



DEED OF RECORD (*proces-verbaal*)

On the thirtieth day of April two thousand and nineteen as of twelve hours post meridian, I, Dirk-Jan Jeroen Smit, civil law notary, officiating in Amsterdam, the Netherlands, attended the annual general meeting of shareholders of **Digi Communications N.V.**, a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, its corporate office address at 75 Dr. Nicolae Staicovici, Forum 2000 Building, fourth floor, fifth District, Bucharest, Romania, and registered with the trade register of the Dutch Chamber of Commerce under number 34132532 (the *Company*), held in the Crowne Plaza Hotel Amsterdam – Schiphol, Planeetbaan 2, 2132 HZ Hoofddorp, municipality of Haarlemmermeer, the Netherlands (the *Meeting*), with the purpose of taking notarial minutes of the Meeting.

I, Dirk-Jan Jeroen Smit, civil law notary aforementioned, have recorded the following:

1. Opening.
Mr. **Serghei Bulgac**, the chief executive officer of the Company, on behalf of the board of directors of the Company (the *Board of Directors*), opened the Meeting at twelve hours post meridian and welcomed all present. He announced that:
 - all members of the Board of Directors were present at the meeting, except for Mr. Zoltan Teszari, who was unable to attend the Meeting due to an earlier conflicting schedule. Mr Zoltan Teszari had authorized Mr. Marius Varzaru to speak on his behalf at the Meeting;
 - in absence of Mr. Zoltan Teszari, the board of directors of the Company (the *Board of Directors*) had appointed him to chair the Meeting (the *Chairman*).





- in accordance with article 33, paragraph 1 of the Company's articles of association (the *Articles of Association*);
- the Company's external auditors, Michel Vader and Gauwe Bloetjes of Ernst & Young Accountants LLP, the Netherlands was present at the Meeting and available to answer any questions relating to the audit report in connection with the discussion of agenda item 2.d).;
 - notarial minutes would be made of the Meeting and that the civil law notary of the Company, Mr. Dirk-Jan Smit of Freshfields Bruckhaus Deringer LLP - Amsterdam office was present at the Meeting for this purpose;
 - Mrs. Eliza Popa, the Company Secretary, was present at the Meeting and was appointed as the secretary of this Meeting;
 - the Meeting would be held in English;
 - the convocation for the Meeting had been published on the Company's website on the nineteenth day of March two thousand and nineteen and that the Meeting had been convened in accordance with the legal and statutory requirements;
 - the use of audio/video recording devices by shareholders was not allowed and attendees were therefore requested to turn off any mobile phones, smartphones and similar equipment during the Meeting.

The **Chairman** further announced that:

- at the record date of the Meeting, the second day of April two thousand and nineteen, the issued and outstanding share capital of the Company amounted to six million eight hundred ten thousand forty-two Euro and fifty-two eurocents (EUR 6,810,042.52) divided into (i) sixty-four million five hundred fifty-six thousand twenty-eight (64,556,028) class A shares in the share capital of the Company, each share having a nominal value of ten eurocents (EUR 0.10) and (ii) thirty-five million four hundred forty-three thousand nine hundred seventy-two (35,443,972) class B shares in the share capital of the Company, each share having a nominal value of one eurocent (EUR 0.01)
- At the record date for the Meeting, the Company held four million four hundred nine thousand three hundred sixty-one (4,409,361) class A shares, each share having a nominal value of ten eurocents (EUR 0.10) and eight hundred twenty-one thousand eleven (821,011) class B shares, each share having a nominal value of one eurocent (EUR 0.01) in its own share capital. According to Dutch law and the articles of association of the Company, the shares held in treasury by the Company would not be taken into account in relation to the quorum of the Meeting and the Company could not cast votes on these treasury shares;
- according to the attendance list sixty million one hundred forty-six thousand six hundred sixty-seven (60,146,667) of those class A shares and ten million nine hundred forty-eight thousand two hundred seventy-one (10,948,271) of





- those class B shares were present or represented at the Meeting, as such constituting seventy-five point zero one per cent (75.01%) of the entire issued and outstanding share capital of the Company, excluding the shares held in treasury by the Company, for which in total six hundred twelve million four hundred fourteen thousand nine hundred forty-one (612,414,941) votes could be cast at the Meeting; and
- the Company Secretary had been granted with proxies and voting instructions in relation to six hundred six million seven hundred eighty-seven thousand five hundred ninety-one (606,787,591) votes.

In the interest of a smooth course of the Meeting, the **Chairman** kindly requested those who wished to address the Meeting to use one of the microphones in the meeting room, and as soon as he had granted them permission to address the Meeting to state their name clearly and, if applicable, also the name of the person or of the company that such person was representing. The **Chairman** requested shareholders who would be called to speak at the microphone to be concise and be strictly relevant to the agenda item being discussed. The **Chairman** explained that voting would take place orally, unless the Meeting would request a confidential vote in which case voting cards would be handed out. The **Chairman** further noted that agenda items would be discussed in accordance with the order of the agenda of the meeting. Agenda sub-items would be discussed in sequence. If in relation to agenda items questions would arise which could not immediately be answered by him or any other director, the **Chairman** mentioned that he may had to park such question until he had closed the discussion on that agenda item.

The **Chairman** turned to item 2 of the agenda. The **Chairman** noted that the annual report two thousand and eighteen was made available on website of the Company and at the Company's office as from the nineteenth day of March two thousand nineteen, the date at which the convocation for the Meeting was published.

The **Chairman** continued and mentioned that the first sub-item 2(a) concerned the annual report two thousand and eighteen, which agenda sub-item would be a discussion item only and would not be voted. As the chief executive officer of the Company, the **Chairman** presented shortly the main activities and results of the Company during two thousand and eighteen, starting by saying that the Company had concluded another financial year marking high operational and financial growth. He noted that for the first time, the Company's group revenues had exceeded the level of one billion Euro (EUR 1,000,000,000). This success acknowledged the vision, commitment and hard work of the Company's founders, management and employees, but most importantly it was the result of the continuous support from its customers for more than twenty-five (25) years. The **Chairman** then highlighted some of the achievements of two thousand and eighteen and some of the challenges for two thousand and nineteen. He noted that the number of Revenue Generating Units had reached fourteen point nine million (14,900,000) at the end of two thousand and eighteen, which represented a twelve point five per cent. (12.5%)





growth for the entire group. Highest growth rates had been achieved by Spain, fifty-one per cent. (51%) and Hungary, forty-six per cent. (46%). Notably, the number of cable and broadband customers for the Company in Romania increased by nine to ten per cent. (9-10%) year-on-year. The **Chairman** informed the Meeting that during two thousand and eighteen, the Company's service areas in both Romania and Hungary expanded significantly. In Romania, the Company passed the number of five point seven million (5,700,000) households in December two thousand and eighteen, representing a seventy-six per cent. (76%) population coverage and a year-on-year growth rate of fourteen per cent. (14%). In Hungary, the Company passed the number of two point one million (2,100,000) households at the end of two thousand and eighteen, compared to one point two million (1,200,000) households at the end of two thousand and seventeen, mainly as a result of the Invitel acquisition. The **Chairman** noted that coverage of Romanian mobile networks had increased to ninety-nine point five per cent. (99.5%) of the population using 3G spectrum and sixty-five per cent. (65%) of the population using 4G spectrum. The Company continued to expand its Hungarian mobile networks with the aim to launch the services in the months following the Meeting.

He further noted that on the thirtieth day of May two thousand and eighteen, the Company had completed the acquisition of Invitel, the fourth largest telecommunications operator in Hungary, providing fixed telephony, broadband and television services in areas exceeding one point one million (1,100,000) households. Invitel's acquisition had contributed seven hundred eighteen thousand (718,000) RGU's (*Revenue Generating Units*) to the Company's operations and during the seven (7) months of consolidated results generated sales of over forty-five million Euro (EUR 45,000,000). The **Chairman** said that on the fourteenth day of November two thousand and eighteen, the Hungarian competition authority, GVH (*Gazdasági Versenyhivatal*), had withdrawn its approval of the acquisition by the Company of Invitel pending further market investigation. The **Chairman** noted that while the Company's ownership of and the operations by Invitel were unaffected, the Company had fully cooperated with GVH in its investigation and expected a final decision in the months following the Meeting.

The **Chairman** continued by noted that the Company's Spanish operations had generated outstanding results, with customer base having expanded with fifty per cent. (50%) to a total number of one point three million (1,300,000) active users while sales and EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) had exceeded one hundred twenty-six point five million Euro (EUR 126,500,000) and thirty point one million Euro (EUR 30,100,000) respectively. He noted that the success of the Company's mobile activities had encouraged it to open a new chapter in Spain. The Company had launched fixed broadband and fixed telephony services in the fourth quarter of two thousand and eighteen.

The **Chairman** said that at the end of two thousand and eighteen, the Company had sixteen thousand nine hundred and eighteen (16,918) employees, which represented





an increase of almost three thousand (3000) people compared to the end of two thousand and seventeen. He noted that the fifteen per cent. (15%) growth in the number of employees had been in line with the growth of the business, having been higher on relative basis in Hungary and Romania. The **Chairman** told the Meeting that the Stock Option Program that was designed for employees of the group, which Program had been approved by the Board of Directors in December two thousand and seventeen, had been substantially completed. He informed that Meeting that more than two thousand five hundred and seventy (2,570) employees had exercised their options in the amount of over one point thirty-five million (1,350,000) class B-shares in the Company.

The **Chairman** noted that the Company's sale had exceeded one billion Euro (EUR 1,000,000,000) and EBITDA amounted to three hundred twenty-five million Euro (EUR 325,000,000) and in each showed a growth of thirteen per cent. (13%) compared to two thousand and seventeen. Total debt at the end of two thousand and eighteen was at nine hundred fourteen million Euro (EUR 914,000,000), which represented a leverage of two point eight (2.8) times. Net profit for two thousand and eighteen was at eighteen million Euro (EUR 18,000,000). The **Chairman** said that in order to support growth, the Company continued its investment activities. Total CAPEX (*capital expenditure*) amounted to approximately two hundred eighty-million Euro (EUR 280,000,000), excluding the consideration for the acquisition of Invitel. The **Chairman** told the Meeting that in two thousand and nineteen, the Company would remain focused on continuing its growth projects, including expansion of fixed networks coverage in the three (3) countries where it offered or intended to offer converged services, launch mobile operations in Hungary and grow further market share in mobile in Romania. The Company looked forward, he said, to the announced spectrum auctions in both Romania and Hungary. He referred to the announcement made by the Company to its retail customers at the beginning of the year two thousand and nineteen that in Romania and Hungary prices would be increased. The **Chairman** also said that the Company would remain alert to regulatory changes. Romania had passed new legislation at the end of two thousand and eighteen which, among other, would tax telecom operators by three per cent. (3%) of their revenues, starting with two thousand and nineteen.

The **Chairman** said that two thousand and eighteen, did not lack challenges, especially on the capital market. He said the Company believed that the price evolution for Digi shares was not consistent with the continuous results of its work. The Company remained committed to deliver strong results and hope that the markets would correct its price level in the future. As a final note, the **Chairman** wanted to thank again the Company's customers for their loyalty, its employees for their contribution to the reported results, the Company's partners for their support, and, he said to be grateful to the Company's esteemed shareholders and investors, for their confidence. On that note, the **Chairman** concluded his presentation and invited Mr. Matthias Eckert to speak.





Mr. **Eckert** thanked the Chairman and noted that he was German citizen and a resident of Dubai, United Arab Emirates, and represented himself and three other shareholders, CLT Ltd, Emc Management Consulting FZC and Celest Ltd. He said that he had four questions. Mr. **Eckert** first thanked the Chairman and the other members of the Board for their excellent work which represented itself in the Company's annual report for two thousand and eighteen. He noted that while he and the shareholders he represented were happy with the business performance of the Company, the stock market investors apparently did not appreciate the excellent value of DIGI and its growth potential. As professional investors, he and the shareholders he represented, therefore wanted to propose four measures that would add shareholder value and focus DIGI on its core competences.

Mr. **Eckert** said they would like to ask the Company to urgently appoint an investor relations professional that would raise the profile of DIGI among the institutional investors in Romania and internationally. Secondly, Mr. **Eckert** said that they would like to ask the Company to increase the dividend for two thousand and eighteen. Mr. **Eckert** said that they believed that the excellent results in two thousand and eighteen and the refinancing in the first quarter of two thousand and nineteen, would improve cash flow and should allow for a significant increase in dividend, and that they suggested to at least double the dividend compared to two thousand and seventeen to zero point seventy Romanian leu (RON 0.70). Mr. **Eckert** further suggested to extend and increase the Company's share buy-back program. In their view, this measure would send a strong signal to the market that the Company viewed its own stock as undervalued and would further motivate stock market investors to invest. Fourthly, Mr. **Eckert** suggested that the Company would minimize its operating costs and investments linked to non-core and non-cash generating business, like content production. He said that he and the shareholders he represented, recommended to divest or close DIGI 24 and its regional studios. Mr. **Eckert** closed his remarks by saying that he hoped that the Company would find the suggestions helpful.

The **Chairman** thanked Mr. Eckert and noted that he respond in sequence. The **Chairman** acknowledged that indeed since the IPO (*Initial Public Offering*), the Company had shared the investment relations function within the finance department and he said that the Company fully agreed that it needed a special person dedicated with a single focus on investor relations only. He said that the Company would shortly commence and hopefully soon find the proper person for the job. As regards the query relating to the dividend, the **Chairman** said that as disclosed at the time of the IPO of the Company, its strategy was to grow its business and one of the primary sources of growth were investments made in development of operations in the Company's markets. Most of CAPEX spent by the group was financed with internal cash flow. He said that the Company would continue to be engaged in significant development projects, such as the roll-out of fix coverage in Romania, the integration of the Invitel networks in Hungary and expansion of fixed coverage in Hungary, the expansion of mobile networks in Romania, the launch of a mobile





network in Hungary and the development of fixed networks in Spain. The **Chairman** said that the Company was very proud that the results of two thousand and seventeen as well as the results of two thousand and eighteen confirmed the Company's vision and strategy. The Company remained the fastest growing telecom operator in both Romania and Hungary, where the Company was a long-term established market player. While CAPEX was high and growth was generated, the Company preferred to pay modest dividends as the resources were limited. He said that the dividend for the year two thousand and eighteen had been increased to zero point fifty Romanian leu (RON 0.50) per share, from zero point thirty-five Romanian leu (RON 0.35) for two thousand and seventeen, which represented a forty-three per cent. (43%) increase and a dividend yield of two per cent. (2%) with reference to the current market price. He said that the Company believed that higher dividends would be justified when the Company would have completed substantially the projects mentioned before. The **Chairman** noted that the Company sympathized with the request, but that now was not the time to increase the dividend above what the Company already paid. He did also add that the Company intended to continue paying dividend in the future.

As regards the share buy-back program, the **Chairman** noted that those were limited by European rules with respect to the prohibition on market abuse. He noted that for the Company, share buy backs were limited by the need of the Company to fund its stock option program designed for group employees and directors and in the view of the Company share buy-backs should not be used for managing the price of the shares. As the **Chairman** had mentioned before, the Company believed that continuous strong results and its market position were a good indication of the fundamental value of the Company. Moreover, he emphasized that the Company was committed to distributing larger dividends to its investors in a period of two to three years, once its main investment projects he referred to earlier would have been completed. The Company intended to continue its program and also wanted to relax the limitations on the buy-back, while at the same time keeping them in line with the EU Directive on Market Abuse, to allow its stock option program sufficient capacity.

On the final question raised by Mr. Eckert, the **Chairman** noted that on the first day of March two thousand and twelve, RCS&RDS had launched the first HD (*High Definition*) news channel in Romania, called DIGI 24. At that moment, the launch was in line with the general media strategy of the Company aiming to offer high quality content to the cable and satellite users of the DIGI group. Later on, the channel was transformed into a must-carry channel available for the entire Romanian television market with the aim to recover the costs through sale of advertising. The **Chairman** noted that as of today, unfortunately, DIGI 24 was not able to sustain itself. On the one hand its audience was insufficient to generate higher advertising revenues and on the other hand the organization structure was large generating a significant amount of fixed charges. The **Chairman** informed the Meeting that because of that during two thousand and eighteen, the channel had





generated net revenues of five point one million Euro (EUR 5,100,000) and total operating costs of twelve point three million Euro (EUR 12,300,000), excluding amortization and tax, having resulted in an operational loss of seven point two million Euro (EUR 7,200,000). The **Chairman** confirmed the concerns of Mr. Eckert on the financial outlook of that business line. The Company had already taken the decision to shut down the eight (8) local studios that had operated throughout Romania. The Company was also working to further decrease the costs of the channel through more efficient use of personnel. He noted that the Company would also undertake a review in order to assess strategic alternatives and opportunities for the business line going forward.

When it appeared that there were no follow-up questions, the **Chairman** turned to sub-item 2(b) of the agenda, concerning the application of the remuneration policy in two thousand and eighteen. The **Chairman** noted that this was a discussion item only and, therefore, no voting would take place. The remuneration report for two thousand and eighteen was contained in the Company's annual report for two thousand and eighteen, starting from page 17 of the Corporate Governance section. He further noted that the details on the remuneration of the Company's directors were described on page 20 of the Company's annual report for two thousand and eighteen, Digi Communications N.V. notes to the Stand Alone Financial Statements for the year that ended on the thirty-first day of December two thousand and eighteen, and which had been made available at the entrance to the Meeting. Since there were no questions, the **Chairman** continued to sub-item 2(c) of the agenda, concerning the dividend and reservations policy. He told the Meeting that the Company intended to retain earnings and reinvest cash flows to capitalize on growth opportunities in its core markets. The Company's ability and intention to return capital to shareholders in the future would depend on the Company's available investment opportunities, financial condition, results of operation, undertakings to creditors and other factors that the Board may deem relevant. The **Chairman** noted that returns of capital to shareholders might be performed, at the discretion of the Company, through dividends. The **Chairman** recorded that there were no questions and, given that his agenda sub-item would not be voted upon, continued to sub-item 2(d) of the agenda.

Sub-item 2(d) concerned the adoption of the annual accounts of the Company for the financial year two thousand and eighteen. The **Chairman** said that the annual accounts of the Company for two thousand and eighteen had been drawn up by the Board of Directors and had been audited by Ernst & Young Accountants LLP, the Netherlands, who had issued an unqualified opinion. The **Chairman** noted to the Meeting that the external auditors Michel Vader and Gauwe Bloetjes of Ernst & Young Accountants LLP, the Netherlands, was present at the Meeting to answer any questions directly relating to his report on the fairness of the financial statements. In absence of any questions, the **Chairman** said that the Board of Directors proposed to adopt the annual accounts of the Company for two thousand and eighteen and asked the Meeting to vote. He established that the resolution had been adopted with





the majority of the votes and informed the Meeting that the details of the voting results would be made available through the Company's corporate website in the days after the Meeting.

The **Chairman** then turned to sub-item 2(e) concerning the proposal to distribute a gross dividend in cash of fifty Romanian leu cents (RON 0.50) per outstanding share, both class A shares and class B shares equally. For the calculation of dividends, the treasury shares of the Company would not be treated as outstanding ordinary shares and would therefore be excluded from the number of issued ordinary shares in the share capital of the Company. The **Chairman** noted that the listed class B shares would be quoted ex-dividend from the fifteenth day of May two thousand and nineteen and the record date for the dividend would be the sixteenth day of May two thousand nineteen. He further informed the Meeting that it was expected that the dividend would be paid on the twenty-ninth day of May two thousand nineteen. Since there were no questions, the Chairperson put the proposal to the vote and established that the resolution was adopted with the majority of the votes. The details of the voting results would be made available through the Company's corporate website in the days after the Meeting.

The **Chairman** then turned to the final sub-item and voting item under 2(f) concerning the release from liability of the members of the Board of Directors in respect of the performance of their respective duties for the financial year two thousand and eighteen. The **Chairman** explained that the Board of Directors requested that the Meeting release the members of the Board of Directors from liability for their respective duties during the financial year two thousand and eighteen and he explained that such release of liability would be limited to facts that were known on the basis of the annual report and the financial statements and was explained during the Meeting, and as otherwise disclosed by the Company.

The **Chairman** said that shareholders who had reserved time on any of the sub-items of the second item of the agenda were now invited to speak according to the order of their reservation. There being no questions, the **Chairman** put item 2(f) to the vote and established that the proposal had been accepted with the majority of the votes and informed the Meeting that the details of the voting results would be made available through the Company's corporate website in the days after the Meeting.

The **Chairman** moved to the next item on the agenda, concerning the proposal to reappoint Ernst & Young Accountants LLP as the statutory auditor of the Company, for the financial year two thousand and nineteen. The **Chairman** noted that based on the audit committee's assessment of the functioning of Ernst & Young Accountants LLP as external auditor during the financial year two thousand and eighteen, the Board of Directors proposed to the Meeting to reappoint Ernst & Young Accountants LLP as statutory auditor for the next financial year two thousand and nineteen. Since there were no questions, the Chairperson asked the Meeting to vote, and established that the resolution was adopted with the majority of the votes. The details of the voting results would be made available through the Company's corporate website in the days after the Meeting.





Agenda item 4 concerned the designation of the Board of Directors as the competent body to repurchase own class B shares. The **Chairman** explained that under Dutch law the Company could acquire shares in its own capital only if the Board of Directors had been vested with the authority to do so by the general meeting of shareholders. The **Chairman** informed the Meeting that this agenda item proposed to authorise the Board of Directors as the corporate body competent to repurchase any class B shares in the Company's own share capital through stock exchange trading or otherwise in accordance with the applicable legal provisions, for a period of twelve months from the date of the Meeting and therefore up to and including the thirtieth day of April two thousand and twenty. The **Chairman** explained that the authority of the Board of Directors would be limited to a maximum of up to ten per cent (10%) of the issued class B share capital at the close of trading on the Regulated Spot Market of the Bucharest Stock Exchange on the date of the Meeting, being the thirtieth day of April two thousand and nineteen. He further noted that the Board of Directors intended to appoint an independent specialized trading and brokerage firm to execute any such buy-back. Since there were no questions, the Chairperson then put the proposal to adopt this item 4 to the Meeting and established that the resolution was adopted with the majority of the votes.

The **Chairman** then turned to agenda item 5, the appointment of Emil Jugaru as non-executive member of the Board of Directors. He told the Meeting that on the eighteenth day of March two thousand and nineteen, with effect from the first day of May two thousand and nineteen, Sambor Ryszka had resigned as non-executive director. He informed the Meeting that the Company's articles of association required that the Board of Directors comprised of five (5) non-executive members and that in accordance with article 13.5 of the Company's articles of association, the meeting of holders of class A shares had made a binding nomination for the appointment of Emil Jugaru as a non-executive member of the Board of Directors with effect from the first day of May two thousand and nineteen. The **Chairman** told the Meeting that the proposed appointment of Mr. Jugaru would be for a term of one (1) year ending on the day of the annual general meeting of the Company to be held in two thousand and twenty. The proposed appointment was in accordance with the Company's articles of association and had taken into account the pursued composition and profile of the Board of Directors as apparent from the Company's profile for the non-executive members of the Board of Directors which was available on the Company's website. Finally, the **Chairman** noted that Mr. Jugaru would be remunerated in accordance with the Company's remuneration policy for non-executive members of the Board of Director which was available on the Company's website. In making this binding nomination, the meeting of holders of class A shares had taken into consideration Mr. Jugaru's skills, knowledge and expertise built up during his career. In absence of any questions, the **Chairman** invited the Meeting to vote and established that the proposal had been accepted and Emil Jugaru had therefore been appointed by the Meeting as a non-executive





member of the Board of Directors with effect from the first day of May two _____
thousand and nineteen. _____

After this vote, the **Chairman** noted that there were no further items to discuss or _____
resolve upon, he thanked the Meeting and declared the Meeting closed at twelve _____
hours and forty minutes post meridian. _____

Voting results. _____

The exact results of the voting have been set out in a document after the Meeting, a _____
copy of which is attached to this deed (*Annex*). _____

Final. _____

In witness of the proceedings in the meeting the original of this deed, which shall be _____
retained by me, civil law notary, was executed in Amsterdam, the Netherlands, on _____
the fifth day of June two thousand and nineteen. _____

(was signed) _____

ISSUED FOR TRUE COPY

