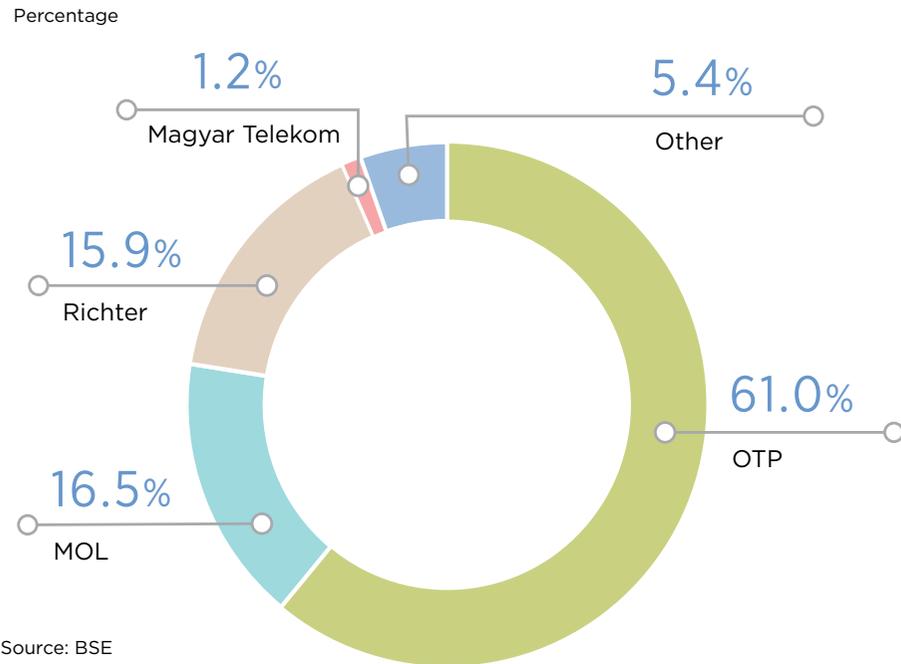
adjusted 2021 average

Source: BSE

Futures market

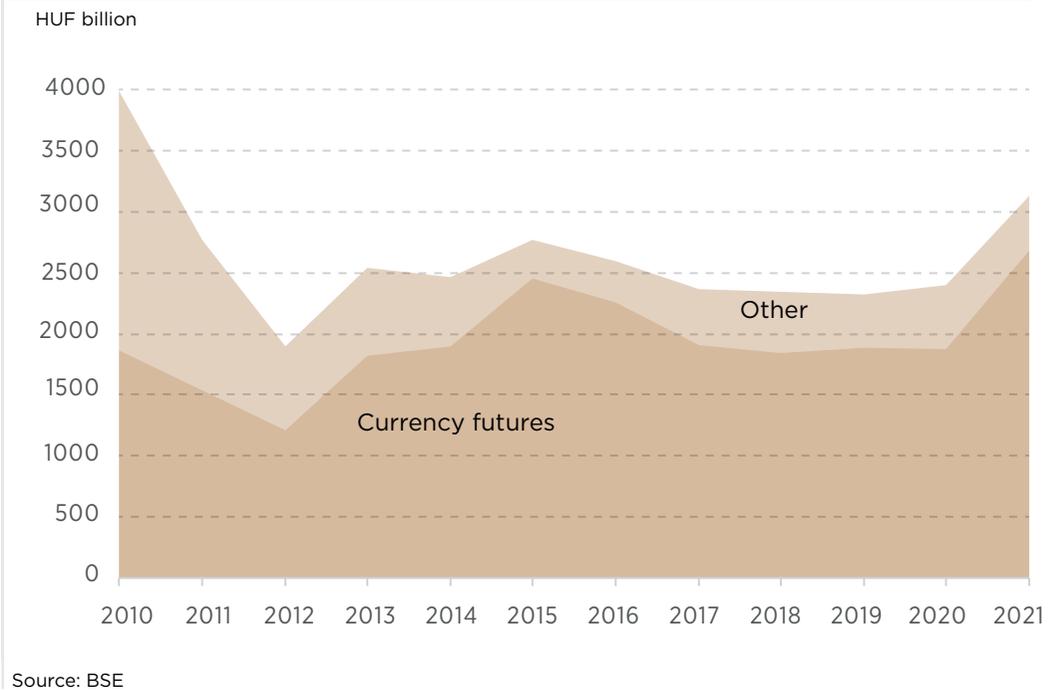
On a year-on-year basis, the futures market turnover increased by 30% in 2021. The growth was driven by currency futures, which rose by 43%. Other derivatives showed a decrease over the period under review. Except for grain futures, which two years ago generated no turnover at all, while they generated HUF 8.6 billion last year.

Distribution of equity turnover concentration - 2021



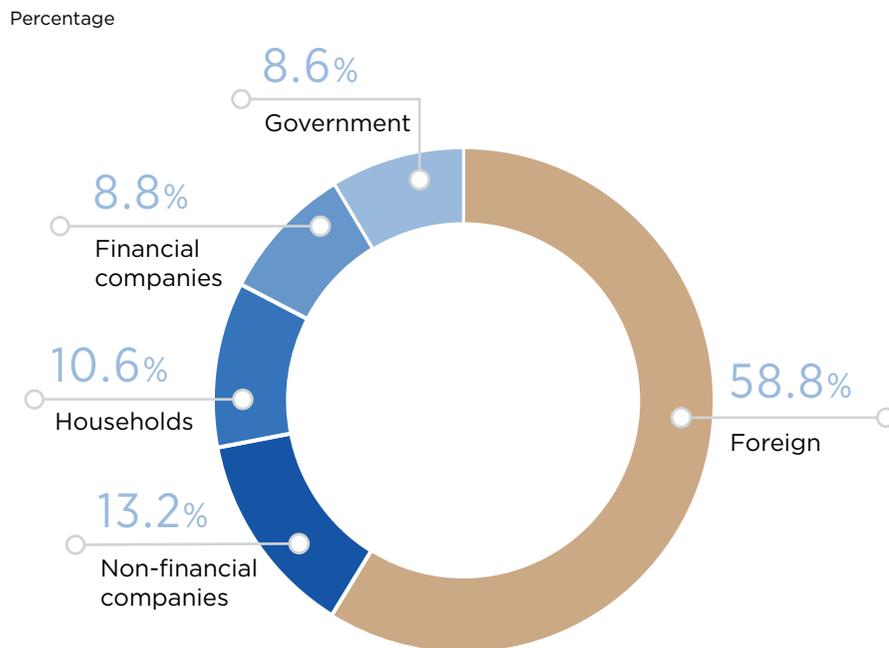
The turnover of small- and mid-caps decreased compared to previous years, maintaining the high concentration of turnover in the Hungarian equity market. The four blue chip equities together accounted for 95% of total turnover in 2021.

Futures market turnover - 2010-2021



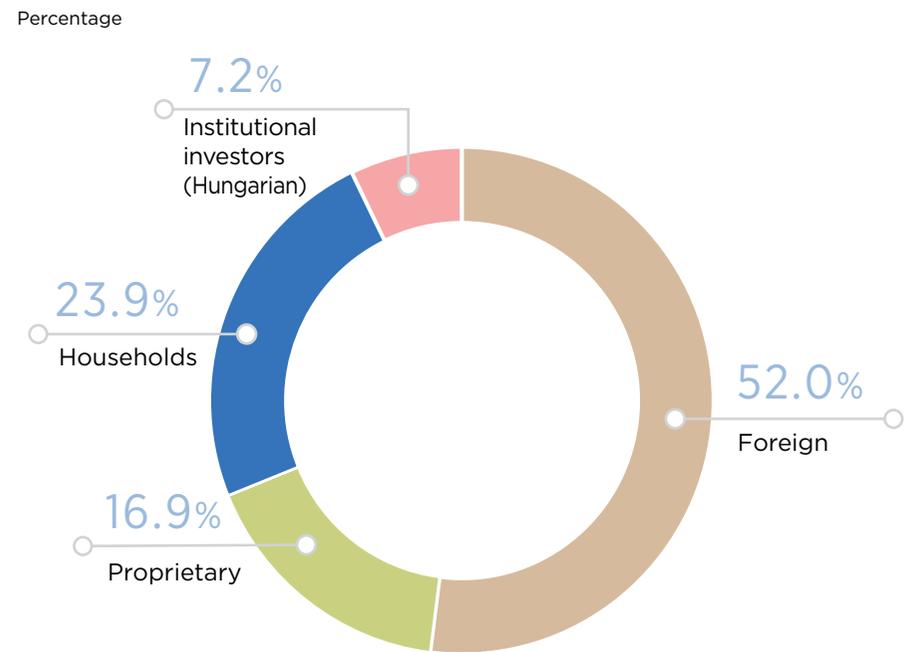
Budapest Stock Exchange is an open market, easily accessible to foreign investors, as evidenced by their turnover share of over 50% and their nearly 60% shareholding. At the same time, the role of retail investors is also prominent, with private investors accounting for almost a quarter of turnover on BSE.

Distribution of equity market capitalisation by investor group - November 2021



Source: MNB

Distribution of spot market turnover - January–November 2021



Source: BSE



DATA SALES

Data relating to trading on stock markets and listed companies (in short: stock market data) are of high value to the various capital market participants. Their sale is an important source of revenue for many stock exchanges, including BSE.

For the use of data, the BSE charges a licence fee to end users of the data (typically professional or stock exchange traders) through various fee packages involving investment and information service providers, and the situation is similar for the use of data in the IT systems of the investment services sector (non-display subscriptions).

Data sales revenues represent a stable one third of total BSE revenues. Thanks to active sales and audit activity, we signed 13 new contracts in 2021, far exceeding previous years. The increase in the number of our customers is mainly related to the new Non-Display Use licences introduced in January 2020, which demonstrates that it was

timely and necessary to develop a range of licences to match the changing usage patterns.

As for the composition of users, the number of non-professional (mainly Hungarian) users and the revenue they generate, which surged after the Covid outbreak, has been on a slight downward trend since peaking in January, while the number of professional customers has also fallen compared to the beginning of the year, but the revenue they generate has increased. The reason for this is that professional users have turned to packages of higher value and greater book depth. Overall, monthly variable income increased by 5%.

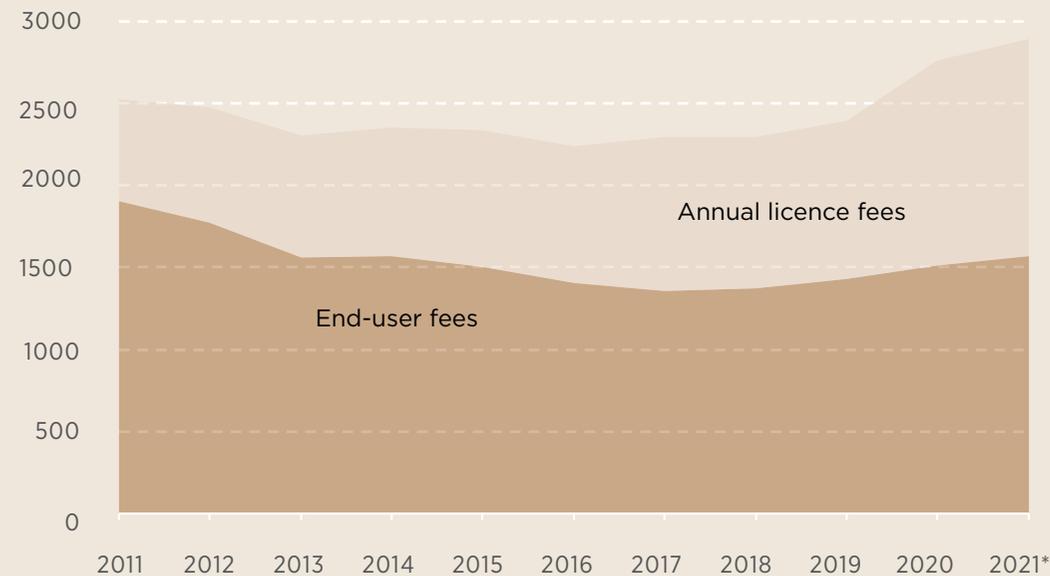
We continued our active audit activity in 2021. We have been able to launch the same number of audits as in previous years, and we have successfully closed audits that not only generated one-off revenue, but also resulted in new partnerships. We continue to see that many data users are proactively seeking to gain information and comply with our Data Use Policy as a result of the ongoing and

intense scrutiny. Audit activities have a positive impact on both our revenues and our contractual relationships with our customers, and we will continue them in the coming years.

As in previous years, in 2021 we worked together with other member exchanges in the FESE (Federation of European Exchanges) Data Working Group on a number of issues. Our aim is to find consensus-based implementation solutions and, where necessary, seek clarification on directives and regulations issued by ESMA (European Securities and Markets Authority) and the European Union.

Data sales revenues - 2011-2021

EUR thousand



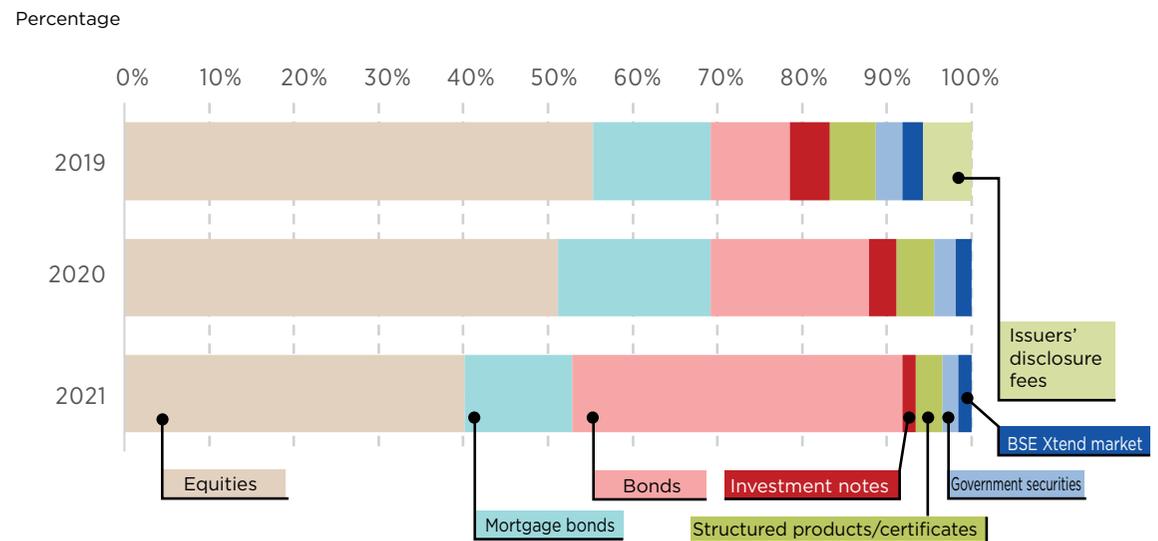
*Preliminary data

Source: BSE

ISSUER SERVICES

The primary markets of Budapest Stock Exchange enable companies of various sizes, mainly from Hungary, to raise funds for their growth. BSE operates market segments specialised in equities, bonds and small and medium-sized enterprises. We charge issuing companies an initial listing fee for our services, upon their IPO and an annual ongoing trading fee, depending on the size of the issue. Companies issuing shares accounted for 40% of issuer revenues this year, while the share of bonds rose to 37% thanks to the Bond Funding for Growth Scheme.

Distribution of issuer revenues by market - 2019-2021



Source: BSE

+38%

- increase in revenues from issuers last year, reaching HUF 789 million

Equities market

In terms of issuer activity, last year was positive. The regulated real estate investment company, Eprolius Ingatlan Nyrt. entered the regulated market as a newcomer. For the first time in the history of the Exchange, there was a transfer from the Xtend market to the BSE regulated market when the shares of Megakrán Nyrt. were moved to the Standard category. In addition to its ordinary shares, ENEFI Vagyonkezelő Nyrt. also introduced a new series of preference shares in the Standard category, which included 19 shares at the end of the year.

BSE equity market listings and capital increases – 2019–2021

Market	Indicators	2019	2020	2021
Regulated market	Value of transactions (HUF billion)*	348	14.5	32.6
	Number of transactions (pcs.)	14	9	15
	Issuers concerned	Opus, AutoWallis, MKB, Alteo, Akko, Nutex, SET, FuturAqua	Pensum, SunDell, AutoWallis, Nutex, Nordtelekom	Megakrán, ENEFI preferential shares, Eprolius, AutoWallis, Nutex, Sundell, SET Group, EHEP, 4iG, FuturAqua, Delta
Xtend equity market	Value of transactions (HUF billion)*	5	8	6.5
	Number of new listings (pcs.)	2	2	3
	Issuers concerned	Cybergastro, GOPD	DM-KER, Gloster	OXO, NAP, Polyduct
	Listed issuers' capital increases (pcs.)	-	1	2
	Issuers concerned	-	Cybergastro	Gloster (twice)

*At transaction price

Source: BSE

In 2021, 3 new issuers were listed on the BSE Xtend MTF market for SMEs. Trading in the shares of OXO Technologies Holding Nyrt. and NAP Nyrt. started in the third quarter and in the shares of Polyduct Nyrt. in the last quarter. Also in the last quarter, Épduferr Nyrt.'s shares were registered on BSE Xtend (trading is expected to start in February 2022).

In the regulated market, in addition to new listings, several listed companies carried out significant capital raisings. A notable one of these was the HUF 10 billion public secondary public offering (SPO) of AutoWallis Nyrt., which can be considered a milestone not only for the company, but also for BSE and the entire capital market ecosystem. AutoWallis also listed an additional HUF 2.9 billion of

shares from a private placement last year. 4iG Nyrt. also carried out a significant capital increase of HUF 6.7 billion, while SET Group Nyrt. increased its capital by HUF 2.7 billion.

New listings (Eprolius, Megakrán, ENEFI preferential shares) and capital increases (including AutoWallis, 4iG and SET Group) increased the total equity capitalisation of the regulated market by HUF 32.6 billion. In the case of the Xtend MTF market, new listings (OXO, NAP, Polyduct) and capital increases (Gloster on two occasions) boosted capitalisation by HUF 6 billion.



Debt securities market

The debt securities market continued its very strong upward trend in 2021. A total of 33 new bonds worth HUF 635 billion were introduced to the regulated market. Of these, MFB's portfolio was the largest, with a value of over HUF 369 billion, but EXIM's bond issuance of over HUF 258 billion was also very significant.

The Exchange has also had an active year in the mortgage bond market: 8 new issues and 14 tap issuances took place. Although the capitalisation of the mortgage bond market declined slightly compared to the previous year, the volume of bonds issued still reached HUF 189 billion. MNB's Green Mortgage

Bond Purchase Programme, launched in the third quarter, also contributed to the listing of green covered mortgage bonds. OTP, Takaréék and Erste Mortgage Banks have all issued such bonds on the Exchange.

Government bond market capitalisation increased by over 6.3% compared to 2020 on the regulated market, reaching HUF 21,254 billion; there were 10 new listings and 242 tap issuances. A total of HUF 24,516 billion of government securities can be traded on the exchange, including the government securities denominated in Euros and listed on BSE Xbond.

Capital market volatility due to the coronavirus pandemic was moderately felt in the certificates market, with 181 new certificates listed last year compared to 255 the year before.

BSE Xbond was the most active market on the Exchange in 2021. Thanks to MNB's Bond Funding for Growth Scheme, its capitalisation reached HUF 1,618 billion

BSE credit market capitalisation* and Xbond listings - 2019-2021

	2019	2020	2021
Government securities (HUF billion)	16090	19993	21254
BSE Xbond government securities (HUF billion)	-	-	3262
Corporate bonds (HUF billion)	568	704	1141
Mortgage bonds (HUF billion)	1321	1785	1723
BSE Xbond corporate bonds			
Value of transactions (HUF billion)	28	598	1618
Quantity of bonds (pcs.)	1	31	84
Number of issuers (pcs.)	1	28	66
Green securities on BSE (pcs.)**	-	2	20

*At year-end closing prices and EUR/HUF exchange rates; **Bonds, mortgage bonds, government bonds, ETFs and BSE Xbond corporate bonds

Source: BSE

by the end of the year, an increase of HUF 1,000 billion. Last year, another 53 (or 171% more) corporate bonds were added to the 31 corporate bonds listed by the end of 2020, bringing the total to 84 listed bonds from 66 issuers at the end of the year. The number of issuers increased by 34.

During the year, the BSE Xbond segment was complemented by the market of foreign currency-denominated government bonds, which increased the capitalisation of Xbond and listed government bonds by HUF 3,262 billion.

Growing social and environmental expectations to increase the volume of “green” investments have also helped the stock market to increase the number of green corporate bonds. As a result, a total of 20 green securities (corporate bonds, mortgage bonds, government bonds, ETFs and BSE Xbond corporate bonds) were available for trading at the end of 2021. These included green government bonds with a total face value of EUR 1.5 billion.

Overall, 2021 was a very successful year for issuers. Not only was there a significant increase in stock market capitalisation in both equities and debt securities, but last year also saw the largest number of new issuers since the re-establishment of the stock market—nearly 40 companies, excluding investment funds and certificates.

“A total of 20 green securities were available for trading at the end of 2021. These included green government bonds.”

INFORMATION TECHNOLOGY AND DIGITISATION

BSE's business operations, including the services provided to our market partners, similar to the operating model of international and Hungarian financial and capital market service providers and institutions, rely predominantly on various IT solutions. Of course, one of the most important aspects is that these systems must be available in an uninterrupted and reliable manner. In addition to operation and operational security, however, it is also necessary to ensure that these business IT applications evolve functionally to meet current user needs as well as security and other requirements.

As in every year, high availability and compliance with strict regulatory requirements dictated by the critical infrastructure role of central market operations continued to be a key focus in 2021.

On BSE, trading basically takes place in two central trading systems. One is the Frankfurt T7 (formerly Xetra) system, provided and operated by WBAG and DBAG, and the other is the MMTS system, further developed and operated by BSE. (There are technically two of the latter: the MMTS1, which serves the OTC auction activity, and the MMTS2, which serves the exchange-traded derivatives market.) The availability ratio in 2021 was 100% for spot, derivatives and auction markets (the latter two were also 100% in 2020, and the spot market was 99.6%).



Main areas of IT development in 2021

Increasing IT security

Stock exchanges must also be prepared for the ever-growing and increasingly sophisticated cyber-attacks and abuses (ransomware, denial-of-service attacks, phishing). While there is no perfect protection, the risks and damage caused by a successful attack can be minimised by regularly improving the core IT security infrastructure and applications, as was the case in 2021, and by striving to keep up-to-date with the latest solutions in operations.

Improving data-driven operations, strengthening data warehouse solutions

BSE is constantly working to store all business data in central databases wherever possible (this is not even a question in the case of exchange trading and other core services), and then to make these data available and analysable for all business segments or stakeholders (essentially by using the data warehouse infrastructure). The aim, therefore, is to avoid the creation of so-called data silos, which generally undermine business operational efficiency. Data warehouse and BI developments (analysis, reporting, including the mandatory reporting and data provision required by regulators) continued to play a key role in BSE's IT development activities in 2021.

Business process optimisation

The annual development plan gave high priority to changes that would increase the digitisation of our existing internal business processes and tasks, replace manual work, and thereby increase operational efficiency and reduce operational risk. We regularly review our business processes specifically with the purpose of identifying these opportunities, and the BSE Board of Directors is notified of the measures we take.

Increasing online availability

We strive to make as many of our services as possible available to our partners online through a web application or an interface (API). Examples of the former include the new development of the BSE Xmatch service for private transactions, which was launched in 2021, and the latter mainly concerns trading systems. Existing solutions need to be reviewed every year and, if necessary, modernised, updated and improved.

Monitoring new technologies

It is important to stress that BSE also regularly analyses rapidly spreading technological innovations, such as Distributed Ledger Technology (DLT), which is also the basis of blockchain-based operations, and examines whether it can utilise them in its product and market development activities.



A DEVELOPING
CAPITAL MARKET
ECOSYSTEM

PARTNER RELATIONS

BSE's strategic objective is to work closely with all capital market players. Every year, our colleagues hold hundreds of meetings with managers and representatives of listed companies, investors, potential issuers, regulators, advisors, banks and foreign stock exchange organisations. In addition to presenting the BSE's objectives, the meetings also focus on the feedback and development needs of the partners.

In 2021, acquisition staff contacted companies interested in the Exchange's services through face-to-face and online meetings. In addition to presenting the BSE50 brochure, ELITE training, BSE Xmatch, the Mentoring Programme, the NSEDF and other capital market-related information, in many cases we also assisted in taking the next step towards the stock exchange. We connected company owners with medium-sized companies that had gone public in recent years and capital market advisors to share their knowledge and experience with potential IPO candidates. The parties valued our mediation and counselling as great assistance.



We also believe it is essential to keep in touch with a wide range of investors. We were in constant consultation with the managers of Hungarian venture capital funds and exchange traded fund managers.

NOMADs, or Nominated Advisors, are an important part of the ecosystem, providing capital market expertise to Hungarian medium-sized companies, both during the listing process and during their public market presence. By the end of the year, we had contractual relationships with 16 NOMAD partners, including the newly joined Navigator Investments and SPB Befektetési Zrt.

IDENTIFYING IPO-READY COMPANIES

The priority task of the BSE's acquisitions function is to contact Hungarian-owned and/or Hungarian-managed companies. Every year, the quantitative identification of companies, face-to-face meetings and information events bring hundreds of companies to the attention of BSE.

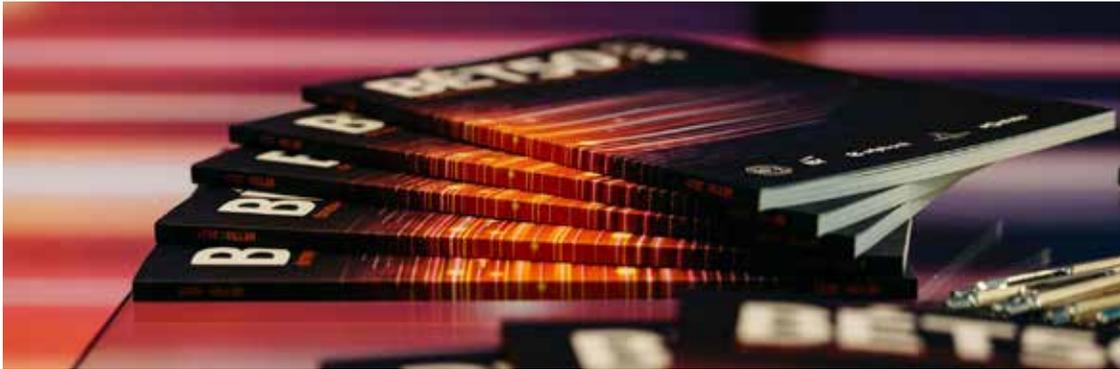
The methodology for identifying Hungarian IPO-ready companies was developed by MNB and Exchange experts in 2016, and has since been slightly modified to incorporate market experience. Continuing its tradition of several years, in 2021 the BSE once again examined the balance sheets and statements of profit and loss of medium-sized domestic companies with sales revenues of over HUF 1 billion. The good news is that, based on quantitative indicators, the number of IPO-ready medium-sized companies continued to rise, from 445 last year to 536.

One of the key pillars of a successful and healthy economy are domestic medium-sized companies, as it is the growth of these companies that can be

built upon in the future, and it is from this field that the champions of the coming years will emerge. We would also like to dispel the misconception that only large companies are suitable for listing. The fact that there are over 500 IPO-ready medium-sized companies shows that the Hungarian capital market should take these players more seriously.

In addition to analysing figures, it is important to make connections and present success stories. To this end, every year since 2016, the Exchange has produced the BSE 50 – The Success Stories of Fifty Hungarian Companies, a publication that focuses business attention on companies with outstanding performance and successful leaps forward. A key selection criterion is that the company be a prominent player in its market and have a successful track record and growth potential that could be a good basis for future development, whether it is a listing, international expansion, business development or other investment.

2021 marks the sixth edition of the BSE50 publication, a collection of Hungarian success stories. These



A developing capital market ecosystem

In autumn 2021, we once again organised BSE's grand corporate summit, the BSE50 conference. The opening speech of the event was delivered by Dr. Mihály Patai, Deputy Governor of Magyar Nemzeti Bank and President of Budapest Stock Exchange. In keeping with tradition, the highlight of the conference was the presentation of the BSE50 publication, which spotlights Hungarian medium-sized companies.

50 companies, which employ more than 9,000 people, achieved a combined revenue of HUF 400 billion and a combined EBITDA of HUF 51 billion in the financial year 2020. The average EBITDA of HUF 1 billion is well above the average profit-generating capacity of Hungarian medium-sized companies. These companies have typically not been affected by the pandemic, either in terms of sales or markets, and most did not have to lay off staff. In addition to traditional industries such as machinery, construction and food, the latest round-up also includes unusual sectors such as ceramics and cartridge manufacturing, pool technology and call centres.

With the 2021 edition of BSE50, together with our supporting partners, we have now presented the stories of 295 companies. These inspiring stories demonstrate the strength of both Hungarian entrepreneurs and the Hungarian economy.

The full-day event featured a number of presentations and panel discussions on topics such as current global and macro-economic trends, financing opportunities for the growth of medium-sized enterprises, public operations and sustainable (ESG) investments. In addition to Dr. Mihály Patai, other speakers at the conference included László Wolf, Deputy CEO of OTP Bank, and Marta Testi, CEO of ELITE's international business development network. During the panel discussions, companies with key roles in the Hungarian financial and capital markets such as EY, Széchenyi Funds, Hiventures, Masterplast, AutoWallis, Bravogroup, Granit Bank and Vajda-Papír, among others, were represented.

ELITE PROGRAMME

The ELITE Programme was launched by Milan Stock Exchange in 2012, and has been a subsidiary of London Stock Exchange Group from 2014, and then that of the Euronext Group since 2021. The aim of the programme is to equip participating companies with the management and financing skills to lay the foundations for listing. The ELITE community comprises more than 1,600 companies from 36 sectors in 43 countries worldwide.

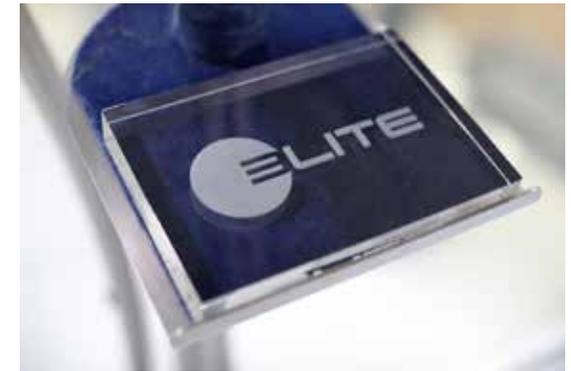
The programme has been available in Hungary since 2016, with around 60 Hungarian companies having joined and 32 of them having completed the programme since then. Community membership is open to companies that meet certain quantitative and qualitative criteria in terms of revenue, profit after tax, profitability indicators, credible management and past growth.

The two-year programme is based on a multi-module course in corporate finance and organisational development in English. Its uniqueness lies not only in the sharing of

international best practices but also in the continuous and company-specific feedback from international experts and other participants. This is complemented by Hungarian courses with the best Hungarian experts, tailored to the specificities of the country. The community also provides visibility, business acquisition and networking opportunities for participating companies, both nationally and internationally.

With the completion of the programme, Megakrán, DM-KER and Gloster from the Hungarian team used the knowledge gained in ELITE to launch their papers on the BSE Xtend market in recent years, raising a total of HUF 2.9 billion in new capital to realise future plans.

Despite a challenging year, 13 new Hungarian companies joined the programme last year, and thanks to EU funding available since 2019, all of them have received funding to cover the cost of their participation. Of those who started earlier, 16 companies have completed their ELITE studies in the past year, fulfilling all the requirements.



This time, companies completed the Strategy Series of compulsory modules in English online, with a total of 22 optional online Growth Labs courses. Among the Hungarian-language courses, in May, the BSE held a series of lectures online entitled IPO - Life on the Exchange, and in October and December, ELITE companies, speakers and BSE staff had the opportunity to meet in person again for the Financing and Corporate Governance modules. Last year, we organised two optional online Hungarian courses: in March, businesses learnt about the practical aspects of controlling, and in April about the practical aspects of building a company.

A SHIFT TOWARDS CLOSED MARKETS

In its strategy, BSE gives top priority to helping small and medium-sized enterprises to access the capital market, both through the creation of new market segments and the provision of other services. In 2019, following extensive international and Hungarian market research, it was decided that a service that facilitated the creation of closed capital market transactions as a value-neutral central player with a good reputation, would be developed primarily in order to build markets and ecosystems and increase the Hungarian capital market coverage and awareness. This became BSE Xmatch. BSE sees its own role primarily in directly connecting and presenting investors, companies and advisors, in building trust, and envisages this as a long-term product development.

Conventional events represent one of the pillars on which the BSE Xmatch service is built. Since the launch in November 2019, we have organised several of these events, some in traditional style and some online during the pandemic. These events

afforded 13 companies planning private placements, the opportunity to present themselves to the representatives of institutional investors and other market participants.

We began preparing the second pillar of BSE Xmatch, the closed online platform, in the second half of 2020, so that companies, investors and advisors who register for the system can also use it to interact and share information with each other outside these events. Development and testing took place over the past year, and on 30 November 2021, we presented the completed and fully operational platform, betxmatch.hu, at a BSE Xmatch event. Both the event (where 3 companies presented themselves) and the platform attracted great interest and received positive feedback from companies, investors and advisors alike, confirming that BSE has launched a niche service on the Hungarian capital market.

Our goal is to continue to hold more BSE Xmatch events every year, and we will gradually develop the betxmatch.hu platform in the light of user feedback and the needs that arise.



NATIONAL STOCK EXCHANGE DEVELOPMENT FUND

The cooperation started in 2018 with the National Stock Exchange Development Fund (NSEDF) continued last year. The NSEDF's primary tasks are to support and strengthen medium-sized enterprises and to make capital investments to help them enter capital markets. The fund is a key element of the broader stock exchange development programme, which aims to increase the role of capital raising in the operations of Hungarian companies.

The NSEDF has a capital of HUF 20 billion and is managed by the Széchenyi Funds. The capital fund typically participates in transactions of around HUF 1 billion, invests for several years, and the involvement of a market co-investor is always mandatory. The investments can be used regardless of sector or geographic location, but companies must agree to become listed on a regulated market of the Exchange or on the BSE Xtend market within two years of the capital injection.

Between October 2018 and December 2021, the fund supported the development of four companies entering the BSE Xtend market, with investments of between HUF 270 million and HUF 700 million, and

40-70% stakes in capital increases. It participated, in chronological order, in the private placements of Megakrán, DM-KER, Gloster and OXO Technologies, investing a total of more than HUF 2 billion. Without exception, each company's share price ended 2021 higher than the listing price, allowing NSEDF to report a significant unrealised gain.

These transactions and the stories of capital market-assisted growth of companies showed all Hungarian medium-sized companies that it is worth exploring and exploiting the opportunities offered by the capital market in addition to conventional forms of financing.

BSE staff supports the operation of the fund, participates in the identification and screening of companies, and prepares them for the investment process. In October 2021, NSEDF investment managers gave a major presentation at the ELITE Business Development Programme's financing module in Budapest. Széchenyi Funds, which manages the fund, was the main sponsor of the 2021 BSE50 publication and conference, where the panel discussion on financing growth strategies was moderated by Dénes Jobbágy, CEO of Széchenyi Funds.

“So far, the fund has supported the development of four companies entering the BSE Xtend market, with investments in the range of HUF 270-700 million.”

MENTORING PROGRAMME

The development of the capital market requires the costs of going public to be reduced. In this spirit, we started working together with the Ministry of National Economy and several other public actors in 2016. Since 2018, this has been supported by the Economic Development and Innovation Operational Programme (EDIOP), and since 2019, the BSE Mentoring Programme has also been available in the Central Hungary Region (CHR). Within the framework of the latter, SMEs are eligible to receive a non-fundable grant from BSE, which can be used to acquire the know-how for capital market financing and to finance the costs of listing on the Exchange. In practice, BSE provides 100% of the funding for the companies' participation in the international ELITE Programme, and contributes up to 50% of the counselling costs that directly benefit the company's listing.

15 Hungarian companies (8 CHR, 7 EDIOP) joined ELITE in 2021 with the help of this grant. This brings

the number of companies that have started their studies this way in recent years to 38.

Last year was a particularly active year in terms of supporting stock market preparation, as shares of four Mentoring Programme participants started trading. OXO Technologies Holding entered the BSE Xtend market in September, NAP in October, Polyduct in December and Eprolius Ingatlan listed its shares in the Standard category of the regulated market, also in December. Another four companies are currently in the process of preparing for a possible IPO under the Mentoring Programme. By the end of 2021, a total of 11 companies applied successfully for assistance to prepare for the stock market.

“In 2021, 15 Hungarian companies joined ELITE with the help of the Mentoring Programme.”

BRAND-BUILDING, COMMUNICATION





STOCK MARKETS IN THE INTERNATIONAL MEDIA

2021 could be seen as a landmark year for the representation of stock markets in the international and Hungarian media. There are two main aspects behind this phenomenon.

On the one hand, the digitisation processes accelerated by the pandemic around the world have clearly broadened the PR and marketing communication activities and tools of stock exchanges. As consumer needs have changed, there has been a noticeable shift in emphasis towards the online segment, whether it is the broadcasting and online accessibility of events, the sophistication of social media communication or the extensive use of visual content.

Another important driver of this trend is the rapid strengthening of the role of the new, typically young, generation of investors. The global economic downturn caused by the pandemic has significantly increased the volatility of capital markets, a phenomenon that has captured the imagination of those who have no previous experience of stock market trading.

PROGRESS IN ALL SEGMENTS OF COMMUNICATION

In line with its capital market development activities, the focus of communication on the part of Budapest Stock Exchange in 2021 was again on increasing the general public's share ownership, encouraging companies to list on the exchange and embedding the exchange brand as deeply as possible in the domestic media space and in the general public's awareness. BSE achieved all this with exceptionally active communication, which resulted in the daily publication of materials on the Hungarian capital market in the most influential Hungarian media outlets.

The increasing media presence is also reflected in the numbers. Last year, there were 15,000 media appearances, up from around 8,000 in 2020. The related reach is growing year after year, and the calculated media equivalent is always around HUF 1.5 billion, as it was last year.

This was achieved through more intensive press communication than ever before, which included announcements on monthly turnover figures, reports on stock market and other relevant economic events, as well as announcements of various cooperation projects and agreements.

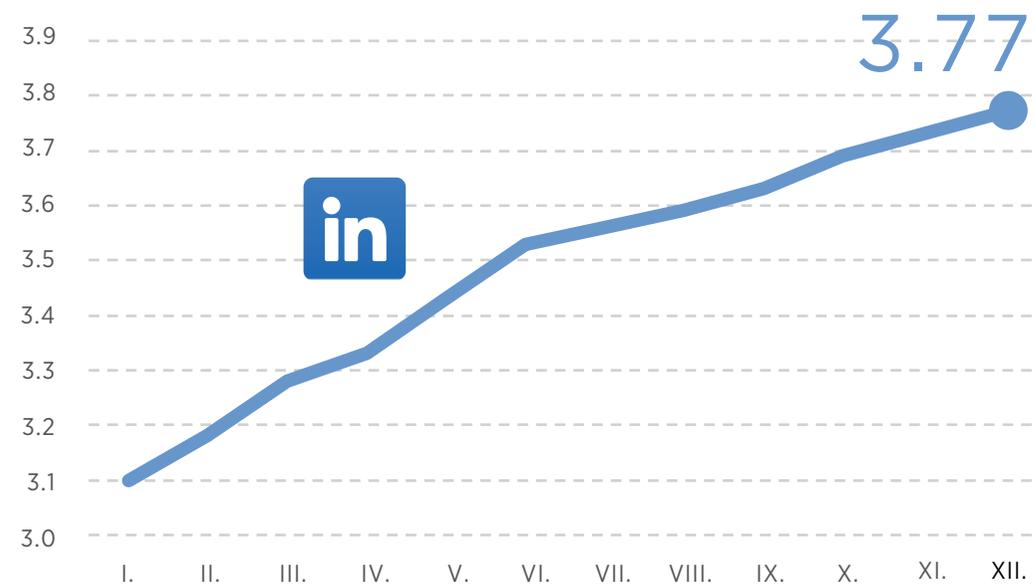
Followers of the BSE Facebook page, 2021



Source: BSE

Number of LinkedIn followers, 2021

Thousand followers



Source: BSE

“The number of followers on LinkedIn, a key platform for professional communication, was close to 4,000 at the end of 2021.”

In addition, great emphasis was also placed on joint communication, mainly in the form of interviews, with companies present on the Exchange or aspiring to join it, as well as on professional articles and analyses prepared by BSE experts.

There is also a positive trend in media attention towards issuers. In particular, in addition to blue chip stocks, smaller market capitalisation companies have been given the spotlight in a number of cases, such as the increased media coverage of AutoWallis' public share issue.

Our social media platforms are also expanding. The BSE Facebook page, the primary platform for reaching the general public, now has more than 20,000 followers, an outstanding achievement among Hungarian businesses. The growth of the LinkedIn platform, which is a key platform for professional communication, has been particularly dynamic in the past year, with the number of followers reaching almost 4,000 at the end of 2021, up from around 3,000 a year earlier. BSE was also actively present on YouTube and Twitter, other social media platforms relevant to the target groups of the Exchange.

EVENTS, IN PERSON AGAIN

Although we successfully moved our events to the digital space in 2020 to tackle the coronavirus pandemic, video conferencing could not fully replace face-to-face meetings. Accordingly, one of the most joyful developments of the past year for us has been the re-emergence of traditional face-to-face events.

However, we did not consider it appropriate to return to a traditional framework for all events. The BSE e-Academy, BSE's number one public education series, which runs on Facebook, has been a long-term choice for online delivery, given the high level of interest and the flexibility of the format.



AT THE GATEWAY TO FURTHER PROGRESS

While 2020 was about adapting as quickly as possible to changed circumstances, 2021 was about refining already acquired skills. Last year was again a successful year in this respect: BSE's digital presence continued to develop, the communication tools created through the synergy of offline and online solutions are increasingly efficient in serving marketing communication, market development and business objectives, and BSE's internal IT infrastructure also reached a new level during the year.



MARKET AND PRODUCT DEVELOPMENTS

Companies involved in the analysis/market-making programme of BSE

Investment service provider	Analysed shares	Quoted shares
Concorde Értékpapír Zrt.	AutoWallis, ANY Biztonsági Nyomda*, CIG, Duna House, Waberer's, Wizz Air	-
Equilor Befektetési Zrt.	Opus Global	-
MKB Bank Nyrt.	ALTEO, Masterplast	ALTEO, Masterplast
OTP Bank Nyrt.	PannErgy, Rába	ANY Biztonsági Nyomda*, AutoWallis*, PannErgy, Rába

*Contracting is underway and the service is expected to start in the first quarter of 2022

Source: BSE

ANALYSIS/MARKET-MAKING PROGRAMME

In December 2017, BSE launched an analysis and market-making programme to support small and mid-cap shares. The aim of the programme is to provide high quality regular evaluations and liquidity for the securities involved in order to develop a more efficient stock market.

Following a successful pilot year, the Board of Directors of BSE agreed, at the end of 2018, to continue the analysis and market-making programme with some modifications, for a period of 3 years. Since its launch, the programme has undergone several revisions; starting from 2019, market-making has become optional, the

focus has shifted to stock analysis and the opportunity has been created for further issuers to join.

The Board of Directors reviewed the programme as it approached the end of the announced 3-year cycle, considered it to be still useful and decided to continue it under a revised funding framework, with issuers paying part of the costs.

The focus remains primarily on the SME segment and the Xtend Market. For service providers, it remains open to analyst/market-making firms that are members of BSE's equities section, and the current

issuer-analyst/market-maker pairs will be maintained for issuers that continue the programme.

As of 2022, analysis is no longer a prerequisite for market-making, and the opportunity of "cross-services" is also a new thing, meaning that an issuer can be analysed by a firm other than the one that does the market-making for its shares.

In principle, the new programme will run for another 3 years. Issuers that meet the selection criteria, but are not currently subject to an analysis or market-making, may join on an ongoing basis throughout the programme.

DEVELOPMENT OF ISSUER SERVICES: RESPONSIBLE CORPORATE GOVERNANCE, DIGITISATION AND EDUCATION

Strengthening efficient responsible corporate governance among listed companies has been a priority in BSE's strategy in recent years. The Exchange's Corporate Governance Committee has been operating since 2004 with the aim of supervising the continued development of recommendations by taking Hungarian industry requirements, draft EU legislation and general international trends into consideration, and also representing industry considerations in the field of the further development of corporate law. Through the work of the Committee, the Exchange wishes to ensure that representatives of the professional community are involved in the decision-making process on the recommendations in an organised framework, while maintaining BSE's initiating role. Issuers, regulatory authorities and the representatives of the Exchange, as well as independent market experts and attorneys are all represented in the Committee.

The Corporate Governance Committee strives to continuously improve and adapt the recommendations to the changing market and legal environment, in terms of their application, processing and presentation. In 2019, BSE created and made available on its website an online platform where issuers could upload their Corporate Governance Reports for the first time in 2020.

The interface serves a dual purpose: on the one hand, it helps issuers to fill in the reports in a more uniform and correct way; on the other hand, it allows the Committee an easier processing and, in particular, statistical analysis of the information contained in the reports. Thanks to the latter, the annual monitoring report to be prepared annually in line with the European Commission Recommendation 2014/208/EU has also become more concise and coherent, enhanced by the use of

visual tools (graphs and tables) to aid understanding.

Corporate Governance Recommendations are continuously updated. The latest amendment was required due to the enactment of Act LXVII of 2019 on the promotion of long-term shareholder engagement, with the new rules to be applied for the first time in 2020. Overall, our experience in 2021 shows that issuers are becoming more compliant with these recommendations.

BSE launched its Online Data Uploader in 2021 for banks and mortgage bond issuers that issue securities on a regular basis. For those concerned, the listing process is made substantially easier by the fact that the relevant applications can be filled in via the interface available on the website and, after the appropriate checks, imported into the BSE systems. The improvement has not only eased the

administrative burden, but also simplified the listing procedures. We are exploring the possibility of extending the platform to other non-regular issuers of debt securities.

We are also committed to supporting issuers with high-quality and useful professional events. As part of this, we regularly organise forums for them on issues of topical interest to them, in particular on the obligation to provide information, key regulatory issues concerning extraordinary and insider information, or ESG in 2021. Given the specific features of the Xbond market, we also organise forums on various topics (in 2021, the focus was on green bonds and credit ratings) for those involved in it. The events always generate a lot of interest and positive feedback. For several years now, BSE has been involved in a number of educational programmes through the Budapest Institute of Banking (BIB). These include investor

relations (IR) training for beginners and advanced professionals. This normally takes place twice a year, in addition to the Exchange's professional programme management activities. In addition to speakers from BSE and MNB, we have worked with practicing professionals and issuers to create a substantial programme for practicing IR professionals. The programme is planned to be integrated into regular BIB courses, offering continuous training and maintaining the knowledge of professionals working in this field.

Since its establishment in 2017, BIB has become an essential player in the field of financial and capital market training in Hungary, in line with its original strategic objectives, contributing to the development of the sector with numerous courses and lectures. Although BSE sold BIB to Budapest Metropolitan University in October 2021, their cooperation continues with the new owner, and capital

market training remains an important element of Budapest Stock Exchange's strategy.

“BSE launched its Online Data Uploader in 2021 for banks and mortgage bond issuers that issue securities on a regular basis.”

COMMODITY MARKET REFORM

Since 2009, turnover on the BSE commodity market has gradually declined, and by 2018 it had dried up completely. Numerous attempts have been made in the past to develop it, including consultations with commodity market players, but these have not been successful.

With the help of an external commodity market expert and the involvement of Equilor Befektetési Zrt., the Exchange launched the reform of the commodities section again at the end of 2019. The restructuring focused on the product range and the regulations, while extending trading hours. As a result of long preparatory work, the action plan introduced important innovations from the beginning of 2021.

Innovations on the commodity market

Range restriction

The product range was narrowed down to six futures instruments, the features of which were defined according to the current needs of the physical market. The products are euro wheat, high-oil sunflower seeds, feed barley and three ISCC NUTS II sustainable products - feed wheat, feed corn and high-oil rapeseed.

New parities

Previously exclusively Danube parities were supplemented by new ones, in line with the practice of trading on the physical market. For each parity, we have introduced a pre-fixed and annually reviewed price compensation.

Schedule modification

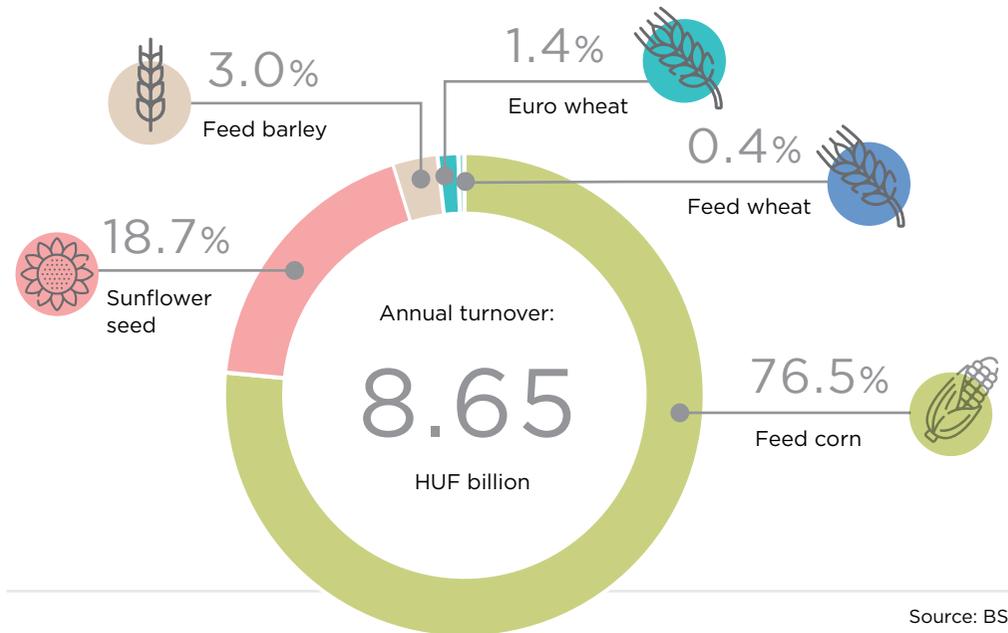
The trading periods and intraday trading hours have been adjusted to better align with commodity market trading practices and the opening hours of major foreign commodity exchanges.

What we have seen in the first year is certainly encouraging. Trading in futures is gradually returning, and the active client base is expanding.

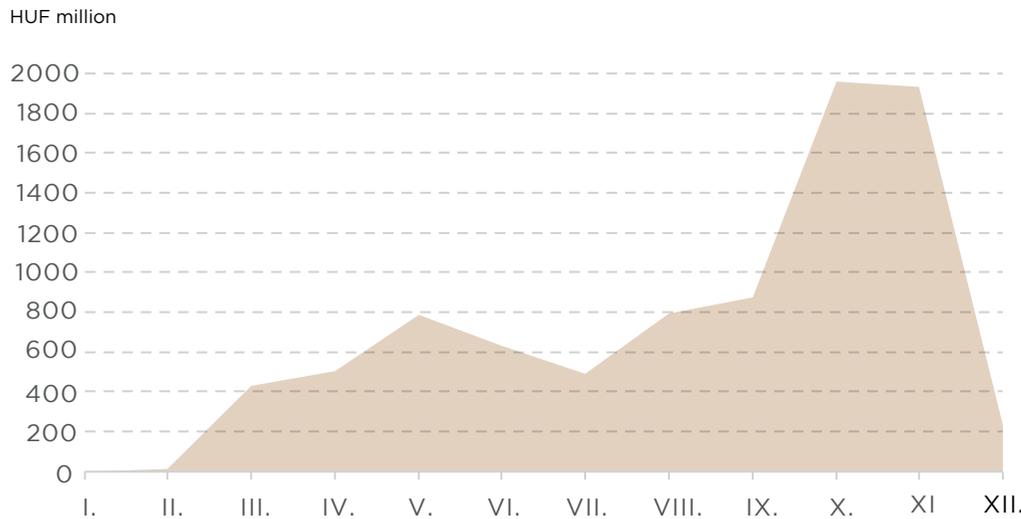
In 2021, the BSE commodity market saw a turnover of 93,600 tonnes, with a total value of HUF 8.6 billion, more than three quarters of which was feed corn.

Breakdown of BSE commodity market turnover - 2021

Percentage



Monthly turnover on the BSE commodity market - 2021



Source: BSE

Together with our partners, we are continuing to work to ensure that more and more players in the physical market recognised the added value of trading on BSE (price hedging with the opportunity for actual delivery, taking advantage of market movements, the possibility of doing business with many partners, easy position closing, anonymity, guarantee until delivery), and that more and more of the commodity market turnover took place within the regulated BSE framework, so that the first year of the revival is followed by further successful periods.

INDEX DEVELOPMENTS

Indices continue to play a prominent role in the world of capital markets, as they are an essential tool for asset managers with both active and passive investment policies. Also in the area of indices, BSE seeks to identify and meet market needs arising from changes in economic processes and trends. As a result, it has built up a broad family of indices over the past 5 years:

- Developing corporate bond indices,
- Setting up the mortgage certificate index family,
- Launching a regional cooperation for the CEEplus index,
- Implementing developments in the existing equity indices (BUX and CETOP).

Launched in July 2019, BSE Xbond, the secondary market debt securities segment, is linked to MNB's Bond Funding for Growth Scheme. We have launched the calculation of the

corporate bond index family for the joint monitoring of non-financial companies issuing debt securities. We have calculated and published these indices on a daily basis from 30 March 2021 onwards, and have also calculated them backdated to 4 January 2021. At the time of their launch, corporate index baskets included a total of 29 issues with a combined nominal value of over HUF 600 billion, listed by more than two dozen companies. At the end of the year, the baskets contained 76 bonds with a combined nominal value of over HUF 1,600 billion.

The corporate bond indices consist of a total return price index and a long-term yield index. The former is called Budapest Stock Exchange Corporate Bond Total Return Index (BSECBTR), the latter the Budapest Stock Exchange Corporate Bond Long Yield Index (BSECBLY).

BSECBLY is basically designed to provide information on the long-term yield performance of Hungarian non-financial corporate HUF bonds listed on BSE, while the BSECBTR index shows the average change in value of the same segment relative to the baseline date, thus providing a picture of the performance of the Xbond market.

By reflecting the current state of the non-financial corporate bond market, the new index family can serve as a transparent indicator to help investors make informed decisions.

SETTING UP A JOINT CLEARING HOLDING WITH WARSAW STOCK EXCHANGE

Magyar Nemzeti Bank, Budapest Stock Exchange and Warsaw Stock Exchange signed a cooperation agreement on 16 December 2021. The aim is to establish Central Post-Trade Solutions, a joint holding company providing clearing services, which could become the owner of KELER CCP, a central counterparty in the Hungarian capital market, and IRGIT, a Polish energy clearing house. While KELER CCP is active in the Hungarian capital market as well as in the spot and derivative energy markets, IRGIT is exclusively active in spot energy market clearing in Poland.

MNB holds a 53.33% stake in KELER CCP, while BSE, which is majority owned by MNB, holds a 46.67% stake (directly and indirectly through KELER Zrt.). IRGIT is 100% owned by TGE, the Polish Commodity and Energy Exchange, and TGE is a subsidiary of Warsaw Stock Exchange.

Under the agreed Memorandum of Understanding, TGE is expected to become the majority owner of the newly created Central Post-Trade Solutions. The completion of the proposed transaction is subject to due diligence at KELER CCP and IRGIT. This can be followed by the parties' agreement on the terms and conditions of the Joint Venture Agreement, which is due to be signed by 30 September 2022.

As a result of the transaction, BSE will become one of the key players in the regional post-trade consolidation so launched, diversifying its revenues with exposure to Polish energy clearing and, in addition, improving the operational efficiency of KELER CCP.



“BSE becomes one of the main players in the post-trade consolidation that is taking place in the region.”

AN ACTIVE YEAR ON THE BSE XTEND MARKET

Created in 2017 to develop the capital market ecosystem, BSE Xtend is a new market for medium-sized companies, aimed at widening the range of potential issuers and investors. Last year, three new companies (Megakrán, Cyberg, GOPD, DM-KER, Gloster) joined the five that had previously entered the market, listing their securities on BSE Xtend.

Newcomers on BSE Xtend in 2021

OXO TECHNOLOGIES HOLDING NYRT.

The company went public in September with a portfolio of technology companies. Prior to the listing, a private capital increase of HUF 1.25 billion was carried out, of which NSEDF took nearly 50%. Over the past years, OXO has made use of several services offered by the Exchange: it has been featured in the BSE50 publication, made a presentation to investors at the BSE Xmatch event and participated in the Mentoring Programme.

NAP NYRT.

Shares of the solar power generation company started trading at the end of October. Its IPO was preceded by a deliberate building process: At the end of 2020, it participated in the BSE Xmatch event, and then successfully established its public operations within the Mentoring Programme. The founding owners of the company had raised capital in several rounds prior to entering Xtend and plan to continue to actively use the exchange to raise funds.

POLYDUCT NYRT.

The company entered the market in the second half of December with a profile that includes products for water and waste management and urbanisation. On its way to the exchange, it made use of several of BSE's services for medium-sized companies, including the Mentoring Programme, in addition to its appearance in the 2021 BSE50 publication.

In addition to the new listings, the registration of Épduferr's shares on the trading list was another important event as it brings the company to a position where it is just one step from the start of trading, which is expected to take place in February 2022.

Megakrán, the first company to enter the BSE Xtend market at the time, has also reached an important milestone. In mid-December, its shares were reclassified to the BSE Standard category, which was marked by ringing a bell to start trading. The year ended with 7 companies on the BSE Xtend market.

INTERNATIONAL INITIATIVES

BSE has been actively involved in the work of certain professional committees of the Federation of European Stock Exchanges (FESE) since 1999, and has been a full member of the FESE since 2015. As well as facilitating cooperation with other member exchanges, membership also provides useful international experience, helping the Hungarian capital market to develop in accordance with the European principles.

The key topics of the past year have been sound operation amid the coronavirus crisis, contributing to the restarting of national economies, and the renewal issues for the MiFID II / MiFIR regulation, including the future launch of standard rules for green bonds. The FESE has been actively consulting with both regulators and capital market participants. The European Association commissioned a study on the creation of



a post-trade Consolidated Tape (CT), which outlined the efficiency of exchanges in price determination and the direction of development that could be the best way forward for the capital market as a whole.

In 2021, Budapest Stock Exchange continued to facilitate consultations between issuing companies and potential or existing international investors. In May, in cooperation with Warsaw Stock Exchange and Daiwa Securities, we presented our blue chip companies to Japanese investment fund managers, and in December we organised online investor meetings for six medium-sized companies, mainly with fund managers from countries of the region. Between June and September, BSE experts visited Zagreb, Warsaw and Bucharest to meet the region's leading investment fund managers and to promote the Hungarian capital market.

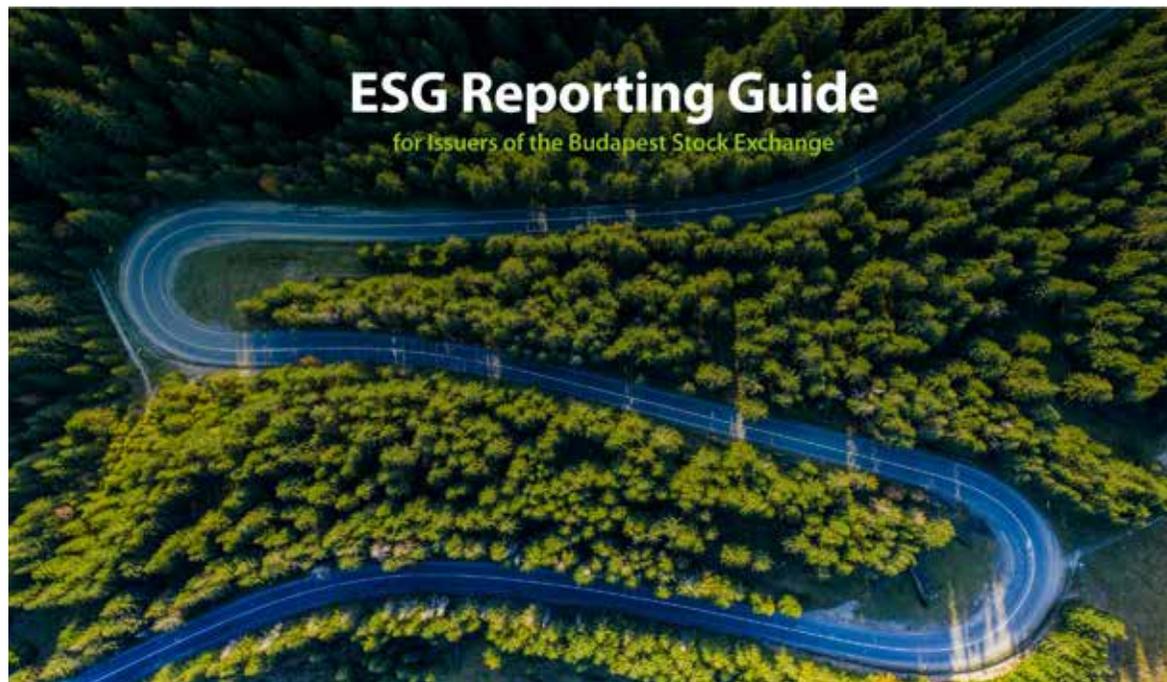
SUSTAINABILITY:
ESG DEVELOPMENTS
AND CORPORATE
SOCIAL RESPONSIBILITY
(CSR)



IN THE SPIRIT OF SUSTAINABILITY

The spread of the idea of sustainability and sustainable business operations is one of the most prominent phenomena of our time, strongly affecting capital markets. Recently, economic operators have increasingly referred to these criteria as ESG aspects, which include environmental, social and governance aspects that affect the operation of companies from multiple sides.

The ESG approach is gaining ground, and this trend has been particularly dominant over the past year. Companies are under increasing and tangible pressure from investors and regulators alike, who are demanding awareness as well as the implementation and communication of ESG issues. The EU framework is evolving, with SFDR¹ provisions for financial market participants (website and pre-contractual and company-level disclosures on adverse sustainability impacts) coming into force in 2021, followed by new obligations in 2022 (product-level disclosures).



In April 2021, the European Union released another landmark Sustainable Finance Package², which also aims to implement the 2018 Sustainability Action Plan.

¹ Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

² The SFP Communication is available on the European Commission website: https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en

The Taxonomy Regulation³ issued in 2020, which lays down and frames a standard definition of sustainable activities (also serving as a reference for other sustainability legislation) will also be continuously updated with implementing details and amendments. It can therefore be said that the regulatory environment is evolving extremely dynamically, forcing economic operators to react and take active action.

Key elements of the SFP

For listed issuers, the most important element of the package is the proposal for a directive on sustainability reporting for companies. It is the result of the revision of the Non-Financial Reporting Directive (NFRD)⁴ in force from 2017 and would be its successor. The proposal foresees a stricter and more harmonised reporting of non-financial (sustainability) information in a standardised format and significantly broadens the scope of companies subject to reporting obligations by making it mandatory for all large companies and all listed issuers, except micro-enterprises. A simplified reporting system for SMEs would be developed so that it does not place a disproportionate burden on companies with limited administrative capacity. The Directive is expected to enter into force in 2022 (with implementation in 2023).

The next important point is the delegated act on EU climate taxonomy, which aims to support sustainable investment by clarifying which economic activities contribute most to the EU's environmental objectives. The act will apply from 1 January 2022.

The third is the six amending delegated acts on fiduciary duties, investment advice and insurance advice, which aim to ensure that sustainability considerations are taken into account in the provision of investment advice to clients.

³Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

⁴Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

BSE'S ROLE IN ACHIEVING SUSTAINABILITY OBJECTIVES

Exchanges can promote sustainability goals in many ways. It is of paramount importance that ESG principles are properly integrated into their own strategies and thus they set an example for listed companies. They should also contribute to the creation of a supportive and appropriate EU and national regulatory environment, and develop and apply their own exchange rules in a complementary manner. Stock exchanges also play an equally important role in raising awareness, and can become a kind of ESG information base and think tank, thus putting sustainability in the spotlight.

Sustainability is, therefore, becoming an increasingly significant focus area in BSE's strategy. The Exchange sees its main role as a catalyst for change as a central player in the capital market, as a participant in building a green/sustainable capital market and as a company that seeks to integrate ESG principles into its operations.

The 4 main pillars of the Exchange's ESG activities

- 1 Market development, product development, community building and partnership in common goals.
- 2 Education, awareness-raising and cohesion.
- 3 Guidance, frameworks and development of the regulatory environment.
- 4 Sustainability in our own operations and social assistance.

It is important to underline that BSE's sustainability developments are in line with international efforts and global goals. The Sustainable Development Goals (SDGs, or Global Goals) are one of the most commonly used and referenced goal frameworks, released by the United Nations in 2015.

In 2019, the Exchange joined the United Nations Sustainable Stock Exchanges Initiative (SSEI), applying its 5 principles to shape its own sustainability activities, with important milestones in 2021.

5 principles for sustainable exchanges

1

Training on sustainability principles and the importance of sustainability in the ecosystem.

2

Ensuring and supporting the increased availability of ESG information.

3

Stakeholder involvement in promoting a sustainable finance agenda.

4

Facilitating the development of sustainable finance by creating markets and products.

5

Internal operational and governance processes to support sustainability efforts.

MARKET DEVELOPMENT, PRODUCT DEVELOPMENT AND COMMUNITY BUILDING

BSE also took steps in the area of market and product development in 2021. In order to increase the visibility of green products (bonds, mortgages, ETFs, government bonds), we have started a website development, which is essentially a new branding project to make these products more visible to investors. Market players will be able to see the results of the development on the exchange's website in the first quarter of 2022. During the year, we also looked at the availability of an ESG rating service for our issuers and the possibility of developing an ESG index.

In recent years, BSE has developed close professional partnerships and joined various initiatives in order to better understand ESG issues (assessing risks and exploiting opportunities). These are about developing the role and best practices of exchanges and other market participants

in ESG development, coordinating their activities and building a supportive regulatory framework. We have played an active role in these partnerships over the past year. We have also participated in the European Federation of Stock Exchanges' Sustainability Working Group, where we are supporting lobbying efforts to develop a sustainability regulatory framework.

In 2021, BSE continued its participation in the Business Council for Sustainable Development in Hungary (BCSDH), and worked closely with the Sustainability Section of the Hungarian Economic Association (HEA), the specialised ministries and MNB. Together with HEA, we organised and supported several ESG events throughout the year. This included the BSE Reporting Guidelines Forum on 31 March, followed by MNB's Green Recommendations Conference on 21 April and the full-day ESG conference

of the Hungarian Business Leaders Forum (HBLF) on 27 April. On 8 June, the conference on Growth from New and Greener Foundations, co-organised with EY Hungary, and in September, the HEA's annual meeting focused on sustainability.

As a beneficiary, together with MNB and the Ministry of Finance, we are actively supporting the EBRD-funded Designing Recommendations for a Sustainable Capital Market Strategy and Action Plan for Hungary, which aims to create a more sustainable and evolving capital market and regulatory environment in Hungary.

EDUCATION, GUIDANCE AND FACILITATING THE PROVISION OF INFORMATION TO ISSUERS

BSE aims to collect the available ESG knowledge as a kind of knowledge base and interpret it for economic operators.

- It organises numerous lectures, professional forums, educational and networking events on the subject.
- Following a broad market consultation, on 31 March 2021, BSE presented its ESG Reporting Guide, which summarises basic information and knowledge on the concept and understanding of ESG, the steps for preparing ESG reports, regulatory aspects, reporting standards, the rating system, and proposes a step-by-step development path for issuers to establish a reporting regime.
- In the context of the implementation of its SME strategy, the government has appointed Budapest Stock Exchange Ltd. to develop and implement in Hungary an assessment methodology suitable for the ESG rating of micro, small and medium-sized enterprises.⁵

SOCIALS ASSISTANCE (CSR)

The market status and role of BSE requires BSE also to perform activities that carry social importance, but which at the same time also fit into its strategy, through which it can lead by example for other players in the capital market. Some of those activities are:

- The primary objective of the BSE e-Academies, free stock exchange courses for the general public, is to improve investor awareness.
- In the BSE Stock Derby stock market game, students can try their hand at trading on the real market with virtual money and real price information.
- We have established the Kochmeister Award, which is awarded at the CFA Society Hungary's stock analysis competition.
- We are also professional sponsors of academic competitions and contests such as the KEBA Stock Exchange Game.
- We regularly invite secondary school and university students to our headquarters to presentations delivered by experts on how the stock market and capital markets work.
- For many years, we supported the Csodalámpa Alapítvány (Magic Lamp Foundation), which grants children with serious illnesses their wishes. In addition to financial support, our staff have been involved in granting wishes as well.

⁵ Government Decree No. 440/2021. (VII. 23.) on the designation of the organisations responsible for the tasks related to the implementation of the 2019–2030 strategy for strengthening Hungarian micro, small and medium-sized enterprises.

ESG PRINCIPLES IN OUR OWN OPERATIONS

BSE is committed to the environmental aspects of sustainability, which is why green thinking was also a factor in its choice of offices and operations.

- Since 2017, we have been collecting office waste separately, and promoting the use of PET-free drinking water.
- BSE is also trying to reduce its carbon footprint by developing internal rules that allow its employees to work from home on a regular basis and by providing the infrastructure to do so.
- This measure has greatly facilitated a smooth transition during the coronavirus pandemic, allowing full teleworking for the majority of our staff and reducing personal presence to a minimum for those working in critical areas, thereby minimising the risk of infection.

As an employer, the principle of equality between people is one of BSE's core values; in line with this, we have formulated and are implementing an equal opportunities plan, with the following objectives:

- Ensuring equal treatment in recruiting and employing people.
- Human resource development, on-the-job training, retraining and learning support.
- Assessing and improving working conditions, especially for workers over 50 and for employees with disabilities, employees with reduced working capacity and employees with impaired health.
- Facilitating the retirement process.

In order to assess compliance with the equal opportunities plan, BSE carries out an employee survey every two years.

THE PROFILE OF THE KELEK GROUP



KELER DEPOSITORY

KELER was founded in 1993 by Magyar Nemzeti Bank, Budapest Stock Exchange and Budapest Commodity Exchange, and is currently owned by MNB (53.33%) and BSE (46.67%). Its primary purpose is to serve as an efficient background institution for the Hungarian capital market, by creating, modifying and cancelling securities, managing central securities accounts, operating the securities clearing system and providing other services.

KELER operates in Hungary as a Central Securities Depository (CSD) authorised to provide basic CSD services and non-banking and certain ancillary banking services under the provisions of the Central Securities Depositories Regulation (CSDR) and the Hungarian Capital Market Act.

In addition to these functions, KELER also provides cash account management services to institutional clients, solely to support its core business. Clients can also apply for and renew so-called LEI codes (global legal entity identifiers), and KELER supports them in meeting their market reporting obligations.



Some of the activities pursued by KELER are primarily aimed at serving the Hungarian capital market and secondarily at assisting in the settlement of international securities transactions. All securities transactions concluded on BSE are settled by KELER.

THE MAIN ACTIVITIES OF KELER

● Basic services

CENTRAL SECURITIES REGISTER

KELER keeps records of the securities issued by it, as well as of the securities governed by the Capital Market Act that have been notified to KELER, blocked or declared void.

DEMATERIALIZED SECURITIES SERVICES

KELER manages a central securities account for all dematerialised securities issued by it and provides a range of related services to issuers (initial issuance and tap issuance; partial or complete cancellation of a series; squeezing out; conversion and reconversion; replacement of documents; daily creation/cancellation of investment notes; payment of consideration for the conversion of shares produced by printing into dematerialised shares).

SECURITIES ACCOUNTS FOR INSTITUTIONAL CLIENTS

KELER keeps securities accounts for participants in the securities settlement system in order to debit and credit securities.

SETTLEMENT OF SECURITIES ORDERS

In relation to Hungarian securities, KELER settles regulated market transactions guaranteed and not guaranteed by the KELER CCP, as well as transactions concluded outside the regulated market (e.g. OTC prompt, primary market and repo transactions).

SERVICES RELATED TO
SHAREHOLDER REGISTERS

● **Ancillary non-banking services**

These services provided by KELER include share register management, depository services, shareholder verification services, corporate event management, paying agent services and the organisation of general meetings.

ISSUING ISIN CODES

KELER issues ISIN codes for securities and derivative products as a national code issuer under the authorisation of the Capital Market Act (in the case of revenues, this is shown under Code Issuing Services). The ISIN codes allow the unique identification of securities.

PARTICIPATION IN THE SETTLEMENT
OF INTERNATIONAL SECURITIES
TRANSACTIONS

This includes the management of social events.

REGULAR REPORTING

● **Services related to deposited printed securities**

Within the framework of the market reporting service, KELER supports its clients in meeting their reporting obligations in accordance with EMIR, REMIT, MIFID II and SFTR.

ISSUING LEI CODES

As part of this, KELER provides services both as a code issuer and as an intermediary.

● **Ancillary banking services**

- KELER ensures the cash-side settlement of securities transactions for institutional clients.
- It clears spot commodity market transactions through its depository service.
- It holds a deposit account for issuers in certain cases.

Key financial data and management of KELER Zrt.

EQUITY: The company’s equity for the year is HUF 26.63 billion, of which more than HUF 20 billion is reserves. Profit after tax is close to HUF 1.6 billion.

FEES AND COMMISSIONS FROM CLEARING-HOUSE, DEPOSITARY AND CREDIT INSTITUTION ACTIVITIES:

Due to its specific nature, KELER’s fee income increases substantially in an economic environment similar to the current one, mainly due to the custody of government securities. The value of securities in custody exceeded HUF 53.68 billion by the end of the year, an increase of nearly 12% compared to the previous year.

government bonds were purchased, resulting in a transaction margin of 50-120 basis points.

OPERATING EXPENSES:

Rigorous cost control throughout the organisation has contributed greatly to sound financial management, as a result of which the main operating expenditure of the Depository has remained stable, increasing by just under HUF 40 million on a year-on-year basis.

INTEREST RATE EARNINGS: In addition to the record fee income of HUF 6.6 billion, KELER’s interest margin has again been close to HUF 900 million as a result of the interest rate increase cycle. This was largely due to the fact that in the period under review, in addition to the HUF 28 billion loan raised in 2020 in MNB’s call for bank tenders, a further HUF 21 billion was taken out with a 5-year fixed-rate maturity, with which 5-year

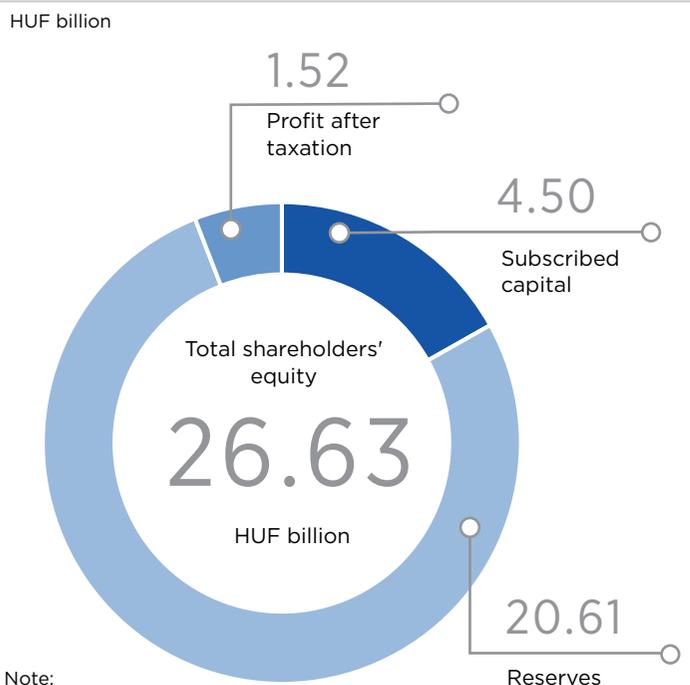
OPERATING PROFIT/LOSS: The situation is positive in this regard as well, with KELER achieving an operating profit of HUF 1.8 billion.

PROFIT/LOSS BEFORE TAXATION:

HUF 1.8 billion, equal to the operating profit/loss.

Note: Financial information of KELER Zrt. is prepared in accordance with the International Financial Reporting Standards (IFRS).

Equity of KELER Zrt. - 2021



Note: preliminary data

Source: KELER Zrt.

KELER CCP

The authorisation of KELER CCP Central Counterparty Ltd. under EMIR entitles the company to operate as a central counterparty in all EU Member States for the specified asset classes. The company also provides clearing services to several market operators as a clearing house and sub-clearing services as a general clearing member.

On 31 December 2021, the client base of KELER CCP consisted of 151 operators. The client base included 30 capital market traders (capital market clearing members), 66 gas market traders (gas market clearing members) and 71 energy market traders (sub-clearing members). For gas and energy clients, 16 clients provide both services.

The company is under the exclusive supervision of Magyar Nemzeti Bank, in close cooperation with ESMA. The main shareholder of KELER CCP is KELER Zrt., with a 99.81% stake; MNB owns 0.1% and BSE 0.09%.

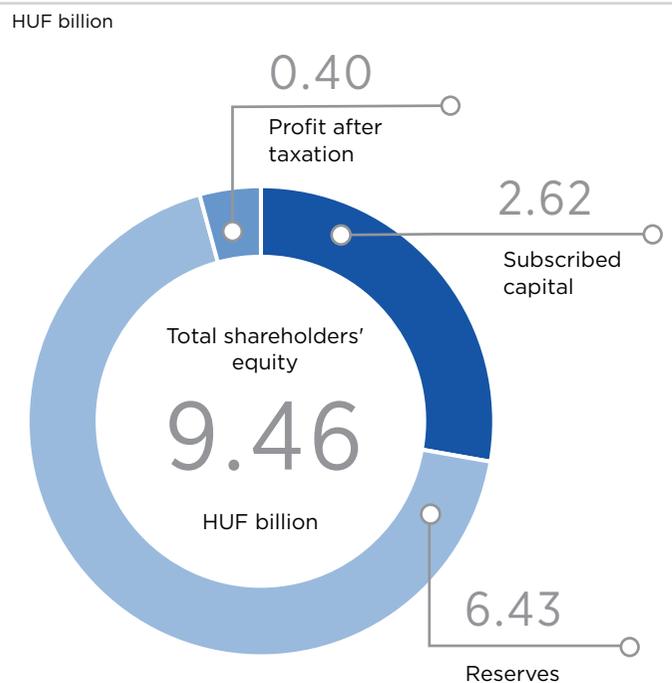
The main activities of KELER CCP

Central counterparty activities

The core business of KELER CCP is to provide clearing and related underwriting services as a central counterparty with respect to Budapest Stock Exchange, MTS S.p.A. and the gas trading venues of the Hungarian gas market. As a central counterparty, KELER CCP clears transactions concluded on the following trading venues on the basis of agreements with cooperating counterparties:

BUDAPEST STOCK EXCHANGE	Equity, bond, foreign currency derivatives, interest rate, equity and commodity futures and options products; operator of a trading venue [hereinafter referred to as operator]: BSE
BÉTA MARKET	Equity and ETF MTF market; operator: BSE
XTEND MARKET	Equity MTF market; operator: BSE
XBOND MARKET	Bond MTF market; operator: BSE
MTS HUNGARY	Bond MTF market; operator: MTS S.p.A.
IT PLATFORM	Balancing natural gas settlement; operator: FGSZ Zrt.
TRADING PLATFORM	Spot natural gas market; operator: FGSZ Kereskedési Platform Kft.
CEEGEX	Organised spot natural gas market; operator: CEEGEX Zrt.
HUDEX/GAS SEGMENT	Organised futures natural gas market; operator: HUDEX Energiatőzsde Zrt.

Equity of KELER CCP Ltd. - 2021



Source: KELER CCP Ltd.

360% - KELER CCP Ltd. has this expected ratio of equity to subscribed capital

General clearing member (GCM segment)

Since July 2010, KELER CCP, as a general clearing member of European Commodity Clearing AG (ECC), has been providing sub-clearing services to energy market participants for spot and derivative energy market transactions cleared by ECC at the following trading venues:

EEX	www.eex.com
EPEXSPOT	www.epexspot.com/en
HUDEX	Electricity segment (www.hudex.hu)
HUPX	Hungarian Organised Electricity Market (www.hupx.hu)
PXE	www.pxe.com
SEEPEX	www.seepex-spot.rs/en
SEMOPX	www.semopx.com

Key financial data and management of KELER CCP Ltd.

EQUITY: The equity of the KELER CCP for the year under review is HUF 9.46 billion. Within this, the reserves exceed HUF 6.4 billion and the profit after tax is about HUF 407 million.

FEES AND COMMISSIONS FROM CLEARING HOUSE AND GUARANTOR ACTIVITIES: The fee income of KELER CCP was affected by external economic events to such an extent that the combined value of fee income for the year under review exceeded HUF 3 billion, which is a new record. A significant contribution to this positive performance was also made by the recently established security management fee, which has almost become a business segment in its own right with a fee income of over HUF 1 billion.

INCOME FROM OWN AND EXTERNAL PORTFOLIOS: In addition to the fee income directly derived from its business

activities, KELER CCP also generates interest income from the investment and management of its own and third-party portfolios.

OPERATING EXPENSES: Although total operating expenses increased by over 20%, the central clearing house achieved one of its best ever operating profitability in 2021.

FINANCIAL PROFIT/LOSS: The net interest loss of nearly HUF 690 million can be largely offset by the fee income from security management, as KELER CCP continues to charge the nostro account managers' negative interest in the form of a fee, with some margin. Although the HUF 95.2 million revaluation loss on financial assets has a slightly negative impact on the 2021 profit and loss account, we managed to put an end to this problem in the period under review and reduce foreign exchange risks to such an extent that its future impact should be minimal.

OPERATING PROFIT/LOSS: The operating profit of more than HUF 1.2 billion reported in the accounting report is 3.5 times the 2020 figure.

PROFIT/LOSS BEFORE TAXATION: This indicator, like the operating profit or loss, reached an outstanding level of HUF 446.4 million.

OTHER DATA





Events after the reporting date

- In 2021, BSE has started preparations for entering the Hungarian regulated market, i.e. becoming a listed company. As of the date of signing of these financial statements, Magyar Nemzeti Bank's procedure of admission of the securities to trading on the stock exchange has not started.
- The real estate lease agreement between Budapest Stock Exchange and MNB-Ingatlan Kft. was signed on 31 January 2022. Pursuant to that agreement, BSE will move its registered office in 2022 with the new address being: H-1013 Budapest, Krisztina körút 55., Hungary

Organisation

- On 31 December 2021, the number of employees at Budapest Stock Exchange decreased to 60 from 62 at the end of 2020.

Financial investments

- In accordance with the statutory requirements, the BSE invests its free cash in fixed-term deposits for a period of less than one month, or in government bonds or fixed-term deposits for a period of more than one month. Investments are stated at cost in the balance sheet.
- BSE has no credit debts, its cash and tied assets are stable and there is no liquidity risk.

BALANCE SHEET

Data in thousand HUF

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
1	A. NON-CURRENT ASSETS (lines 2+10+17)	5,718,349	5,438,408
2	I. Intangible assets (lines 3–9)	236,656	235,798
3	Capitalised value of foundation/restructuring	0	0
4	Capitalised value of experimental development	0	0
5	Rights and patents	1,044	956
6	Intellectual property	235,612	234,842
7	Business value or goodwill	0	0
8	Advance payments on intangible assets	0	0
9	Revaluation of intangible assets	0	0
10	II. Tangible fixed assets (lines 11–16)	119,863	87,588
11	Real estates, rights and titles	120	0
12	Technical equipment, machines and vehicles	94,414	65,410
13	Other equipment, fixtures and vehicles,	16,329	13,900
14	Constructions and renovations	9,000	8,278
15	Advance payments on constructions	0	0
16	Revaluation of tangible fixed assets	0	0
17	III. Non-current financial assets (lines 18–21)	5,361,830	5,115,022
18	Long-term significant equity holding	5,255,880	5,109,072
19	Other long-term interests	5,950	5,950
20	Other long-term loans given	100,000	0
21	Revaluation of non-current financial assets	0	0

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
22	B. CURRENT ASSETS (lines 23+29+34+39)	2,876,399	3,618,869
23	I. Inventories (lines 24–28)	9,887	9,008
24	Materials	0	0
25	Work in progress and semi-finished products	0	0
26	Finished products	0	0
27	Commodities	9,887	9,008
28	Advance payments on inventories	0	0
29	II. Receivables (lines 30–33)	167,952	142,050
30	Receivables from goods delivery and services (trade debtors)	120,319	108,242
31	Receivables from affiliated companies	5,348	570
32	Notes receivables	0	0
33	Other receivables	42,285	33,238
34	III. Securities (lines 35–38)	426,845	0
35	Interests in affiliated companies	426,845	0
36	Other interests	0	0
37	Own shares	0	0
38	Debt securities held for trading	0	0
39	IV. Cash (lines 40–41)	2,271,715	3,467,811
40	Petty cash and cheques	0	0
41	Bank deposits	2,271,715	3,467,811
42	C. PREPAID EXPENSES AND ACCRUED INCOME (lines 43–45)	561,148	697,143
43	Accrued revenues	475,891	649,097
44	Prepaid expenses	85,257	48,046
45	Deferred expenditure	0	0
46	TOTAL ASSETS (lines 1+22+42)	9,155,896	9,754,420

Budapest, 25 April 2022

Richárd Végh
Chief Executive Officer

Katalin Sámel
Director

BALANCE SHEET

Data in thousand HUF

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
48	D. EQUITY (lines 49–56)	8,134,333	8,720,039
49	I. Subscribed capital	541,348	541,348
50	Of which: repurchased own shares at face value	0	0
51	II. Capital subscribed, but not yet paid up (-)	0	0
52	III. Capital reserve	2,576,356	2,576,356
53	IV. Retained earnings	4,898,373	5,016,628
54	V. Reserves in deposit	0	0
55	VI. Evaluation reserve	0	0
56	VII. Profit after taxation	118,256	585,707
57	E. PROVISIONS (lines 58–60)	0	0
58	Provisions for expected liabilities	0	0
59	Provisions for future liabilities	0	0
60	Other provisions	0	0
61	F. LIABILITIES (lines 62+66+75)	772,788	825,739
62	I. Subordinated liabilities (lines 63–65)	0	0
63	Subordinated liabilities to affiliated companies	0	0
64	Subordinated liabilities to other undertakings related by investment	0	0
65	Subordinated liabilities to other entities	0	0

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
66	II. Long-term liabilities (lines 67–74)	0	0
67	Long-term borrowings	0	0
68	Convertible and converting bonds	0	0
69	Debts on the issue of bonds	0	0
70	Investment and development credits	0	0
71	Other long-term credits	0	0
72	Long-term liabilities to affiliated companies	0	0
73	Long-term liabilities to other undertakings related by investment	0	0
74	Other non-current liabilities	0	0
75	III. Current liabilities (lines 76–83)	772,788	825,739
76	Short-term loans	0	0
77	Of which: convertible and converting bonds	0	0
78	Advances received from trade debtors	1,444	596
79	Liabilities on delivery of goods and services (trade creditors)	168,413	98,107
80	Notes payable	0	0
81	Short-term liabilities to affiliated companies	863	1,679
82	Short-term liabilities to other undertakings related by investment	0	0
83	Other short-term liabilities	602,068	725,357
84	G. ACCRUED EXPENSES AND DEFERRED INCOME (lines 85–87)	248,775	208,642
85	Prepaid revenues	62,600	63,100
86	Accrued expenses	186,175	145,542
87	Deferred income	0	0
88	TOTAL LIABILITIES (LINES 48+57+61+84)	9,155,896	9,754,420

Budapest, 25 April 2022

Richárd Végh
Chief Executive Officer

Katalin Sámel
Director

STATEMENT OF PROFIT OR LOSS

Data in thousand HUF

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
1	Net domestic sales revenue	1,861,832	1,928,879
2	Export sales revenues	1,173,059	1,244,599
I	Exchange activity revenues (lines 1+2)	3,034,891	3,173,478
II	Other income	244,560	289,578
	Of which: impairment loss reversed	0	0
3	Change in self-produced inventories	6,767	710
4	Capitalised value of self-manufactured assets	0	0
III.	Capitalised value of own production (lines 3–4)	6,767	710
5	Material costs	3,469	2,966
6	Services used	926,969	965,297
7	Value of other services	16,669	20,248
8	Cost of traded goods sold	0	0
9	Cost of mediated services	71,968	53,367
IV.	Material-type expenses (line 5–9)	1,019,075	1,041,878
10	Wages and salaries	916,432	958,276
11	Other personnel expenses	48,116	53,114
12	Contributions on wages and salaries	176,095	166,549
V.	Personnel expenses (lines 10–12)	1,140,643	1,177,939
VI.	Depreciation charged	174,746	179,537
VII.	Other expenses	470,693	473,138
	Of which: impairment loss	4,086	3,057
A	PROFIT/LOSS FROM EXCHANGE ACTIVITIES (I+II±III-IV-V-VI-VII)	481,061	591,274
13	Dividends and profit sharing received (receivable)	0	0
	Of which: from affiliated companies	0	0

Line number	Description of item	Previous year 31/12/2020	Current year 31/12/2021
a	b	c	d
14	Revenues and exchange rate gains from interests	0	0
	Of which: from affiliated companies	0	0
15	Revenues and exchange rate gains from non-current financial assets (securities and loans)	3,182	1,634
	Of which: from affiliated companies	3,182	1,634
16	Other interest received (receivable) and interest-type income	2,013	9,461
	Of which: from affiliated companies	0	0
17	Other income from financial operations	44,189	22,731
	Of which: valuation difference	0	0
VIII.	Income from financial transactions (lines 13+14+15+16+17)	49,384	33,826
18	Expenses and exchange rate losses from interests	0	0
	Of which: given to affiliated companies	0	0
19	Expenses and exchange rate losses from non-current financial assets (securities and loans)	0	0
	Of which: given to affiliated companies	0	0
20	Interest payable (paid) and interest-type expenses	0	0
	Of which: given to affiliated companies	0	0
21	Impairment on interests, securities, long-term loans given and bank deposits	399,204	0
22	Other expenses of financial transactions	9,451	12,772
	Of which: valuation difference	0	0
IX.	Expenses of financial transactions (lines 18+19+20+21+22)	408,655	12,772
B	PROFIT OR LOSS OF FINANCIAL TRANSACTIONS (VIII-IX)	-359,271	21,054
C	PROFIT BEFORE TAXATION (±A±B)	121,790	612,328
X	Tax liability	3,534	26,621
D	PROFIT/LOSS AFTER TAXATION (±C-X)	118,256	585,707

Budapest, 25 April 2022

Richárd Végh
Chief Executive Officer

Katalin Sámel
Director

GENERAL COMPANY INFORMATION

Name of Company: Budapesti Értéktőzsde
Zártkörűen Működő
Részvénytársaság (Budapest
Stock Exchange Private
Company Limited by Shares)

**Address of the
Company's
registered office:** Budapest, Szabadság tér 7.
4th floor, Platina (Platinum)
Tower

**Company
registration number:** 01-10-044764

**Data of persons
authorised to sign
the report on behalf
of the Company:** Richárd Végh, Chief Executive
Officer
address: H-2040 Budaörs,
Kálvária utca 7.

Katalin Sámel, Director
address: H-1135 Budapest,
Lehel utca 60. 6/1

The person responsible for the management and administration of the bookkeeping tasks and the preparation of the annual report: Katalin Sámel (address: H-1135 Budapest, Lehel utca 60 6/1), registration number: 199110. The Company is subject to compulsory audit.

The auditor of Budapest Stock Exchange Ltd: Ernst & Young Könyvvizsgáló Kft. (H-1132 Budapest, Váci út 20.)

The auditing fee for the financial year 2021:
HUF 20,883,000 + VAT

The person personally responsible for the audit: Dr Attila Hruby (mother's name: Dr. Katalin Szerdahelyi, home address: H-1174 Budapest, Ősrepülő u. 21. fsz. 2 a., registration number at the Chamber of Hungarian Auditors: 007118)

FORM OF OPERATION

Private Company Limited by Shares

FOUNDATION

The Budapest Stock Exchange, originally established on 19 June 1990, was registered by the Metropolitan Court of Justice as a Court of Registration on 30 June 2002 under No. 01-10-044764 as a company limited by shares due to general succession.

The subscribed capital of the Company on the date of its foundation totalled HUF 550 million which consisted of registered ordinary shares issued in a dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights.

With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100. (*Order No. 01-10-044764/24 of the Court of Registration, effective from 28/04/2003*)

SCOPE OF ACTIVITY

Main activity: 6611 '08 Administration of financial markets

LEGAL FRAMEWORK FOR THE FINANCIAL MANAGEMENT OF THE EXCHANGE

The conditions for the management of the Stock Exchange are stipulated in Act CXX of 2001 (hereinafter: “Capital Market Act”). Pursuant to this: “the Exchange may not invest its free funds in the products listed and traded on the given exchange, excluding government securities and the shares issued by the Exchange, the clearing house and central depository performing stock exchange settlements, and the financial holding company with a shareholding in the clearing house and the central depository”.

The provisions of Act C of 2000 on Accounting and Government Decree No. 459/2015. (XII. 29.) must be taken into consideration when defining the accounting procedures of the Exchange. According to the rules on double-entry bookkeeping, the Exchange prepares its annual report for the given business year with the last day of the financial year (31 December 2021) as the reporting date. Pursuant to the Accounting Act, even economic events that became known after the reporting date (31 December) but prior to the compilation of the annual report must be accrued. The last day for the receipt of items coming from external sources, i.e. the balance sheet preparation date, is 31 January 2022.

The Exchange is listed as “other organisation” in Item 4.I) of Section 3(1) of the Accounting Act. The annual reporting and bookkeeping obligation of the Exchange is prescribed by Government Decree No. 459/2015. (XII. 29.).

The system of accounts was compiled based on the above decrees and accounting requirements. In our system of accounts, we set out the accounting policy developed and applied by the Budapest Stock Exchange and the evaluation regulations on assets and liabilities.

The 2021 annual balance sheet and statement of profit or loss of the Budapest Stock Exchange Ltd. will be available on the BSE’s website (www.bet.hu) after the Annual General Meeting.

RULES OF THE EXCHANGE

The essential rules of the organisation and operation of the Budapest Stock Exchange Ltd. are included in the Statutes accepted by the General Meeting.

According to the Capital Market Act, the Budapest Stock Exchange is a self-regulating organisation that develops regulations to specify the partial regulations on the operation of the Stock Exchange as well as the rights and obligations of the stock exchange traders and issuers. The Board of Directors is authorised to approve the rules and regulations, which enter into force when ratified by Magyar Nemzeti Bank.

The rules and regulations of the Exchange are available on the website of BSE (www.bet.hu), under the Investors/Rules and regulations.

As of 31 December 2021, the valid regulations of the Exchange were as set out on the following page.

The Magyar Nemzeti Bank also monitors the operation of the Budapest Stock Exchange Ltd. to ensure that it complies with the relevant laws and the regulations of the Exchange. In order to fulfil this task, the person appointed by the Supervisory Authority is entitled to review and check the stock exchange turnover through the terminal installed at the Supervisory Authority as well as to be present at the meeting of the General Meeting of the Budapest Stock Exchange Ltd. and at the meetings of the Board of Directors and the Advisory Committees, and to inspect the records of the Exchange.

The Board of Directors provides for the following in a stock exchange provision: the fees charged by the BSE for those who use the services of the Stock Exchange, the Bylaws of Organisation and Operation in respect of the Stock Exchange's work organisation, the trading regulation of the free market system and the order of the representation of interest for stock exchange traders, issuers and investors.

The rules governing the operation of the multilateral trading facility operated by the BSE are laid down in the separate regulations adopted by the Chief Executive Officer.

The Budapest Stock Exchange Ltd. has adopted the necessary mandatory regulations prescribed in the Accounting Act as well as the stocktaking regulation for assets and liabilities and a cash management regulation. The evaluation of assets and liabilities is found in the accounting policy.

1. REGULATIONS

Regulations of Budapest Stock Exchange Ltd.	Resolutions of the Board of Directors		MNB approval No.	Effective date
	No.	date		
General Terms of Service of Budapest Stock Exchange Private Company Limited by Shares	8/2021	23 February 2021	H-EN-III-155/2021	1 April 2021

MTF (BÉTA, XTEND, XBOND) MARKETS

Regulations of Budapest Stock Exchange Ltd.	No.	BSE resolution date	Effective date
Xtend General Terms of Service	33/Xtend/2021	20 December 2021	21 December 2021
Xbond General Terms of Service	47/Xbond/2021	5 May 2021	15 May 2021

2. PROVISIONS

Provisions of Budapest Stock Exchange Ltd.	Resolutions of the Board of Directors		BSE resolution		Effective date
	No.	date	No.	date	
On the rules of interest representation	24/2018	18 April 2018	–	–	19 April 2018
On the fees applied by the Exchange	–	–	130/2021	16 June 2021	1 July 2021
On the Organisational and Operational Rules	1/2021	14 January 2021	15/2021	19 January 2021	19 January 2021

ACCOUNTING PRINCIPLES

An error is considered **significant** if the aggregate amount of the errors and the impact of errors established for the same year (meaning that values have to be added up), increasing or decreasing the equity or the profit or loss (regardless of their sign), reaches 2% of the balance sheet total for the given year.

Receivables and **payables in foreign funds** must be converted to HUF at the middle exchange rate published by Magyar Nemzeti Bank.

When **evaluating receivables**, the difference between the book value of the receivable and the amount expected to be collected must be determined for receivables which were not paid by the balance sheet preparation date, based on the information available at the balance sheet preparation date. **Impairment must be accounted for the difference but only when such difference proves to be permanent and is of a significant amount. In the case of receivables, impairment** is significant if it exceeds 50% of the carrying value of the receivables.

EVALUATION METHOD

BALANCE SHEET

Intangible assets

Intangible assets must be recognised in the balance sheet at cost or at the book value less the accounted ordinary and extraordinary depreciation plus the reversed amount of the book value of the extraordinary depreciation, and advance payments made for intangible assets must be recognised at the transferred amount net of the deductible input VAT, at the book value increased by the reversed impairment.

The **purchased software applications** were evaluated at net value.

Tangible fixed assets

Tangible fixed assets must be evaluated at cost in the balance sheet, less any ordinary depreciation charged, any extraordinary depreciation charged and plus any reversal of extraordinary depreciation.

Tangible fixed assets were evaluated at net value.

Investments were evaluated at the actual acquisition cost.

Non-current financial assets

The acquisition value of a share or deposit representing an equity holding in a company is the amount for which it was purchased by the Company.

If an impairment is necessary due to a loss of equity in an affiliated company, the financial statements of the subsidiary for the year in question may be used to calculate the impairment, regardless of whether or not they have been accepted by the owner.

The General Meeting on 30 April 2002 accepted the evaluation that was prepared by American Appraisal Kft. based on which the revaluation difference was HUF 2,245 million for KELER Központi Értéktár Zrt. This was a one-off market evaluation, which BSE had the opportunity to carry out because it had become a joint stock company. This value was booked by the Exchange at the time of its transformation in 2002.

Holdings of Budapest Stock Exchange Ltd. at the balance sheet date:

KELER Központi Értéktár Zrt.

Registered office: H-1088 Budapest,
Rákóczi út 70-72.

Number of shares: 900, each with a par value of HUF 5,000,000

Equity holding: 46.67%

After-tax profit of KELER Zrt. for 2021 will be HUF 1.5 billion.

KELER CCP Central Counterparty Ltd.

Registered office: H-1088 Budapest,
Rákóczi út 70-72.

Number of shares: 262,320, each with a par value of HUF 10,000

Equity holding: 0.09%

After-tax profit of KELER CCP Ltd. for 2021 will be HUF 407 million.

During 2021, Budapest Stock Exchange Ltd. sold both of its subsidiaries in which it held 100% ownership.

Sale date of Első Értékpapírosítási Tanácsadó Zrt. (ELÉT): 26 February 2021

Sale date of Budapest Institute of Banking Zrt. (BIB): 9 December 2021

3. Ownership structure of KELER Központi Értéktár Zrt. (thousand HUF)

Owners	Subscribed capital	Ownership share
Budapest Stock Exchange Ltd.	2,100,000	46.67%
MNB	2,400,000	53.33%
Total	4,500,000	100.00%

4. Ownership structure of KELER CCP Central Counterparty Ltd. (thousand HUF)

Owners	Number of shares (pcs.)	Ownership share	Par value: HUF 10,000 per share	Issue value: HUF 25,000 per share
Budapest Stock Exchange Ltd.	238	0.09%	2,380	5,950
MNB	272	0.10%	2,720	6,800
Central Clearing House and Depository (Budapest) Ltd.	261,810	99.81%	2,618,100	6,545,250
Total	262,320	100.0%	2,623,200	6,558,000

5. Equity structure of KELER Zrt. and KELER CCP Central Counterparty Ltd. (million HUF)

IFRS	KELER		KELER CCP	
	31/12/2020	31/12/2021	31/12/2020	31/12/2021
Subscribed capital	4,500	4,500	2,623	2,623
Capital reserve			3,935	3,935
Retained earnings	20,167	21,536	2,536	2,943
Statutory reserve	477	629		
Reserve for financial instruments at fair value through other comprehensive income (FVTOCI)	11	-34	11	-46
Total shareholders' equity	25,155	26,631	9105	9,455

Note: 2021 figures of the KELER Group are preliminary and not yet audited.

DESCRIPTION OF THE METHOD USED TO CALCULATE DEPRECIATION

Non-current assets were depreciated with the straight line depreciation method as follows:

According to the accounting policy guidelines of the Exchange, the cost of rights and concessions is amortised over their expected useful life.

Intellectual property and software are written off over **3 years**, with a depreciation rate of 33%, **except for intangible assets received from a legal predecessor** where the time of use at the legal predecessor must be taken into account when defining the period of depreciation. *However, the remaining time of use cannot be shorter than 1 year*, and depreciation must be accounted for the remaining period.

Depreciation of tangible fixed assets is calculated on the basis of their gross value from the date on which they are put into use, using the **straight line** depreciation method over their period of use. Depreciation is accounted for on a monthly basis.

The following rates were applied in the calculation of amortisation:

6. Amortisation norms applied for assets capitalised after 1 January 1992

Assets	Norm
Investment carried out on a third-party (rented) property	6.0%
Machines, equipment and fixtures	14.5%
IT products	33.0%

Assets with an individual purchase price below HUF 200,000 (i.e. the amount permitted by Section 80(2) of the Accounting Act) are depreciated in one amount immediately when put into use.

7. CHANGES TO INTANGIBLE AND TANGIBLE FIXED ASSETS

7a Changes to the gross value of intangible and tangible fixed assets (thousand HUF)

Description	Opening value	Growth during the year	Decrease during the year	Closing value
I. Total intangible assets	1,584,962	106,535	76,189	1,615,308
I/1. Rights and patents	4,611	160	107	4,664
I/2. Intellectual property	1,580,351	106,375	76,082	1,610,644
I/2.1. Unfinished intangible assets	0	0	0	0
II. Total tangible fixed assets	637,236	51,991	64,982	624,245
II/1. Land and buildings	45,952	0	0	45,952
II/1.1. Buildings	0	0	0	0
II/1.2. Rights and titles related to properties	0	0	0	0
II/1.3. Investments on third-party property	45,952	0	0	45,952
II/2. Cables	0	0	0	0
II/3. Administrative and other equipment	5,080	0	262	4,818
II/4. IT machines	446,203	39,590	44,475	441,318
II/5. Telecommunications equipment	9,970	678	1,171	9,477
II/6 Other equipment, machinery and fixtures	90,090	3,445	1,520	92,015
II/7. Old securities	583	0	0	583
II/8. Cars	30,358	0	8,554	21,804
II/9. Investments	9,000	8,278	9,000	8,278
II/10. Advance payments on constructions	0	0	0	0
I-II. Total	2,222,198	158,526	141,171	2,239,553

7. CHANGES TO INTANGIBLE AND TANGIBLE FIXED ASSETS

7b Changes to the depreciation of intangible and tangible fixed assets (thousand HUF)

Description	Opening value	Growth during the year	Decrease during the year	Closing value
I. Total intangible assets	1,348,306	107,388	76,184	1,379,510
I/1. Rights and patents	3,567	248	107	3,708
I/2. Intellectual property	1,344,739	107,140	76,077	1,375,802
I/2.1. Unfinished intangible assets		0	0	
II. Total tangible fixed assets	517,373	72,149	52,865	536,657
II/1. Land and buildings	45,834	118	0	45,952
II/1.1. Buildings	0	0	0	0
II/1.2. Rights and titles related to properties	0	0	0	0
II/1.3. Investments on third-party property	45,834	118	0	45,952
II/2. Cables	0	0	0	0
II/3. Administrative and other equipment	5,079	0	262	4,817
II/4. IT machines	352,055	68,282	44,387	375,950
II/5. Telecommunications equipment	9,702	875	1,141	9,436
II/6 Other equipment, machinery and fixtures	84,642	2,874	1,520	85,996
II/7. Old securities	0	0	0	0
II/8. Cars	20,061	0	5,555	14,506
II/9. Investments		0	0	
II/10. Advance payments on constructions	0	0	0	0
I-II. Total	1,865,679	179,537	129,049	1,916,167

7. CHANGES TO INTANGIBLE AND TANGIBLE FIXED ASSETS

7c Changes to the net value of intangible and tangible fixed assets (thousand HUF)

Description	Opening value	Growth during the year	Decrease during the year	Closing value
I. Total intangible assets	236,656	0	858	235,798
I/1. Rights and patents	1,044	0	88	956
I/2. Intellectual property	235,612	0	770	234,842
I/2.1. Unfinished intangible assets	0	0	0	0
II. Total tangible fixed assets	119,863	8,278	40,553	87,588
II/1. Land and buildings	118	0	118	0
II/1.1. Buildings	0	0	0	0
II/1.2. Rights and titles related to properties	0	0	0	0
II/1.3. Investments on third-party property	118	0	118	0
II/2. Cables	0	0	0	0
II/3. Administrative and other equipment	1	0	0	1
II/4. IT machines	94,148	0	28,780	65,368
II/5. Telecommunications equipment	268	0	227	41
II/6 Other equipment, machinery and fixtures	5,448	0	-571	6,019
II/7. Old securities	583	0	0	583
II/8. Cars	10,297	0	2,999	7,298
II/9. Investments	9,000	8,278	9,000	8,278
II/10. Advance payments on constructions	0	0	0	0
I-II. Total	356,519	8,278	41,411	323,386

PURCHASED INVENTORIES

Purchased inventories were evaluated at the actual acquisition price except for print forms and other materials.

Forms and **other materials** were fully accounted for as use of materials (cost) on the procurement date. Year-end closing inventories were evaluated at the actual acquisition price, based on the stocktaking.

RECEIVABLES

Trade debtors must be recognised in the balance sheet in the known and acknowledged amount or at the book value less the recognised impairment, but plus the reversed impairment.

When evaluating receivables, the Company rates the buyer/debtor as follows: The difference should be determined separately for each claim, and assessed as to whether it is long-term and significant. A debt is considered to be long-term if the buyer, the debtor, is not expected to pay it even after one year. The amount of the impairment loss per claim should be booked for each claim (including on subledgers).

Receivables from employees and **tax authorities** were evaluated based on an item-by-item reconciliation with the sub-ledgers.

9. Receivables (thousand HUF)

Description	31/12/2020	31/12/2021
Receivables from goods delivery and services	120,319	108,242
Corporate income tax	6,590	0
VAT	19,046	23,264
Other receivables	16,265	9,724
Advances paid to suppliers	384	250
Other receivables	42,285	33,238
Receivables from affiliated companies	5,348	570
Total receivables	167,952	142,050

8. Inventories (thousand HUF)

Description	31/12/2020	31/12/2021
Representation material	7,774	6,665
Forms, other materials	1,388	1,618
Library books	725	725
Mediated services	0	0
Total inventories	9,887	9,008

10. Impairment accounted for receivables (thousand HUF)

Year in which the impairment is recognised	31/12/2021 Amount of impairment
2011	0
2012	2,290
2013	4,076
2014	4,664
2015	7,139
2016	0
2017	1,012
2018	1,569
2019	2,097
2020	3,992
2021	-1,248
Total	25,591

SECURITIES

Első Értékpapírosítási Tanácsadó Zrt. was sold in 26 February 2021. The transaction was completed before the balance sheet was drawn up, and accordingly, in the 2020 financial statements, the value of the holding previously recognised as non-current financial asset has been reclassified to current assets.

CASH

Cash was recognised at the values of the last bank account statements of 2021.

PREPAID EXPENSES AND ACCRUED INCOME

Expenses incurred before the balance sheet date which can only be accounted for as cost for the period following the balance sheet date, and income which is only due after the balance sheet date but that should be accounted for the period closed by the balance sheet, as well as the amount not yet recognised as a profit reducing item against the difference defined in Section 68(1) of the Accounting Act, must be recognised separately as prepaid expenses and accrued income.

Detailed data on the EDIOP and Central Hungary projects are presented in Table 33.

11. Securities – interests in affiliated companies (thousand HUF)

Description	31/12/2020	31/12/2021
Első Értékpapírosítási Tanácsadó Zrt.	426,845	0
Total securities	426,845	0

12. Cash (thousand HUF)

Description	31/12/2020	31/12/2021
HUF account	838,968	1,685,949
Fixed HUF deposits	1,000,000	1,000,000
EUR account	286,695	486,662
Fixed EUR deposits	146,052	295,200
Total cash	2,271,715	3,467,811

13. Prepaid expenses and accrued income (thousand HUF)

Description	31/12/2020	31/12/2021
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	1,095	3,185
Transaction fee 2020/2021	93,312	89,259
Continued trading fee for Q4 2020/2021	117,374	166,287
Vendor fees for 2020/2021	78,201	87,442
ELITE, EDIOP+CHR	160,003	296,974
Other income	25,906	5,950
Total Accrued revenues	475,891	649,097
Insurance	2,390	1,531
Newspaper subscriptions	138	150
Membership fees	197	98
ELITE training	59,904	32,145
Other software and support	22,557	11,545
Other	71	2,577
Total prepaid expenses	85,257	48,046
Total prepaid expenses and accrued income	561,148	697,143

EQUITY

Equity is recognised at book value.

The Board of Directors of Budapest Stock Exchange proposes to pay a dividend of HUF 93 per share for the financial year 2021, totalling at HUF 503,453,733.

The subscribed capital of the Company upon the foundation totalled HUF 550 million which consisted of registered ordinary shares issued in a dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights. With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100.

14. Changes to equity (thousand HUF)

Description	31/12/2020	Increase	Decrease	31/12/2021
Subscribed capital	541,348			541,348
Capital reserve	2,576,356			2,576,356
Retained earnings	4,898,373	118,255		5,016,628
Profit after tax in 2020	118,256		118,256	0
Profit after tax in 2021		585,707		585,707
Total shareholders' equity	8,134,333	703,962	118,256	8,720,039

LIABILITIES

Out of current liabilities

- trade creditors including VAT were evaluated at the acknowledged, invoiced amount;
- liabilities to employees and tax authorities were recognised in the balance sheet based on a reconciliation with the sub-ledgers.

In the case of the EDIOP and the Central Hungary aid, BSE utilised an advance from which payments can be made. The unused amount is presented as a liability.

15. Current liabilities (thousand HUF)

Description	31/12/2020	31/12/2021
Liabilities on delivery of goods and services	168,413	98,107
Liabilities to affiliated companies	863	1,679
Taxes and contributions payable:		
Corporate income tax	0	24,773
Innovation contribution	3,684	3,641
Local tax	9,421	3,464
Personal income tax	22,184	28,601
Rehabilitation contribution	1,123	1,122
Vocational contribution	2,199	2,816
Vehicle tax	157	87
Pension and health insurance contribution/social security contribution	27,279	34,782
Social contribution tax	23,515	29,275
Other	265	482
Advance payments on EDIOP and Central Hungary Region projects	512,241	596,314
Advances received from trade debtors	1,444	596
Total liabilities	772,788	825,739

ACCRUED EXPENSES AND DEFERRED INCOME

The following must be recognised separately as accrued expenses and deferred income:

- income received before the balance sheet date which will form the sales revenue of the period after the balance sheet date;
- costs and expenses for the period before the balance sheet date which will only be incurred and invoiced in the period after the balance sheet date;
- compensation claims, default interest and court costs enforced and submitted against the Stock Exchange between the balance sheet date and the balance sheet preparation date.

The amounts of the accruals must be supported by accounting records (invoices, calculations, resolutions issued by the competent persons, etc.) which prove the legal nature and justification of such accruals.

16. Accrued expenses and deferred income (thousand HUF)

Description	31/12/2020	31/12/2021
Minimum section fees for 2021/2022, invoiced in 2020/2021	62,600	63,100
Total Prepaid revenues	62,600	63,100
Audit	5,521	11,059
Market-making/analysis service	8,383	8,625
OMX licence fee	8,892	0
Expert services used	96,446	32,108
Bonus accrued on the annual profit (with contributions)	63,108	89,866
Other	12,710	3,884
Total accrued expenses	186,175	145,542
Total accrued expenses and deferred income	248,775	208,642

STATEMENT OF PROFIT OR LOSS

The results of the exchange activity were defined with the **total cost method** by deducting material-type, personnel and other expenses as well as depreciation from the income in the financial year.

The annual reporting and bookkeeping obligation of the Exchange is prescribed by Government Decree No. 459/2015. (XII. 29.). In accordance with the government decree, the fees charged for the services recorded in the Fee Schedule were recognised as "Income from exchange activities" instead of "Net sales".

17. Revenues (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Revenues from issuer activities	572,932	789,121
Revenues from trading activities	1,384,756	1,228,734
Revenues from the information sales	1,005,236	1,102,256
Mediated services	71,968	53,367
Total net sales from exchange activities	3,034,891	3,173,478

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Domestic revenue from exchange activities	1,861,832	1,928,879
Export		
United States of America	371,817	411,275
United Kingdom	329,676	336,024
Switzerland	30,406	35,326
Japan	1,321	1,444
Israel	9,936	10,829
Norway	11,484	12,637
Turkey	495	541
Canada	166	180
European Union	417,757	436,343
Export revenues from exchange activities	1,173,059	1,244,599
Total net sales from exchange activities	3,034,891	3,173,478

17. Revenue – continuation (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Revenue from the sales of tangible fixed assets	3,416	110
Income from training	144	180
Income from events	32,479	42,630
Other income	10,795	8,077
Default interest	4	2,022
Income from grant programme	191,870	230,996
Distribution of the founding assets of an arbitral tribunal	521	521
Revenues of the ELITE programme	5,331	5,042
Total Other Income	244,560	289,578

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Dividends received (receivable)	0	0
Interest on fixed deposits	1,398	8,828
Other interest	3,798	2,267
Foreign currency exchange gains	44,189	22,731
Income from financial transactions	49,384	33,826
Foreign currency exchange losses	9,451	12,772
Impairment losses on holdings	399,204	0
Expenses of financial transactions	408,655	12,772
Profit/loss from financial activities	-359,271	21,054

MATERIAL-TYPE EXPENSES

As of 2001, if Section 123 (2) of the VAT Act requires that the input VAT of the service be divided proportionally, the non-deductible VAT must be accounted for under other expenses rather than as a cost.

'Expert fees' also include amounts which are paid on behalf of SMEs within grant schemes and are eligible for recognition during the term of the programmes, thus are also included in 'Other revenues'. The main explanation for the significant change in 'Other expert fees' is the use of audit and other counselling fees in preparation for the listing on a regulated market.

18. Material-type expenses (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Intermediated services	71,968	53,367
Material costs	3,469	2,966
Travel costs	1,709	4,053
Repair, maintenance costs	23,064	23,330
Communication and mail costs, newspapers	8,303	7,670
Other rentals	61,435	52,635
K2 licence fee	4,308	4,434
Trading system licence fee	166,632	197,217
Expert fees		
Expert fees recognisable under grant programmes	44,080	132,546
Other expert fees	152,532	224,094
Training costs	7,185	6,439
PR expenses	259,690	96,918
Membership fees in international organisations	10,081	10,862
International conferences	3,422	900
Other non-material services	21,399	22,838
Internet access	2,940	2,940
Deutsche Börse – technical connection fees	26,985	27,379
Office building-related costs		
Rent	99,272	113,443
Operating expenses	33,931	37,599
Insurance premiums, duties, banking fees	16,670	20,248
Total material-type expenses	1,019,075	1,041,878

PERSONNEL EXPENSES

The average number of staff at Budapest Stock Exchange was 62 in 2020, and 61 in 2021. The average statistical staff number and wage costs of the BSE did not include those on maternity leave or on unpaid leave.

19. Personnel expenses (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Wage costs for full-time employees	813,632	853,098
Honoraria for members of the Board of Directors	61,824	64,077
Honoraria for Supervisory Board members	38,640	35,640
Wage costs for off-payroll staff	2,336	5,461
Wages and salaries	916,432	958,276
Fringe benefits	31,464	35,132
Wages for sick leave, Other welfare expenses	2,971	1,618
Entertainment expenses	5,802	8,358
Personal income tax payable by employer	7,879	8,006
Other personnel expenses	48,116	53,114
Vocational contribution	13,736	13,155
Rehabilitation contribution	4,492	4,419
Healthcare contribution	0	0
Social contribution tax	156,209	146,668
Employee taxes and contributions on fringe benefits	1,658	2,307
Contributions on wages and salaries	176,095	166,549
Total personnel expenses	1,140,643	1,177,939

In the financial years 2020 and 2021, Budapest Stock Exchange did not have any revenues, costs or expenses of exceptional occurrence or magnitude.

The equities of the subsidiaries sold in 2021 have decreased in the first years of operation of the companies. Based on the requirements of the Accounting Act and the principle of prudence, the Exchange has recognised an impairment loss in 2020 for these holdings, corresponding to the difference between the equity and the carrying amount of the investment. An impairment loss of HUF 26 million had to be recognised for BIB Zrt. and HUF 373 million for ELÉT Zrt.

20. Other expenses (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Derecognition due to scrapping/Impairment/Lending losses	4,086	3,057
Sale of tangible fixed assets	3,721	9
Other	13,284	18,576
Late payment and self-revision surcharges, and fines	3,000	1
Grants from foundations and other sources	3,902	4,460
Innovation contribution	8,832	9,351
Special tax on financial institutions	142,100	148,612
Local business tax	58,879	62,343
Supervisory Authority fee	2,468	2,739
Non-deductible VAT on non-current assets	19,598	23,359
Non-deductible VAT on costs	138,823	151,202
Final transfer of funds	0	0
Grants paid to EU projects	72,000	49,429
Total other expenses	470,693	473,138

21. Expenses of financial transactions (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Foreign currency exchange losses	9,451	12,772
Impairment losses on holdings	399,204	0
Expenses of financial transactions	408,655	12,772

TRANSACTIONS WITH RELATED PARTIES

RELATED PARTIES

Magyar Nemzeti Bank (registered office: H-1054 Budapest, Szabadság tér 9.) is the qualified majority shareholder of Budapest Stock Exchange, holding 81.35% of the shares.

KELER Központi Értéktár Zrt.

Registered office: H-1074 Budapest,
Rákóczi út 70-72.
Tax number: 10873151-2-44
Company registration No.: 01-10-042346
Ownership share: 46.67%

KELER CCP Central Counterparty Ltd.

Registered office: H-1074 Budapest,
Rákóczi út 70-72.
Tax number: 23183034-2-44
Company registration No.: 01-10-046985
Ownership share: 0.09%

In the year under review, the company had an income of HUF 1 million (2020: HUF 6.9 million) from ELÉT Zrt., which was sold on 26 February 2021, and we purchased assets of HUF 2 million from the company before its sale.

BSE purchased training courses (HUF 1.4 million in 2020) and paid another HUF 1 million for sponsorship. Interest income from BIB Zrt. on borrowings was HUF 1.6 million in 2021 and HUF 3.1 million in 2020.

22. Transactions with related parties (thousand HUF)

Description	Amount (net)
Revenues	
KELER Központi Értéktár Zrt.	
Assumption of disclosure obligations	8,900
Website development	100
Default interest	1
Magyar Nemzeti Bank	
Leased lines and accesses	4,922
Dual training	750
Stock exchange activity revenue	500
Cost and expenses	
Magyar Nemzeti Bank	
Amounts paid to MNB as Supervisory Authority	3,088
KELER Központi Értéktár Zrt.	
Share register management fee	490
Securities account management fee	347
Sale of trading data	8,000
Other	1,039

23. Trade receivables and payables from related parties on 31/12/2021 (thousand HUF)

Related party	Trade receivable	Trade payable
KELER Központi Értéktár Zrt.	0	1,070
KELER CCP Ltd.	0	0
Magyar Nemzeti Bank	570	609

CORPORATE TAX

In accordance with the obligation to file returns, we have adjusted the tax base and presented it in Table 24:

24. Calculation of corporate tax (thousand HUF)

Description	2021
Items increasing pre-tax profits	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	179,536
Book value of tangible fixed assets sold	3,122
Amount of impairment loss recognised on receivables in the tax year	2,904
Unrecognised expenses in Annex 3 (entertainment, business gifts, gratuitous transfer)	2,773
Transfer price between affiliated companies	20
Amount recognised as an expense for the tax year during tax audit or self-revision	0
Support granted without a repayment obligation	0
Fine imposed by a final decision	0
Total items increasing the tax base	188,355
Items reducing pre-tax profits	
Depreciation in accordance with tax law	204,272
Amount of mobility allowance provided in the year under review	0
Impairment losses reversed on receivables in the tax year	4,153
50% of revenues accounted among pre-tax results in the tax year based on the royalty received	0
Revenues accounted for as dividends received	0
20% of grants and donations made to non-profit organisations in the form of a permanent donation	680
Total items reducing the tax base	209,105
Corporate tax	
Profit before taxation	612,328
Total items reducing pre-tax profits	209,105
Total items increasing pre-tax profits	188,355
Use of loss carry-forwards	295,789
Tax base	295,789
Corporate income tax 9%	26,621
Corporate income tax calculated for 2021	26,621
Tax relief on account of support granted to spectator sports	0
Corporate income tax in 2021	26,621

25. Fees paid to the auditor for the audit and other services (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Audit of the HAL annual report	3,416	3,586
Fees for the audit of consolidated IFRS financial statements	931	4,696
Fee for the audit of the 2021 individual IFRS financial statements	0	4,200
Fee for the audit of the 2020 individual IFRS financial statements	0	4,200
Fee for the audit of the 2019 individual IFRS financial statements	0	4,200
Total fees paid to the auditor	4,347	20,883

The selected auditor did not provide any services to the Company other than the audit services.

REMUNERATION PAID TO THE OFFICERS OF BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

In accordance with resolution No. 12/2020 of the General Meeting of BSE, the remunerations were as follows:

26. Remuneration of elected officers

Position	Remuneration
Board of Directors	
Governor	7 times the applicable statutory minimum wage/month
Members	5 times the applicable statutory minimum wage/month
Supervisory Board	
Governor	5 times the applicable statutory minimum wage/month
Members	3 times the applicable statutory minimum wage/month

STOCK EXCHANGE MEMBERSHIP

The stock exchange members at Budapest Stock Exchange Ltd. totalled 23 as of 31 December 2021. At the end of 2021, 18 members in the Equities Section, 17 members in the Debt Securities Section, and 13 members in the Derivatives Section (futures market: 13 members, options market: 10 members) and 1 member in the Commodities Section had trading rights. At the end of the year, the BÉTa Market had 12 members, the Xtend Market 13 and the Xbond Market 10. Only 5 members of the Exchange have auction trading rights.

New stock exchange members in 2021

- Interactive Brokers Central Europe Zrt. – trading right in the Equities Section (28 May 2021)
- Magyar Államkincstár (Hungarian State Treasury) – Auction member (4 August 2021)

Terminated stock exchange memberships in 2021

- Goldman Sachs International – Debt Securities Section (1 January 2021)
- Interactive Brokers (UK) Limited – Equities Section (1 January 2021)
- Interactive Brokers Luxembourg SARL – Equities Section (20 December 2021)

Auction members: Gránit Bank Zrt., Deutsche Bank AG Frankfurt, Goldman Sachs Bank Europe SE, JP Morgan AG., Magyar Államkincstár

27. List of section members

Line number	Name of stock exchange member	Equities Section	Debt Securities Section	Derivatives Section Futures	Options	Commodities Section	BÉTa Market	The Xtend market	Xbond market
1	BNP Paribas S.A.	–	F	–	–	–	–	–	–
2	Citibank Europe plc Hungary Branch Office	–	F	–	–	–	–	–	–
3	CIB Bank Zrt.	X	X	X	F	–	X	–	X
4	CONCORDE Értékpapír Zrt.	X	X	X	X	–	X	X	–
5	Deutsche Bank AG Hungary Branch Office	–	F	–	–	–	–	–	–
6	EQUILOR Befektetési Zrt.	X	X	X	X	X	X	X	X
7	ERSTE Befektetési Zrt.	X	X	X	X	–	X	X	X
8	Interactive Brokers Central Europe Zrt.	X	–	–	–	–	–	–	–
9	ING Bank N.V. Hungary Branch Office	X	X	X	–	–	–	–	–
10	KBC Securities Hungary Branch Office	X	X	X	–	–	X	X	–
11	Kereskedelmi és Hitelbank Zrt.	–	X	–	–	–	–	–	X
12	Magyar Nemzeti Bank	–	X	–	–	–	–	–	X
13	MTB Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	–	–	X	X
14	MKB Bank Zrt.	X	X	X	F	–	X	X	X
15	OTP Bank Nyrt.	X	X	X	X	–	X	X	X
16	Patria Finance a.s.	X	–	–	–	–	–	–	–
17	Raiffeisen Centrobank AG	X	–	X	X	–	X	X	–
18	Random Capital Broker Zrt.	X	–	X	–	–	X	X	–
19	RAIFFEISEN Bank Zrt.	X	X	X	X	–	X	X	X
20	Société Générale SA	X	X	–	–	–	–	–	–
21	SPB Befektetési Zrt.	X	–	–	–	–	X	X	–
22	UniCredit Bank Hungary Zrt.	X	X	X	X	–	–	X	X
23	WOOD & Company Financial Services a.s.	X	–	–	–	–	X	X	–

Legend: X: With trading rights; F: Trading rights suspended; – : No trading rights

28. Shareholders having a share over 5%

Description	Ownership share	
	%	quantity
Magyar Nemzeti Bank	81.35%	4,403,872
KBC Securities Hungary Branch Office	5.20%	281,667
Other	13.45%	727,942
Total	100.00%	5,413,481

Registered office of
Magyar Nemzeti Bank:
H-1054 Budapest, Szabadság tér 9.

29. Equity or profit per share (in thousand HUF)

Description	31/12/2020	31/12/2021
Equity	8,134,333	8,720,039
Subscribed capital	541,348	541,348
Capital reserve	2,576,356	2,576,356
Retained earnings	4,898,373	5,016,628
Profit after taxation	118,256	585,707
Number of shares issued	5,413,481	5,413,481
Share par value (HUF/share)	100	100
Issue value (HUF/share)	854	854
Equity per share (HUF/share)	1,503	1,621
EPS (profit after tax/share) (HUF)	22	108
ROE (profit after tax/(average of opening and closing equity))	1.46%	6.95%

The indicators in Table 30 show the development of the financial, asset and income situation of the Exchange.

30. Changes in assets, financials and income

Indicators	31/12/2020 thousand HUF		31/12/2021 thousand HUF		Index
Return on equity					
<i>(Profit after tax/ Equity)</i>	118,256		585,707		
	8,134,333	= 1.45%	8,720,039	= 6.72%	462.02%
Return on sales					
<i>(Profit after tax/ Exchange activity revenue)</i>	118,256		585,707		
	3,034,891	= 3.90%	3,173,478	= 18.46%	473.66%
Liquidity ratio					
<i>(Current assets - Inventories/ Liabilities)</i>	2,866,512		3,608,315		
	772,788	= 370.93%	824,193	= 437.80%	18.03%
Capital adequacy					
<i>(Equity/ Balance sheet total)</i>	8,134,333		8,720,039		
	9,155,896	= 88.84%	9,752,874	= 89.41%	0.64%
Return on assets					
<i>(Profit after tax/ Balance sheet total)</i>	118,256		585,707		
	9,155,896	= 1.29%	9,752,874	= 6.01%	464.97%
Ratio of tangible assets					
<i>(Fixed assets/ Balance sheet total)</i>	119,863		87,588		
	9,155,896	= 1.31%	9,752,874	= 0.90%	-31.40%
Current asset ratio					
<i>(Current assets/ Balance sheet total)</i>	2,876,399		3,617,323		
	9,155,896	= 31.42%	9,752,874	= 37.09%	118.06%
Ratio of equity and liabilities					
<i>(Liabilities/ Equity)</i>	772,788		824,193		
	8,134,333	= 9.50%	8,720,039	= 9.45%	-0.51%

31. EBITDA statement (thousand HUF)

Description	01/01/2020– 31/12/2020	01/01/2021– 31/12/2021
Exchange activity revenue + mediated services	3,034,891	3,173,478
Other income	244,560	289,578
Total revenues	3,279,451	3,463,056
Capitalised own production	6,767	710
Operating costs and expenses, excluding depreciation	2,429,432	2,482,000
EBITDA	856,786	981,766
Depreciation	174,746	179,537
Profit or loss of financial transactions	-359,271	21,054
Special tax on financial institutions	142,100	148,612
Local taxes and local business tax	58,879	62,343
Corporate tax	3,534	26,621
Profit after taxation	118,256	585,707

32. Investments (increases in fixed assets) (thousand HUF)

Line number	Description	31/12/2020	31/12/2021
1.	Development	44,173	32,500
2.	Network	27,111	52,268
3.	PC	2,440	9,205
4.	Server	3,290	33,282
5.	Trading System	0	0
6.	Document and process management	0	0
7.	Website	16,657	15,900
8.	Security	1,950	2,582
9.	Non-IT investments	2,401	3,789
	Total	98,022	149,526

Developments do not include VAT.

GRANT PROGRAMMES

Total amount of non-repayable grants available under the EDIOP-1.1.7-2017-00001 programme: HUF 1,000,000,000, with the aim of implementing training and mentoring programmes and providing stock exchange preparation for IPOs for companies identified in the context of the tender.

The mirror project of EDIOP, the “BSE Mentoring Programme in the Central Hungary Region” project has also been launched, with resources being used in 2018 for project preparation and grant payments being made in 2019.

Accrued income includes items that will be recognised in future years as the project progresses (e.g. ELITE training courses started but covering several academic years) or that relate to the current year but are not yet accounted for until after 31 December. Revenues and expenses relate to the period in which they financially arose, therefore the costs of ELITE trainings that will be finished next year are accrued between the years.

Other current liabilities include advances received but not yet invoiced, both for the EDIOP-1.1.7-2017-00001 programme and its mirror project for Central Hungary.

The breakdown by nature of expense of the items charged to the project for a given year is given in the last section of the table.

33. Grant programmes (thousand HUF)

Description	2020	2021
2018 EDIOP items	0	0
2019 EDIOP items	38,860	38,860
2020 EDIOP items	32,723	24,642
2021 EDIOP items	0	63,372
2018 CHR items	0	0
2019 CHR items	23,480	19,480
2020 CHR items	64,940	10,890
2021 CHR items	0	139,729
Total accrued income for projects	160,003	296,973
2020 EDIOP items (ELITE training)	28,640	0
2020 CHR items (ELITE trainings)	24,106	0
2021 EDIOP items (ELITE training)	0	8,584
2021 CHR items (ELITE training)	0	20,082
Total prepaid expenses for projects	52,746	28,666
EDIOP advance	349,848	313,871
CHR advance	162,393	282,443
Total project advances received	512,241	596,314
Personnel expenses – EDIOP	53,793	33,537
Personnel expenses – CHR	26,326	25,357
Expert costs – EDIOP	6,987	6,971
Expert costs – CHR	4,444	7,221
Other costs - CHR	4,852	7,567
Grants to SMEs – EDIOP	36,000	2,250
Grants to SMEs – CHR	36,000	47,179
ELITE training – EDIOP	19,814	48,511
ELITE training – CHR	13,479	52,435
Total of items recognised for the project	201,695	231,028

EVENTS AFTER THE REPORTING DATE

In 2021, the Exchange has started preparations for entering the Hungarian regulated market, i.e. becoming a listed company. As of the date of signing of these financial statements, the Magyar Nemzeti Bank's procedure of admission of the securities to trading on the stock exchange has not started.

The real estate lease agreement between Budapest Stock Exchange and MNB-Ingatlan Kft. was signed on 31 January 2022. Pursuant to that agreement, the Exchange will move its registered office in 2022 to a new address (H-1013 Budapest, Krisztina körút 55., Hungary).

Conflict between Russia and Ukraine

The escalation of the Russo-Ukrainian war conflict in the second half of February 2022 has given a blow to capital markets, which had already been volatile in recent months due to inflationary pressures and rising commodity prices. Exchange rate fluctuations were also observed in Central and Eastern European, and Western European markets.

The restrictive measures imposed by the EU in the wake of the Ukrainian crisis do not have a significant impact on the economic functioning of the Exchange, as the Company has no direct business relations with economic operators in Russia or Belarus. BSE continuously monitors this extraordinary

situation and identifies its responsibilities in relation to it, and it regularly communicates with Magyar Nemzeti Bank, which has a supervisory role, in order to be able to take immediate measures to protect the legitimate interests of investors, the balance of the market and the operation of the Exchange.

Based on the management's assessment, the current impact of the conflict on the Company's operations, liquidity and capital position does not have significant consequences, and therefore there is no uncertainty about the ability to continue as a going concern.

34. Cash flow statement (thousand HUF)

Description	2020	2021
I. Cash flows from ordinary activities <i>(Operating cash flow, lines 1-13)</i>	522,742	655,253
1a Profit before taxation	121,790	612,328
of which: operating grant received and financially settled	0	0
1b Adjustments to profit before tax	-22,575	-13,695
1 Adjusted profit before tax (1a+1b)	99,215	598,633
2 Booked amortisation	174,746	179,536
3 Recognised impairment and reversal	403,196	3,057
4 Difference between the allocation and use of provisions	0	0
5 Income from the sales of non-current assets	304	101
6 Changes to trade payables	-122,998	-69,490
7 Changes to other current liabilities	-73,933	122,441
8 Changes to accrued expenses and deferred income	98,104	-40,133
9 Changes to trade receivables and linked receivables	38,375	9,020
10 Changes to current assets (excluding trade debtors, cash and securities)	26,356	-8,383
11 Changes to prepaid expenses and accrued income	-120,623	-135,995
12 Tax paid (on profits)	0	-3,534
13 Dividends and profit sharing paid	0	0

34. Cash Flow statement – continued (thousand HUF)

Description	2020	2021
II. Changes to cash flows from investment activities (lines 14–18)	-224,607	530,772
14 Acquisition of non-current assets	-203,022	-149,525
15 Sales of non-current assets	3,415	580,297
16 Repayment, cancellation and redemption of long-term loans given and bank deposits placed	0	100,000
17 Long-term loans granted and bank deposits placed	-25,000	0
18 Dividends and profit sharing received	0	0
III. Change to cash flows from financial activities (lines 19–26)	0	0
19 Proceeds from issue of shares and capital raisings (capital increase)	0	0
20 Proceeds from the issue of bonds and debt securities	0	0
21 Credits and loans taken		
22 Cash received definitively	0	0
23 Withdrawal of shares and divestiture (capital decrease)	0	0
24 Repayment of bonds and debt securities	0	0
25 Repayment or credits and loans	0	0
26 Cash transferred definitively	0	0
IV. Change in cash (lines +/-/-II +/-/-III)	298,135	1,186,025
Revaluation of foreign currency cash	22,575	10,071
V. Changes in cash in the balance sheet	320,710	1,196,096
Opening cash balance	1,951,005	2,271,715
Period-end cash balance	2,271,715	3,467,811
Period-end cash balance in HUF	2,271,715,128	3,467,811,173
	2,271,715,128	3,467,811,173

Budapest, 25 April 2022

Richárd Végh
Chief Executive OfficerKatalin Sámel
Director



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