

Press Release

Budapest, 11. June 2025

## **Historical step in the Hungarian defence sector - 4iG Group and Hungarian State to establish holding company with the firm intention of entering the international defence market**

*This strategic partnership sustainably enhances the competitiveness and export capabilities of the Hungarian defence industry, while ensuring continuous and safe supply of the Hungarian Defence Forces.*

- 4iG Group fully-owned subsidiary, 4iG Space and Defence Technologies Zrt. ("4iG SDT"), and N7 Holding National Defense Industry Innovation Zrt. ("N7 Holding") signed a preliminary agreement to establish the first Hungarian state and privately owned defence industry holding company.
- As part of a two-step transaction, N7 Holding – a state-owned entity overseen by the Ministry of National Economy – will establish a new company under the name N7 Defence Zrt. Following the required shareholder and banking approvals, N7 Holding will transfer its equity stakes in the relevant defence subsidiaries to the new entity through a capital contribution in kind.
- In the second phase of the transaction, 4iG SDT will acquire a controlling majority stake of 75% + 1 vote in N7 Defence Zrt. through a share purchase, while N7 Holding will retain the remaining 25% - 1 vote minority stake.
- The estimated value of the transaction is between HUF 74.5 and 82.8 billion, excluding critical infrastructure assets (real estate, factories, and industrial facilities) which remains under state ownership. The portfolio companies under N7 Defence Zrt., majority-owned by 4iG SDT is to pay rental fee for the use of these critical infrastructure.
- The structure reflects an internationally recognised model that combines state-owned defence industrial capacities with the resources and global network of a professional market investor. State ownership of critical infrastructure and the regulatory framework ensures secure supply for the Hungarian Defence Forces and maintain governmental influence over the defence industry. Meanwhile, private-sector innovation and international market expertise contribute to the group's competitive performance in global markets.
- The collaboration between the state and private sectors is expected to facilitate the international market entry of Hungarian produced defence technologies, support the expansion of export capacities, and enable the launch of new international development partnerships.

4iG Space and Defence Technologies Zrt.. signed a non-binding term sheet with N7 Holding National Defence Industrial Innovation Zrt., under which the 4iG Group's subsidiary may acquire a 75 percent + 1 vote majority stake in N7 Defence Zrt. — a newly established state-owned company — through a two-step transaction, the 4iG Group announced on the website of the Budapest Stock Exchange.

The state-owned stakes in the affected companies will be contributed as in-kind capital to N7 Defence Zrt., subject to, among other things, shareholder approval by the respective companies. After having the transaction closed, the critical infrastructure (real estate, factories, and industrial facilities) will remain state-owned and will be rental by the portfolio companies of N7 Defence Zrt., which will become part of 4iG SDT's ownership. According to the valuation prepared by an international advisor engaged by N7 Holding, the estimated value of the companies involved is between HUF 74.5 billion and HUF 82.8 billion.

Following its establishment, the portfolio of N7 Defence Zrt. is intended to include nine major Hungarian defence industry companies, covering several critical segments of the domestic defence sector, from civil and military aviation to land systems, including firearms and ammunition production, weapons development, and vehicle technology:

- Aeroplex Ltd., an aircraft maintenance company
- Airbus Helicopters Hungary Ltd., a joint venture based in Gyula for helicopter component manufacturing (Airbus 70%, N7 Holding 30%)
- Rheinmetall Hungary Munitions Plc., the ammunition plant in Várpalota (Rheinmetall 51%, N7 Holding 49% indirect ownership)
- Rheinmetall Hungary Plc., responsible for the development of Lynx KF41 infantry fighting vehicles
- Hirtenberger Ltd. and its subsidiaries, specializing in mortar systems and ammunition production
- SATYPS PSP Hungary Plc., specializing in surface treatment technologies
- Dynamics Nobel Defence Plc., manufacturing RGW 110 anti-tank grenade launcher barrels and developing complex weapons systems
- The company operating in Kiskunfélegyháza, engaged in the production of firearms and defence industry components Arzenál Fegyvergyár Zrt
- Colt CZ Hungary Plc., producing small arms including the CZ BREN 2 assault rifles (Colt CZ Group 51%, N7 Holding 49%)

This cooperation results in the creation of a strategically remarkable defence industry holding. The partnership between 4iG Group and Hungarian State provides long-term benefits for both the national defence industry so the economy. The state ownership of critical infrastructure and relevant regulations will ensure supply security for the Hungarian Defence Forces and strengthen the state's strategic role in the defence sector. In parallel, private-sector innovation capabilities and international experience will contribute to expanding defence export capacities, enhancing the global competitiveness of N7 Defence, and creating new high-skilled jobs. These developments are expected to support national economic growth and strengthen Hungary's sovereignty over the long term.

*"This transaction marks a milestone in the history of the 4iG Group and the Hungarian defence industry. For the first time, a public-private partnership has been established in this sector, resulting in an integrated company group under Hungarian majority ownership. The cooperation strengthens Hungary's industrial sovereignty, supports domestic technology development, and opens new opportunities for Hungarian defence exports. Our goal is to establish an innovative and competitive defence industry group that can efficiently meet the needs of both the Hungarian Defence Forces and international clients. With the integration of N7 Defence into 4iG SDT's space and defence companies, we will have a portfolio of international significance, facilitating global*

*market entry and fostering international defence collaborations and technology development,”* said Gellért Jászai, Chairman of the 4iG Group, upon announcing the transaction.

The cooperation between the state and the defence industry is not unprecedented in Europe or the European Union. Some of the continent’s largest defence companies – such as France’s Thales Group, the Franco-German-Spanish Airbus SE, Norway’s Kongsberg Gruppen, Italy’s Leonardo S.p.A., Germany’s Hensoldt AG, Portugal’s Ogma, and Spain’s Indra – all operate as market players with both public and private ownership, in most cases with the state as a minority shareholder.

These joint ventures simultaneously serve the strengthening of national sovereignty, the promotion of technological innovation, and the improvement of economic efficiency and market competitiveness.

The transaction announced today aligns with the 4iG Group long-term strategy and objectives in the space and defence sector. Listed on the Budapest Stock Exchange, 4iG Group , built a notable defence portfolio by targeted acquisitions and partnerships alongside its core activities in information and telecommunications in the recent years. As part of this endeavor 4iG Space and Defence Technologies Plc. (4iG SDT) was established, a standalone holding company consolidating the Group space and defence interests.

4iG SDT aims to become a global player in satellite development, manufacturing and operations, as well as drone manufacturing, drone defence and defence digitalization. The integrated market player group created through the transaction will combine 4iG SDT’s existing operations in modern, innovative technology-based defence sectors (such as drone production and space industry) with traditional defence manufacturing, including firearms and ammunition production, infantry combat vehicle and mortar production. This comprehensive portfolio – ranging from cutting-edge technology solutions to traditional defence products – allows 4iG Group to enter international markets. The background is provided by 4iG SDT partnership network, which has already established strategic collaborations with leading global industry players. In addition to Rheinmetall, partners include UAE leading technology and defence company EDGE Group, and several defence actors from the European Union and the United States, as L3, Harris Technologies and Boeing.

All 4iG Group partnership and sale activities are structured in accordance with NATO frameworks and requirements, ensuring alignment with international standards. These efforts established the professional preparedness and position to contribute to the next stage of development in the Hungarian defence industry as majority owner of N7 Defence Plc.

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**Further information:**

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