

CONSOLIDATED FINANCIAL REPORT

4iG
Q3

20

22

**4iG PLC'S FLASH REPORT
ON THE COMPANY'S ACTIVITIES IN THE THIRD QUARTER OF 2022**



CONTENTS

1.	Executive Summary	4
2.	IFRS Consolidated financial statements	9
2.1.	Consolidated statement of profit and loss and other comprehensive income	9
2.2.	Consolidated statement of financial position	10
2.3.	Consolidated statement of changes in equity.....	11
2.4.	Consolidated statement of cash flows	12
3.	General section.....	13
3.1.	Presentation of the company	13
3.2.	General information about the company	13
4.	Share information.....	14
5.	Ownership structure.....	16
6.	Officials	16
6.1.	Company management	16
6.2.	Remuneration of officers	17
6.3.	4iG shareholdings of executive officers on 30 September 2022	17
6.4.	The persons authorised to sign the report.....	17
6.5.	Election and removal of officers.....	17
6.6.	Authority of officers	18
6.7.	Amendment of the Articles of Association	18
7.	Basis of preparation of the balance sheet.....	18
8.	Adjustment of previous year's financial data.....	19
9.	Subsidiaries included in the consolidation	21
10.	Events after the balance sheet date.....	24
10.1.	Signing of the sale and purchase agreement for the acquisition of a 75-percent stake in CREALIVE Reklámügynökség Kft. (Advertising Agency Ltd.) and its subsidiaries (05 October 2022).....	24
10.2.	Acquisition of 9.538% of the shares of Space-Communications Ltd. through a public share issue (07 October 2022)	24
10.3.	Acquisition of 100% ownership of INNObyte Zrt. (Plc) (14 October 2022).....	24
10.4.	Conclusion of a high-value contract (26 October 2022)	24
10.5.	Establishment of a joint subsidiary (04 November 2022)	25
10.6.	Analysis by Scope Ratings GmbH and EDISON Investment Research Ltd (09 November 2022).....	25
10.7.	Announcement of a high-value winning bid (10 November 2022).....	25
10.8.	Acquisition of a 75-percent stake in CREALIVE Reklámügynökség Kft. and its subsidiaries (15 November 2022).....	25
10.9.	Purchases of treasury shares of 4iG Plc (03 October 2022–28 October 2022).....	25
11.	Statement.....	26

The Report was approved by the Board of Directors of the Company by virtue of a written resolution on 30th November 2022 by Board Resolution No. 1/2022 (XI.30.).

1. EXECUTIVE SUMMARY

4iG Plc (hereinafter: “4iG”, “Company”, “Holding”, “Group”, “4iG Group”) entered a new phase of its expansion strategy in the third quarter of 2022. **As the integration of the companies that have joined the Group in recent years progresses, the broadening cooperation will continue to improve the performance of the member companies, providing further development and growth potential for the Group.** The info-communications Group is Hungary's leading IT systems integrator and a key player in the telecommunications sector in Hungary and the Western Balkans.

The Company's operational efficiency was significantly improved due to structural changes in the third quarter. On September 1st, 4iG introduced a new corporate governance structure, aligning the central management of the Group with its large enterprise operations. The new structure will make it more efficient to operate as an international group and will effectively address the more significant corporate governance needs that have emerged with the dynamic growth of recent years. **The transformation has created centralised, operational functions in key areas** and has also improved economies of scale and internal collaboration through the concentration of expertise. The new corporate governance structure also ensures long-term career opportunities for employees within the Group, thereby contributing significantly to the preservation and expansion of the knowledge base within the 4iG Group, which is of paramount importance in knowledge-based industries.

In the third quarter, the integration of the Group's telecoms companies in Hungary and the Western Balkans continued, which is already improving the Group's operating results in the short term. Joint projects have been launched by the Group's member companies, and cooperation between the IT and telecom divisions within the Group is steadily expanding. The coordination of cooperation between member companies is strongly supported by the central operational corporate governance structure.

ALBtelecom's strong fixed-line portfolio and One Telecommunications' dynamic mobile market share complements each other well, and the merger of the two companies, which was approved by the Albanian telecommunications authority in November, is based on this. **The merger of the two companies will strengthen the portfolio in mobile and fixed services, creating a complex telecoms operator with improved mobile coverage, an extensive backbone network, and a convergent mobile-to-fixed telecoms network.** The cooperation between ALBtelecom and One Telecommunications has already shown significant results in the third quarter, including the development of joint fixed-mobile tariff packages. With the acquisitions of ALBtelecom and One Telecommunications, 4iG is set to become Albania's largest foreign investor in 2022.

Montenegro's One Crna Gora launched its residential 5G service in the third quarter, creating the first next-generation system of the 4iG Group. Due to the country's natural endowment, tourism is a major driver of mobile operators' revenues and financial performance and has had an outstanding year. For the tourist season, One Crna Gora has launched a special prepaid offer (1 Tb high-speed internet for EUR 20), which is unrivalled internationally and has enabled it to capture a larger share of the guest-based telecoms market than ever before.

International expansion strategy

In line with the prior approval of the Israeli Ministry of Communications (MOC), 4iG has modified its acquisition targets for Space Communications Ltd. (SpaceCom) and has started a phased acquisition of shares in the Israeli satellite communications company. Under the terms of the amended sale and purchase agreement, 4iG has acquired 9.5 percent of SpaceCom's shares in a public offering and will increase its ownership stake in the satellite communications company to a total of 20 percent in the coming months. Under the terms of the agreement, and subject to MOC approval and shareholder support, 4iG may acquire an additional 31 percent stake in the Israeli company over the next three years, increasing its influence up to 51 percent. With the acquisition of SpaceCom, 4iG will become a major player in global satellite services, complementing the Group's current broadcast infrastructure both horizontally and vertically, and providing a high level of knowledge transfer not only to the telecommunications, but also to the IT as well as Space and Defence divisions.

The Group's acquisition programme continued after the end of the third quarter with the purchase of Honeycomb Group, which develops and operates the BRISK media technology platform. The transaction will add specialised digital "tape delivery" and other media services to 4iG's portfolio, which are highly marketable in the Western Balkans region as well. As part of the Group, the company will continue its media platform services business under the name Brisk Digital Group.

In addition to the acquisitions, the Company's Rheinmetall strategic partnership also reached an important milestone with the establishment of ***Rheinmetall 4iG Digital Services Kft. (R4 Kft.)*** in November. The joint venture, majority-owned by 4iG (51%), will gradually ***take on a growing role in Rheinmetall's IT support activities in Hungary and globally, and will also provide IT services to external parties worldwide.***

In November, the Company joined the Open Radio Access Network (O-RAN) Alliance, a global telecommunications industry organization founded by the world's leading telecommunications companies aimed at creating more open and efficient telecommunications systems. The O-RAN Alliance, which is supported by the U.S. government, will open and interoperate the Radio Access Network (RAN) market, providing an excellent business opportunity for 4iG. By joining the O-RAN Alliance, 4iG can become a leader in the global convergence between the IT and telecoms sectors, and the Company's member companies will have an outstanding innovation platform, including in the field of 5G technology.

Analyst and rating agency expectations

The London-based **Edison Group** has been monitoring and analysing 4iG Plc's operations, market and performance outlook since May 2020. In August and November, Edison Group also commented on the Company's operations and growth strategy. In its August analysis of the expected results of the acquisition of Vodafone Hungary Zrt., Edison Group highlighted that with the successful completion of the acquisition and the combined companies' 5 million customers, 4iG would become the second largest convergent telecommunications group in the Hungarian market. Edison Group's latest analysis of 4iG, published in November, assessed the announcement of the IT company, jointly founded with Rheinmetall, as a significant step forward in the Company's international expansion strategy and signalled a strengthening of its strategic cooperation. According to Edison Group, the cooperation also represents a further step towards 4iG's international expansion strategy.

Following the third quarter, **Scope Ratings** published the results of its regular annual review of 4iG in November. Every year, the rating agency reviews and analyses the Group's financial position, and this year's rating is on hold with a note "under review". The current B+ issuer and B+ unsecured debt ratings remain open pending the completion of the previously announced Vodafone Hungary transaction, the completion of which could significantly improve the Group's credit metrics and business risk profile. Depending on the outcome and impact of the Vodafone Hungary acquisition, Scope Ratings may upgrade the Company by up to two notches.

Financial results

4iG Plc's **consolidated net sales revenues** according to IFRS **for the first nine months of 2022 amounted to HUF 196.7 billion**, the Group's **EBITDA according to IFRS exceeded HUF 55.1 billion**, its **EBITDA margin was 28.01 percent**. 74 percent of the net sales revenue was generated by the telecommunications division and 26 percent by the IT division.

The Group's Q3 negative profit (loss) after tax was mainly due to acquisitions and related increased costs in the period under review, with the potential for significant changes in later periods, **as the Group expects to realise significant benefits from synergies**. In addition to the above, **recurring non-cash items in future periods also had a significant impact on the result**: depreciation and interest expense recognised on newly acquired assets and liabilities as a result of IFRS compliance and increased depreciation due to the harmonisation of accounting policies.

4iG's January-September 2022 results are not comparable to a year ago due to the telecom-focused expansion of the past year. Comparability is further hampered by the fact that IT and telecoms have different margins, and while the vast majority of IT's sales revenue comes from B2B, telecoms is dominated by B2C and small and micro business sales. In assessing the Group's financial performance for the third quarter of 2022, it should be noted that the consolidated comprehensive income statement included ALBtelecom's performance from March and One Telecommunications' and Antenna Hungária's data from April.

The IT and telecommunications markets, including 4iG Group, were affected by the global events of the period covered in the report, including the energy crisis, substantial changes in foreign exchange rates, the war in Ukraine, supply chain disruptions, and a significant and faster than usual rise in overall price levels. While the processes of the pandemic-induced global crisis catalysed the IT sector, the deterioration of the external economic environment was reflected in the third quarter performance of the IT business, resulting not only in rising costs but also in a decline in market and government orders.

Capital market performance

At the end of the third quarter, on 30 September, 4iG shares closed at HUF 710. At the beginning of the quarter, on 1 July, shares opened at HUF 778, and on the first trading day of the year, 3 January, shares opened at HUF 860. Share price fell by 8.7 percent in the July-September period and by 17.4 percent since the beginning of the year.

The market capitalisation of the Company as of 30 September 2022 was HUF 212 billion.

Data per share (in HUF)	Q1-Q3 2022	Q1-Q3 2021	Change +/- in %
EBITDA	204	37	447.76%
Net earnings per share (EPS)	-28.5	31.2	- 191.35%
Diluted EPS indicator	-28.5	30.7	- 192.83%
Equity	1 082	130	731.19%

Presentation of 4iG Group's 2022 Q3 results

Description	Q1-Q3 2022	Q1-Q3 2021	Change +/- in %	2022 Q3	2021 Q3	Change +/- in %
		Modified			Modified	
Revenues	218 807 250	53 432 640	309.50%	74 630 668	21 043 257	254.65%
-of which: Net sales revenues	196 708 648	53 011 682	271.07%	74 857 925	20 889 451	258.35%
Cost of goods sold and intermediated services	65 901 479	35 570 594	85.27%	24 396 639	13 626 519	79.04%
Operating expenses	36 892 270	4 153 322	788.26%	8 092 834	1 762 638	359.13%
Staff costs	39 204 563	10 068 244	289.39%	14 575 892	3 815 191	282.05%
Other operating expenses	21 677 039	115 334	18 695.01%	3 103 756	87 666	3 440.43%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55 131 899	3 525 146	1 463.96%	24 461 547	1 751 243	1 296.81%
Depreciation and amortisation	47 946 515	1 588 344	2 918.65%	25 966 813	736 026	3 427.97%
Earnings Before Interest and Tax (EBIT)	7 185 384	1 936 802	270.99%	-1 505 266	1 015 217	- 248.27%
Finance income	18 291 776	2 329 708	685.15%	7 235 118	2 079 337	247.95%
Finance costs	31 891 805	582 199	5 377.82%	14 880 012	241 221	6 068.62%
Profit before tax (PBT)	-6 414 645	3 684 311	- 274.11%	-9 150 160	2 853 333	- 420.68%
Income taxes	1 312 424	772 376	69.92%	183 395	433 703	-57.71%
Net profit and loss	-7 727 069	2 911 935	- 365.36%	-9 333 555	2 419 630	- 485.74%
Other comprehensive income	14 601 927	0	n.a.	11 104 237	0	n.a.
Total comprehensive income	6 874 858	2 911 935	136.09%	1 770 682	2 419 630	-26.82%

2. IFRS CONSOLIDATED FINANCIAL STATEMENTS

2.1. Consolidated statement of profit and loss and other comprehensive income

	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>
		Modified
Net sales revenues	196 708 648	53 011 682
Other operating income	22 098 602	420 958
Revenues in total	218 807 250	53 432 640
Cost of goods sold and intermediated services	65 901 479	35 570 594
Operating expenses	36 892 270	4 153 322
Staff costs	39 204 563	10 068 244
Other operating expenses	21 677 039	115 334
Total operating expenses	163 675 351	49 907 494
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55 131 899	3 525 146
Depreciation and amortisation	47 946 515	1 588 344
Earnings Before Interest and Tax (EBIT)	7 185 384	1 936 802
Finance income	18 291 776	2 329 708
Finance costs	31 891 805	582 199
Profit before tax	-6 414 645	3 684 311
Income taxes	1 312 424	772 376
Net profit and loss	-7 727 069	2 911 935
Other comprehensive income	14 601 927	0
Total comprehensive income	6 874 858	2 911 935
Earnings per share (HUF)		
Base	-28.5	31.2
Diluted	-28.5	30.7
Profit after tax attributable to:		
Owners of the Company	-9 187 751	2 758 211
Non-controlling interest	1 460 682	153 724
Total comprehensive income attributable to:		
Owners of the Company	3 630 232	2 758 211
Non-controlling interest	3 244 626	153 724

The Q3 profit (loss) after tax is mainly due to acquisitions in the period, which may change significantly in the future as synergies are realised.

2.2. Consolidated statement of financial position

	<u>30/09/2022</u>	<u>31/12/202</u> Modified
ASSETS		
Non-current assets		
Property, plant and equipment	253 499 910	42 021 916
Intangible assets	68 841 979	11 867 882
Customer relationship	18 851 427	19 861 325
Right-of-use assets	74 466 176	17 837 483
Contract assets	1 550 806	397 601
Goodwill	266 885 143	92 976 798
Other investments	113 206 499	235 986
Total non-current assets	797 301 940	185 198 991
Current assets		
Cash and cash equivalents	83 247 436	266 530 261
Trade receivables	55 863 517	35 926 056
Other receivables, prepayments and accrued income	29 493 250	11 014 881
Securities	781 646	17 150
Inventories	14 303 160	2 306 297
Total current assets	183 689 009	315 794 645
Total assets	980 990 949	500 993 637
EQUITY AND LIABILITIES		
Equity		
Share capital	5 981 499	2 064 158
Repurchased treasury shares	-633 580	-245 726
Capital reserve	132 885 675	3 868 592
Retained earnings	-2 880 630	9 275 295
Foreign currency translation reserve	12 817 982	136 143
Equity attributable to the owners of the Company	148 170 946	15 098 462
Non-controlling interest	144 898 610	1 686 471
Total equity	293 069 556	16 784 933
Non-current liabilities		
Provisions – non-current	6 325 352	955 770
Non-current borrowings, loans, bonds	449 252 734	407 739 435
Non-current finance lease liabilities	87 331 794	14 490 303
Deferred tax liabilities	2 280 196	1 529 752
Total non-current liabilities	545 190 076	424 715 260
Current liabilities		
Trade payables	37 131 581	23 251 567
Current borrowings and loans	8 386 320	211
Other current liabilities and accruals	90 359 862	31 792 208
ESOP liabilities	0	865 740
Dividends payable to the owners of the Company	0	42
Current finance lease liabilities	6 853 554	3 583 676
Total current liabilities	142 731 317	59 493 444
Total equity and liabilities	980 990 949	500 993 637

2.3. Consolidated statement of changes in equity

	Share capital	Treasury shares	Capital reserves	Retained earnings	Foreign currency translation reserve	Equity attributable to the owners of the Company	Non-controlling interest	Total equity
Balance on 1 January 2021	1 880 000	- 322 930	816 750	4 928 921	0	7 302 741	376 085	7 678 826
Issue of share capital	104 158		3 051 842			3 156 000		3 156 000
Purchase of treasury shares		- 60 671				- 60 671		- 60 671
Sale of treasury shares (exchange of shares)		157 204		342 796		500 000		500 000
Dividend allocation				- 2 211 910		- 2 211 910		- 2 211 910
Profit after tax				2 768 025		2 768 025	160 914	2 928 939
NCI (non-controlling interest)				- 190 904		- 190 904	1 118 336	927 432
Acquisition – Modification of purchase price allocation				9 814		9 814	3 272	13 086
Balance on 30 September 2021	1 984 158	- 226 397	3 868 592	5 646 742	0	11 273 095	1 658 607	12 931 702
Balance on 1 January 2022	2 064 158	- 245 726	3 868 592	9 793 019	136 143	15 616 186	1 641 258	17 257 444
Acquisition – Modification of purchase price allocation				- 517 724		- 517 724	45 213	- 472 512
Modified balance on 1 January 2022	2 064 158	- 245 726	3 868 592	9 275 295	136 143	15 098 462	1 686 471	16 784 933
Issue of share capital	3 917 341		129 017 083			132 934 424		132 934 424
Purchase of treasury shares		- 387 854				- 387 854		- 387 854
Sale of treasury shares (exchange of shares)						0		0
Dividend allocation				- 2 968 174		- 2 968 174		- 2 968 174
Profit after tax				- 9 187 751		- 9 187 751	1 460 682	- 7 727 069
NCI (non-controlling interest)						0	139 967 513	139 967 513
OCI					12 681 839	12 681 839	1 783 945	14 465 784
Balance on 30 September 2022	5 981 499	- 633 580	132 885 675	- 2 880 630	12 817 982	148 170 946	144 898 610	293 069 556

2.4. Consolidated statement of cash flows

	<u>30/09/2022</u>	<u>30/09/2021</u>
		Modified
Cash flow from operating activities		
Profit after tax	-7 727 069	2 911 935
<i>Adjustments:</i>		
Depreciation and amortisation of the current year	47 946 515	1 588 344
Impairment	1 811 645	0
Provisions	4 019 802	2 548 594
Deferred tax	-1 630 414	-1 149 428
Interests	17 375 521	15 304
ESOP	128 377	0
Other items, that do not result in cash flows	-16 323 130	0
Foreign exchange differences	-6 566 060	0
Profit and loss of associates	700	0
<i>Changes in working capital</i>		
Change in trade receivables	7 499 393	-3 422 245
Change in inventories	-2 916 061	414 949
Change of trade payables	-931 5670	-6 670 207
Change in finance lease (current)	-403 820	2 078 646
Changes in other receivables and liabilities	-19 415 988	4 868 680
Net cash flows from operating activities	14 483 741	3 184 572
Cash flow from investment activities		
Sale/(purchase) of property, plant and equipment	-9 669 758	-25 220 906
Purchase of intangible assets	-2 803 153	-14 424 044
Securities	17 150	86 130
Non-current receivables	- 457 366	-311 890
Acquisition of subsidiaries	-257 446 623	-83 373 592
Net cash flows from investment activities	-270 359 750	-123 244 302
Cash flow from financing activities		
Non-current borrowings	-42 380 504	116 473 781
Bank loan withdrawal/(repayment)	-10 761 582	684 362
Financial leasing withdrawal/(repayment)	14 169 955	6 749 679
Repurchased and issued treasury shares	111 640 991	3 148 375
Interest on loans and borrowings	-3 676 383	- 15 304
Gain on sale of treasury shares	0	342 796
Capital increase/(decrease)	2 328 358	0
Dividend paid	-2 968 174	- 2 211 910
Net cash flows from financing activities	68 352 661	125 171 779
Foreign exchange differences	4 240 523	0
Net change in cash and cash equivalents	-183 282 825	5 112 049
Cash and cash equivalents at the beginning of the year	266 530 261	7 204 781
Cash and cash equivalents at end of the period	83 247 436	12 316 830

3. GENERAL SECTION

3.1. Presentation of the company

4iG Public Limited Company is a company registered in Hungary that conducts its business in accordance with the provisions of Hungarian law, maintains its accounting and financial records in accordance with International Financial Reporting Standards (IFRS), and its shares are traded in the "Premium" category of the Budapest Stock Exchange (BSE).

No other company has independent control over the 4iG Group.

The backbone of the activities of the 4iG Group of Companies (hereinafter referred to as the "Company", the "Group" or the "Holding") is the provision of full-scale telecommunications services, the operation of telecommunications-related infrastructure, platform-independent, custom software design and development, the design and implementation of full-scale enterprise IT solutions, IT operation and support, service provision, the operation of ERP (complex enterprise resource planning) systems, full-scale support for banking data services, the development and operation of document and case management systems.

3.2. General information about the company

Name of the company:	4iG Public Limited Company (formerly FreeSoft Plc, formerly Fríz 68 Szolgáltató és Kereskedelmi Rt.)
Company form:	Public limited company
Registered office:	1037 Budapest, Montevideo utca 8.
Sites:	1037 Budapest, Montevideo utca 2/C. 1037 Budapest, Montevideo utca 4. 1037 Budapest, Montevideo utca 6. 1107 Budapest, Somfa utca 10.
Branches:	8000 Székesfehérvár, Seregélyesi út 96. 6722 Szeged, Tisza Lajos krt. 41. 4025 Debrecen, Barna utca 23.
Company registration number:	01-10-044993
Tax number:	12011069-2-44
Statistical code:	12011069-6201-114-01
Share capital:	HUF 5 981 499 480
Date of foundation:	8 January 1995
Date of transformation:	2 April 2004
Listing date:	22 September 2004

4. SHARE INFORMATION

Type of shares:	registered ordinary shares, dematerialised
Nominal value of shares:	20 HUF/share
Number of shares:	299 074 974 shares
ISIN code of shares:	HU 0000167788
Series of shares:	"A"
Serial number of shares:	0000001 - 299074974
Number of treasury shares repurchased:	1 597 550 shares
Number of treasury shares held by 4iG ESOP Organisation:	4 000 000 shares

Other information on shares:

- Each share carries the same rights, each share represents 1 vote.
- The shares are traded in the "PREMIUM" category of the Budapest Stock Exchange and represent the total issued share capital, there are no other issued shares of 4iG Plc.
- There are no restrictions on the sale of shares, no pre-emptive rights are provided for, but shares may only be transferred by debiting or crediting a securities account. In the event of a transfer of shares, the shareholder may exercise his/her shareholder rights only if the name of the new shareholder is entered in the share register.
- The Company's share register is managed by KELER Zrt. (Central Clearing House and Depository Plc.)
- There are no specific management rights.
- There is no shareholder agreement on management rights that we are aware of.
- The Company does not have an employee share ownership scheme.
- There are no voting rights restrictions, only the repurchased treasury shares do not carry voting rights. On 30 September 2022, there were 1,597,550 repurchased treasury shares.
- Minority rights: shareholders representing at least 1% of the voting rights may request the convening of a general meeting of the Company at any time, stating the reason and purpose.
- Designated officers are elected by the General Meeting by simple majority, in accordance with the Articles of Association.
- The operational management of the Company is carried out by the Board of Directors.
- The General Meeting decides on the increase of the share capital on the basis of a proposal from the Board of Directors. The decision of the General Meeting is not required only if the increase of the share capital is made under the authority of the Board of Directors, as authorised by the Articles of Association. At the time the Annual Report is drawn up, the Board of Directors is not authorised to issue new shares.
- No agreement that enters into force, is modified or terminated as a result of a change in the contractor's management following a public tender offer.
- No agreement between the Company and an officer or employee that provides for indemnification in the event of the officer's resignation or termination, the officer's or employee's wrongful termination, or the termination of employment as a result of a tender offer.

- Gellért Zoltán Jászai, Chairman and CEO of 4iG Plc. acquired 100% of the shares of KZF Vagyonkezelő Kft. on 14 June 2019. Through other share transactions on the same day, KZF Vagyonkezelő Kft. and thus, indirectly Gellért Zoltán Jászai acquired a 32.01% stake in 4iG Plc. For the remaining shares, a mandatory tender offer was made, which was open until 28 August 2019.
- On 26 July 2018, the Company's General Meeting of Shareholders decided on a share split, according to which the nominal value of the shares was changed to HUF 100 per share. As of 5 October 2018, the shares of 4iG Plc. were traded at HUF 100 per share in the standard section of the Budapest Stock Exchange. On 25 April 2019, the Company's General Meeting decided on a new share split, according to which the nominal value of the shares was changed to HUF 20 per share.
- As of 19 June 2019, 4iG shares were reclassified to the Premium category by the Director of the Budapest Stock Exchange.
- In connection with the capital increases decided on 1 June 2021, a total of 5,207,921, i.e. five million two hundred seven thousand nine hundred twenty-one ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already listed, were listed on the Budapest Stock Exchange on 1 July 2021.
- In connection with the capital increases decided as of 24 January 2022, a total of 116,417,910 ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already issued, of 116 417 910 shares, i.e. one hundred sixteen million four hundred seven thousand nine hundred ten, have been subscribed by the iG COM private equity fund.
- In connection with the capital increase decided on 23 February 2022, Rheinmetall AG subscribed for a total of 50,223,881 (fifty million two hundred twenty-three thousand eight hundred eighty-one) ordinary shares of series A with a nominal value of HUF 20 each, which grant the same rights as the shares already listed.
- In connection with the capital increase decided on 23 February 2022, a total of 19,761,380 ordinary shares of series A with a nominal value of HUF 20.00 each, with the same rights as the shares already listed, were subscribed by Bartolomeu Investment Kft.
- In connection with the capital increases decided on 23 February 2022, a total of 9,463,882 ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already issued, were subscribed by Turkish Çalik Holding Anonim Sirketi.

5. OWNERSHIP STRUCTURE

	30 September 2022	31 December 2021
iG COM Private Equity Fund	38.93%	n.a.
KZF Vagyonkezelő Kft.	10.68%	52.34%
Manhattan Invest Kft.	1.03%	3.00%
Manhattan Magántőkealap (Private Equity Fund)	0.58%	1.52%
Rheinmetall AG	25.12%	n.a.
Bartolomeu Investment Kft.	7.41%	5.05%
Çalik Holding Anonymous Sirketi	3.16%	n.a.
4iG treasury share ownership	0.53%	0.83%
Owned by 4iG ESOP Organisation	1.34%	3.88%
Free float	11.22%	33.38%
Total	100.00%	100.00%

6. OFFICIALS

The executive officers of 4iG Plc on 30 September 2022 were as follows:

6.1. Company management

Board of Directors:	Gellért Zoltán Jászai, Chairman of the Board Béla Zsolt Tóth, Member of the Board Aladin Ádám Linczényi, Member of the Board László Blénessy, Member of the Board Péter Krisztián Fekete, Member of the Board, CEO Pedro Vargas Santos David, Member of the Board
Supervisory Board:	Dr Tamás Fellegi, Chairman of the Supervisory Board Dénes Jobbágy, Member Tóthné Dr Rózsa Ildikó, Member Helmut Paul Merch, Member
Audit Committee:	Dr Tamás Fellegi, Chairman of the Supervisory Board Dénes Jobbágy, Member Tóthné Dr Rózsa Ildikó, Member

6.2. Remuneration of officers

The remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee of the Company during this period was as follows. The General Meeting of Shareholders decided in its resolution No. 15/2022 (IV.29.) that the members of the Board of Directors shall receive an honorarium of HUF 600,000/month each, while the Chairperson of the Board of Directors shall receive an honorarium of HUF 750,000/month. The General Meeting decided in its Resolution 14/2022 (IV.29.) that the members of the Supervisory Board shall receive an honorarium of HUF 450,000/month each and the Chairman of the Supervisory Board shall receive an honorarium of HUF 600,000/month. The members of the Audit Committee shall not receive any special remuneration for their work on the Audit Committee.

6.3. 4iG shareholdings of executive officers on 30 September 2022

Executive officer		Number of shares on 30/09/2022			Capital shareholding rate (%) Direct and indirect
Name	Position	Direct ownership	Indirect ownership	Direct and indirect	
Gellért Zoltán Jászai	Chairman of the Board of Directors	0	153,191,954	153,191,954	51.22%
Béla Zsolt Tóth	Member of the Board of Directors	1,052,200	0	1,052,200	0.35%
László Blénessy	Member of the Board of Directors	590,765	0	590,765	0.20%
Pedro Vargas Santos David	Member of the Board of Directors	0	24,969,301	24,969,301	8.35%

6.4. The persons authorised to sign the report

Pursuant to the resolutions of the Extraordinary General Meeting of the Company held on 21 January 2013, the Chairman of the Board of Directors is authorised to sign the report either individually or any two members of the Board of Directors shall jointly practice thereof right of signing.

6.5. Election and removal of officers

The General Meeting elects and may remove the Company's executive officers.

6.6. Authority of officers

The executive officers of the Company are not authorised to issue or purchase shares. The General Meeting may, on a case-by-case basis, authorise the Board of Directors to issue or repurchase its treasury shares.

6.7. Amendment of the Articles of Association

The Articles of Association of the Company may only be amended by the General Meeting.

7. BASIS OF PREPARATION OF THE BALANCE SHEET

i) Approval and declaration

The consolidated financial statements were approved by the Board of Directors on 30 November 2022. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are composed of standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements are presented in Hungarian forints, rounded to the nearest thousand forints, unless otherwise indicated.

The report includes consolidated unaudited financial statements for the period ending 30 September 2022.

ii) Basis of preparation of the accounts (Statement of compliance)

The financial statements have been prepared on a historical cost basis, except where IFRS requires the use of a different measurement basis than that disclosed in the accounting policies. The financial year is the same as the calendar year.

iii) Basis of assessment

For consolidated financial statements, the basis of measurement is the original cost, except for assets and liabilities carried at fair value, which are financial instruments at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and numerous other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimating the carrying amounts of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates.

Estimates and base assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

Accounting policies and other explanatory information

The accounting policies of the Group have not changed in their material elements compared to those presented in the consolidated financial statements as of 31 December 2021. The accounting policies have been consistently applied to the periods presented in these consolidated financial statements.

8. ADJUSTMENT OF PREVIOUS YEAR'S FINANCIAL DATA

As of the balance sheet date, the measurement period for the purchase price allocation was completed for the following acquisitions:

- On 12 May 2021, the transaction to acquire 100% of the shares of Portuguese Telecommunication Investments Kft. (Ltd.) was completed, as a result of which 4iG Plc acquired a 75% indirect stake in Hungaro DigiTel Kft. (Ltd.),
- On 30 September 2021, 4iG Plc acquired 100% of the shares in Invitech ICT Services Kft. (Ltd.) and InviTechnocom Kft. (Ltd.)

The fair value measurement of the assets and liabilities of the investments acquired in a business combination has been finalised, resulting in adjustments to property, plant, and equipment, intangible assets, deferred tax, non-controlling interests and goodwill, and the identification of the customer relationship.

The comparative period amounts in the consolidated statement of financial position, income and cash flows and the relevant opening balances in the consolidated statement of changes in equity have changed as follows:

Consolidated statement of financial position

	<u>31/12/2021</u>	<u>31/12/2021</u>	<u>31/12/2021</u>
	Modified	Amendment	Published
Property, plant and equipment	42,021,916	2,408,563	39,613,353
Intangible assets	11,867,882	2,078,506	9,789,376
Customer relationship	19,861,325	19,861,325	0
Deferred tax assets	0	-691,900	691,900
Goodwill	92,976,798	-21,962,241	114,939,039
Deferred tax liabilities	1,529,752	1,529,752	0
Retained earnings	9,275,295	-517,724	9,793,019
Non-controlling interest	1,686,471	45,212	1,641,259

The fair valuation of assets and liabilities resulted a deferred tax liability of HUF 2,222 thousand as of 31 December 2021. The combined balance of the deferred tax asset of HUF 692 thousand and the deferred tax effect of the fair valuation disclosed as of 31 December 2021 is a deferred tax liability of HUF 1,530 thousand, as restated.

Consolidated income statement

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2021</u>
	Modified	Amendment	Published
Depreciation and amortisation	1,588,344	14,380	1,573,964
Earnings Before Interest and Tax (EBIT)	1,936,802	-14,380	1,951,182
Profit before tax	3,684,311	-14,380	3,698,691
Income taxes	772,376	-1,294	773,670
Net profit and loss	2,911,935	-13,086	2,925,021
Total comprehensive income	2,911,935	-13,086	2 925,021
Profit after tax:			
Owners of the Company	2,758,211	-9,814	2,768,025
Non-controlling interest	153,724	-3,272	156,996
Total comprehensive income:			
Owners of the Company	2,758,211	-9,814	2,768,025
Non-controlling interest	153,724	-3,272	156,996

Consolidated statement of cash flows

	<u>30/09/2021</u>	<u>30/09/2021</u>	<u>30/09/2021</u>
	Modified	Amendment	Published
Profit after tax	2,911,935	-13,086	2,925,021
Depreciation and amortisation for the current year	1,588,344	14,380	1,573,964
Deferred tax	-1,149,427	1,294	-1,150,721

9. SUBSIDIARIES INCLUDED IN THE CONSOLIDATION

The table below shows the ownership percentages before and after 4iG Plc acquired a majority stake in ANTENNA HUNGÁRIA Zrt. (AH) by way of contribution-in-kind. Due to the contribution-in-kind, the ownership percentages of the following companies have changed:

- 4iG Montenegro d.o.o.
- 4iG Albánia Kft. (Ltd.)
- Albania Telecom Invest AD
- ALBtelecom sh.a.
- Antenna Hungária Innovációs Kft. (Ltd.) (subsidiary of AH before the acquisition by way of contribution-in-kind)
- CarpathiaSat Zrt. (Plc) (not transferred to AH, but its ownership has changed due to AH's previous ownership)
- DIGI Távközlési és Szolgáltató Kft. (Ltd.)
- DIGI Infrastruktúra Kft. (Ltd.)
- "Digitális Átállásért" Nonprofit kft. (Ltd.) (a subsidiary of AH prior to its acquisition by way of contribution-in-kind)
- Hungaro DigiTel Kft. (Ltd.) (not incorporated in AH, but ownership changed due to former ownership of AH)
- Invitech ICT Services Kft. (Ltd.)
- InviTechnocom Kft. (Ltd.)
- INVITEL Zrt. (Plc)
- INVI-16 Telecommunications Kft. (Ltd.)
- i-TV Zrt. (Plc)
- ONE Crna Gora d.o.o.
- ONE Telecommunications sh.a.

Name of subsidiary	Headquarter	Share of ownership			Comments
		2022 after AH contrib.	2022 before AH contrib.	2021	
4iG Montenegro d.o.o.	Seika Zaida 2, Podgorica, Montenegro	76.78%	100%	100%	Established: 11 October 2021
4iG Albánia Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	76.78%	100%	n.a.	Established: 23 February 2022
ACE Network Zrt. (Plc)	1124 Budapest, Lejtő út 17/A, 3 rd floor.	70%	70%	n.a.	Purchased: 13 April 2021
Albania Telecom Invest AD	2016 Premium Print Ruga. Papa Gjon Pali i II.	76.78%	100%	n.a.	Purchased: 21 March 2022
ALBtelecom sh.a.	Rruga Muhedin Llagami, complex Square 21 1000, Tirana Albania	61.63%	80.27%	n.a.	Purchased: 4 March 2022
"ANTENNA HUNGARIA" Zrt. (Plc)	1119 Budapest, Petzvál József u. 31-33.	76.78%	76.78%	n.a.	Through contribution: 22 March 2022
Antenna Hungária Innovation Kft. (Ltd.)	1119 Budapest, Petzvál József u. 31-33.	76.78%	76.78%	n.a.	Through "ANTENNA HUNGARIA" Zrt. (Plc)
CarpathiaSat Zrt.	1037 Budapest, Montevideo u. 8.	84.78%	51%	51%	Established: 17 August 2020
DIGI Távközlési és Szolgáltató Kft. (Ltd.)	1134 Budapest, Váci út 35.	76.78%	100%	n.a.	Purchased: 3 January 2022
DIGI Infrastructure Kft. (Ltd.)	1134 Budapest, Váci út 35.	76.78%	100%	n.a.	Purchased: 3 January 2022
"Digitális Átállásért" Nonprofit Kft. (Ltd.)	1119 Budapest, Petzvál József utca 31-33.	76.78%	100%	n.a.	Through "ANTENNA HUNGARIA" Zrt. (Plc)
DTSM Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 7 December 2020
Humansoft Serviz Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Established: 17 April 2019
Hungaro DigiTel Kft. (Ltd.)	2310 Szigetszentmiklós/Lakihegy Komp u. 2.	94.19%	75%	75%	Through Portuguese Telecommunication Investments Kft. (Ltd.)
INNObyte Zrt. (Plc)	1115 Budapest, Bartók Béla út 105-113. 6th floor.	70%	70%	70%	Purchased: 14 October 2020

Name of subsidiary	Headquarter	Share of ownership			Comments
		2022 after AH contrib.	2022 before AH contrib.	2021	
INNOWARE Kft. (Ltd.)	1113 Budapest, Karolina út 65.	70%	70%	70%	Through INNObyte Zrt. (Plc)
Invitech ICT Services Kft. (Ltd.)	2040 Budaörs, Edison utca 4.	76.78%	100%	100%	Purchased: 30 September 2021
InviTechnocom Kft. (Ltd.)	2040 Budaörs, Edison utca 4.	76.78%	100%	100%	Through Invitech ICT Services Kft. (Ltd.)
INVITEL Zrt. (Plc)	1134 Budapest, Váci út 37.	76.78%	99.99%	n.a.	Through DIGI Távközlési és Szolgáltató Kft. (Ltd.)
INVI-16 Távközlési Kft. (Ltd.)	1134 Budapest, Váci út 35.	76.78%	100%	n.a.	Through INVITEL Zrt. (Plc)
i-TV Zrt. (Plc)	1152 Budapest, Szentmihályi út 167-169. Nyugati sz. ép. 4. 4-6. em.	76.78%	100%	n.a.	Through INVITEL Zrt. (Plc)
ONE Crna Gora d.o.o.	Square of the Republic, Podgorica 81000, Montenegro	76.78%	100%	100%	Purchased: 21 December 2021 Through 4iG Montenegro d.o.o.
ONE Telecommunications sh.a.	"Vangjel Noti" Lapraka, Tirane, Albania	76.62%	100%	n.a.	Through Albania Telecom Invest AD
Poli Computer PC Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 1 June 2021
Portuguese Telecommunication Investments Kft. (Ltd.)	1085 Budapest, Kálvin tér 12.	100%	100%	n.a.	Contribution through capital increase: 12 May 2021
Veritas Consulting Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 10 September 2019

10. EVENTS AFTER THE BALANCE SHEET DATE

10.1. Signing of the sale and purchase agreement for the acquisition of a 75-percent stake in CREALIVE Reklámügynökség Kft. (Advertising Agency Ltd.) and its subsidiaries (05 October 2022)

4iG Plc and MISTRAL TRUST FUND Vagyonkezelő Kft. (Property Management Ltd.), VBPS Ingatlanforgalmazó és -Hasznosító Kft. (Property Sales and Leasing Ltd.), and Domonkos Pichovszky have entered into a sale and purchase agreement for the acquisition of a 75-percent stake in CREALIVE Reklámügynökség Korlátolt Felelősségű Társaság and its subsidiaries, namely Honeycomb Hungary Kft. (Ltd.) (hereinafter referred to as Honeycomb) and Honeycomb Central Europe Kft. (Ltd.). The transaction may close by the end of the year, subject to the outcome of the necessary competition proceedings.

10.2. Acquisition of 9.538% of the shares of Space-Communications Ltd. through a public share issue (07 October 2022)

On October 06, 2022, 4iG acquired 9.538 percent of the shares of Spacecom, the operator and developer of AMOS satellite systems, in a public share offering, as previously announced, in the first step of a multi-step transaction by Space Communications Ltd. ("Spacecom"), subject to the prior approval of the Israeli Ministry of Communications and in accordance with the parties' new agreement.

10.3. Acquisition of 100% ownership of INNObyte Zrt. (Plc) (14 October 2022)

4iG, as the majority (70%) shareholder of INNObyte Zrt. (registered seat: 1115 Budapest, Bartók Béla út 105-113, 6th floor; company registration number: 01-10-140457), entered into share purchase agreements on the 14th day of the 10th month of 2022 for the acquisition of all shares issued by INNObyte Zrt. in order for 4iG to become the sole shareholder of INNObyte Zrt. The transaction was completed, and 4iG became the sole shareholder of INNObyte Zrt. The acquisition was effected by means of an exchange of shares, with the transfer of 526,103 treasury shares.

10.4. Conclusion of a high-value contract (26 October 2022)

4iG Plc's bid was announced as the winning bid in the EU open tender procedure for the "Digitális jóléti diszpécser szolgáltatások" (Digital Welfare Dispatching Services) of Szociálpolitikai Innovációs Közhasznú Nonprofit Kft. (Social Policy Innovation Non-profit Ltd.). The objective of the procurement procedure is to develop a new type of digital welfare services environment for Hungarian citizens over 65 years of age and to provide them with a 24-hour a day signalling assistance service based on digital technology.

The project deadline is 31 December 2025. The service can be extended for one year.

The content of the pricing of the procedure is based on the summary document:

Milestone1: HUF 1,459,000,000 + VAT

Milestone2: HUF 2,548,000,000 + VAT

Entry fee (net HUF/user): HUF 14,800 + VAT

Service fee (net HUF/user/month): HUF 1,736 + VAT

10.5. Establishment of a joint subsidiary (04 November 2022)

4iG and Rheinmetall AG ("Rheinmetall") will establish a joint IT subsidiary in Budapest under the name Rheinmetall 4iG Digital Services Korlátolt Felelősségű Társaság (hereinafter referred to as the "Joint Venture"). By signing the Syndicate Agreement, the parties agreed that 4iG will be the majority shareholder with 51% of the shares in the Joint Venture, and Rheinmetall will hold a 49% stake. Once all the necessary conditions for the formation of the company have been met, the parties will take the necessary steps to register the company with the commercial register.

10.6. Analysis by Scope Ratings GmbH and EDISON Investment Research Ltd (09 November 2022)

Scope Ratings GmbH. and EDISON Investment Research Ltd. prepared and published a new analysis on 4iG.

10.7. Announcement of a high-value winning bid (10 November 2022)

Digitális Kormányzati Ügynökség Zrt. (Digital Government Agency Plc) ("DKÜ") has declared the bid of the consortium led by 4iG as the winning bid.

The public procurement procedure for the conclusion of a framework agreement was launched for the "Megjelenítő eszközök beszerzése (MESZ22)" (Acquisition of display equipment (MESZ22) for organisations subject to Government Decree 301/2018 (XII. 27.).

Seven different joint bidding consortia were selected by DKÜ, one of which was the joint bidding consortium led by 4iG.

The total amount of the framework agreement is HUF 37,000,000,000 in net terms.

The framework agreement does not provide for automatic orders, and specific purchases will be re-tendered between the consortia participating in the framework agreement based on the needs of the organisations concerned.

The maximum duration of the framework agreement is 30 months from its entry into force.

10.8. Acquisition of a 75-percent stake in REALIVE Reklámügynökség Kft. and its subsidiaries (15 November 2022)

4iG Plc. has acquired a 75 percent stake in REALIVE Reklámügynökség Kft. and its subsidiaries in accordance with the contract signed on 05 October 2022.

10.9. Purchases of treasury shares of 4iG Plc (03 October 2022–28 October 2022)

During this period, 4iG Plc bought 288,000 of its treasury shares on the Budapest Stock Exchange at an average price of HUF 688.82. This increased the Company's treasury stock to 1,359,447 shares.

11. STATEMENT

The Issuer declares that the report gives a true and fair view of the development and performance of the Company, that its data and statements are accurate and that it does not omit any fact material to the assessment of the Issuer's position.

Pursuant to Section 57 (1) of Act CXX of 2001 on the Capital Market, the Issuer shall be liable for compensation for any damage caused by the non-disclosure or misleading content of regulated information.

I, the undersigned, accept responsibility for the figures in this report for Q1-Q3 2022 and for the accuracy of the analyses and conclusions.

Budapest, 30 November 2022

Gellért Zoltán Jászai
Chairman of the Board of Directors

Béla Zsolt Tóth
Member of the Board of Directors

4iG Nyrt.

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