

CONSOLIDATED FINANCIAL REPORT

4iG
H1

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This report, by means of the written decision made by the Board of Directors of the Company as of the day of 31 August 2022, was approved by and upon the Board of Directors Resolution No. 1/2022. (VIII.31.).

EXECUTIVE SUMMARY

4iG Plc. (hereinafter: "4iG", "Company", "Group", "4iG Group") **accomplished the first phase of its expansion strategy in the first half of 2022, which marked the transformation of the Company from a leading IT systems integrator in the Hungarian market into a regional infocommunications group providing a diverse set of services.** As a result, 4iG entered 2022 as Hungary's leading IT systems integrator and, by the end of the half-year, became the second largest telecommunications group in Hungary, as well as one of the leading players in the Western Balkan telecommunications market as Albania's largest foreign investor.

The effects of closing its acquisition deals in the Hungarian and regional markets are clearly reflected in the Company's consolidated second-quarter results. As a testament to the Group's growth strategy, the expanded portfolio has resulted in **4iG reporting one of the most successful periods in its history.** Despite the challenging external economic environment, the Group's operations have become more efficient, and its revenue-generating capacity has increased significantly. **Moreover, the performance of the telecoms business stands to benefit from the ongoing integration of its new companies and by leveraging improved revenue and cost synergies within the Group.** The geographical diversification of revenues has already contributed to a more stable revenue-generation capacity in the second quarter of 2022. Furthermore, the Company's growth has helped to address challenges posed by the seasonality of its business in the IT sector, with its business in the telecommunications sector being more consistent year-round.

To finance the acquisitions, 4iG issued a record amount of bonds under the Hungarian National Bank's Bond Funding for Growth Scheme. In the bond auctions held on 15 December and 28 December 2021, the Company issued corporate bonds with a total nominal value of HUF 370.75 billion. The Company's "Scope-adjusted debt" as of June 30, 2022, amounts to HUF 561.29 billion, which is significantly below the maximum debt rate of HUF 618.40 billion set by the credit rating agency by the end of 2022.

Hungary

4iG continues to be Hungary's leading IT systems integrator and now includes a significant telecoms portfolio, with 73 percent of its revenues generated from the telecoms sector. As a result, the Group's profitability has improved significantly: operating profitability has increased and the Company's business profile has been diversified. However, rapid wage increases, inflation, and rising energy costs required to operate telecoms and IT infrastructure have generated higher unforeseen expenses for the Group. In addition, the IT division's performance was adversely affected by higher import purchase prices due to the weakening of the Hungarian Forint and a decline in government orders, which have impacted the entire IT industry.

These effects were partly offset by the integration and consolidation of the Group's holdings, which began in the second quarter of this year and allowed the Group's telecom subsidiaries to operate more efficiently and effectively. New top executives were appointed to lead the Group's telecom companies and support the integration of the Group's holdings under its telecommunications portfolio. For example, DIGI Group in Hungary was the most affected by the organisational changes within the business. The operational rationalisation of the Group's entire telecoms portfolio has improved results, by maximising synergies and increasing profitability by downsizing low-profit businesses. Although the closure of Antenna Hungária's event management business reduced revenues, the Company's profitability (EBITDA) continued to improve during the period. Another positive development is the addition of the telecoms division, which generates much more consistent revenues compared to the IT sector, which has a significant year-on-year revenue cyclical, resulting in smoother quarterly cash flow periods than a year ago.

Western Balkans

4iG Plc. has become the largest investor in Albania's telecoms sector with the acquisitions of ALBtelecom and One Telecommunications. 4iG has established a separate regional entity based in Tirana to operate its telecom subsidiaries in Montenegro and Albania. Under the management of '4iG Western Balkan', the merger of the Albanian companies has begun. It will create the country's leading convergent telecoms operator with the most extensive telecoms infrastructure in Albania, an optical network nearly 5,000 km, the largest transmission tower network, and 5G-ready mobile network.

By the second quarter, 4iG successfully completed the rebranding of its Montenegrin mobile operator, thus strengthening its market position and supporting the Company's status as a premium operator. One Crna Gora started testing its 5G network in May, breaking the national data speed record with a speed of 1648 Mbps. Since August (Q3), the Company has been able to offer 5G internet access to customers. This service, which is currently available in Podgorica, will also soon be available in Tivat and Bijelo Polje. The development of the high-speed network is ongoing. As the number one mobile operator in Montenegro, One Crna Gora is bidding on public tenders to expand its network this autumn.

Financial results

Consolidated net sales for 4iG under IFRS amounted to HUF 121.85 billion in the first half of 2022, while the Group's IFRS profit after tax was HUF 1.6 billion and EBITDA was close to HUF 30.7 billion.

Due to the Company's expansion in the telecommunications sector, the results of the first half of 2022 should not be compared with those of 2021. IT and telecoms businesses have different margins – while the majority of IT revenues come from the B2B (business-to-business) segment, the revenues of telecoms are driven by B2C (business-to-consumer) and small and micro business sales.

When assessing the Group's financial performance in the first half of 2022, it should be noted that the consolidated comprehensive income statement includes data on Antenna Hungária Zrt. and One Telecommunications in Albania since its acquisition, i.e. from the second quarter. In addition, the performance of ALBtelecom, another Albanian telecommunications company, could only be taken into account in the preparation of the accounts from March onwards. The IT and telecoms markets, including the operations of 4iG Group, have been affected by recent global events, including the energy crisis, fluctuating exchange rates, the war in Ukraine, and ongoing global supply chain disruptions. While the global COVID-19 pandemic catalysed business in the IT sector, the deterioration of the external economic environment is reflected in the IT business' second quarter performance, with the impact of rising costs and declining market and government orders apparent.

Dividend payment

At the Company's Annual General Meeting, the shareholders approved the **payment of a dividend of HUF 29 per share (equivalent to a dividend yield of 3.67%) for the 102,350,843 quantity ordinary shares marketed on 31 December 2021 and reduced by 857,078 quantity of the Company's own shares.** The dividend was paid on 4 July 2022 in accordance with the resolution of the General Meeting.

Capital market performance

The average stock market price of 4iG shares was HUF 795 in the first half of 2022, 24.4% higher than in the same period last year. However, the closing price was HUF 790 on 30 June 2022, 7% below the closing price at the end of December 2021. **At the time of compiling this report, 4iG shares were trading at around HUF 850.** The Company's **market capitalisation was HUF 236 billion** on 30 June 2022.

Per share (data in Hungarian Forint)	First half of 2022	First half of 2021	Change +/- in percentage
EBITDA	103	19	442.11%
Net earnings per share (EPS)	6.3	5.3	18.87%
Diluted EPS indicator	6.3	5.2	21.15%
Own equity	975	100	875.00%

Vision

One of 4iG's key objectives is to strengthen its positions in the Hungarian and regional markets to expand its offering of information and communications services.

- The merger of the Company's Albanian operations has started. The appointment of a joint management team to head up the two companies represents a significant milestone to properly support the integration effort.
- A new management has been appointed at the head of the Hungarian telecom subsidiaries to support the implementation of the Company's expansion and the integration of its acquisitions.
- In the third quarter, 4iG Group introduced a new corporate governance structure, which will improve coordination amongst its companies, thus improving the efficiency and competitiveness of its operations.
- DIGI has started to streamline its services by outsourcing some of its services, thus gradually moving towards more efficient operations.

4iG, together with the Hungarian State (Corvinus Zrt. ¹), has entered into a preliminary non-binding agreement with Vodafone Europe BV to acquire Vodafone Hungary Zrt.² With the acquisition, 4iG Plc. will acquire a 51% stake in Hungary's second-largest telecommunications company, while the Hungarian State will acquire a 49% stake. The value of the transaction (Enterprise Value) is HUF 715 billion.

The acquisition of Vodafone Hungary could cause a fundamental restructuring of the Hungarian telecoms market. In addition to being a leader in fixed line, internet, cable, and digital terrestrial broadcasting, 4iG could also become a major player in mobile telecommunications after the closing of the transaction. Through its joint acquisition with the Hungarian State, the Group can accelerate its integration processes in all segments of the industry and, thanks to its state-of-the-art innovative solutions and technologies, play a key role in the digital transformation of the Hungarian economy.

¹ Corvinus Zrt. / in English: Corvinus Plc.

² Vodafone Magyarország Zrt. / in English: Vodafone Hungary Plc.

amounts in Hungarian Forint thousand unless otherwise indicated

Presentation of 4iG Group's 2022 Q2 result

Description	2022 H1	2021 H1	Change +/- in percentage	2022 Q2	2021 Q2	Change +/- in percentage
Revenues	144 176 582	32 389 383	345.14%	75 196 674	16 990 912	342.57%
-from which: Net sales revenues	121 850 723	32 122 231	279.33%	72 905 337	16 854 115	332.57%
Cost of goods sold and intermediated services	41 504 840	21 944 075	89.14%	21 390 368	11 091 984	92.85%
Operating expenses	28 799 436	2 390 684	1104.65%	20 339 648	1 450 986	1301.78%
Staff costs	24 628 671	6 253 053	293.87%	14 008 153	3 656 745	283.08%
Other operating expenses	18 573 283	27 668	67029.11%	3 308 598	21 050	15617.81%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	30 670 352	1 773 903	1628.98%	16 149 907	770 147	1996.99%
Depreciation and amortisation	21 979 702	852 318	2478.81%	13 881 508	558 986	2383.34%
Earnings Before Interest and Tax (EBIT)	8 690 650	921 585	843.01%	2 268 399	211 161	974.25%
Finance income	11 056 658	250 371	4316.11%	5 261 929	162 015	3147.80%
Finance costs	17 011 793	340 978	4889.12%	8 681 206	251 544	3351.17%
Profit before tax (PBT)	2 735 515	830 978	229.19%	-1 150 878	121 632	-1046.20%
Income taxes	1 129 029	338 673	233.37%	-570 755	194 853	-392.92%
Net profit and loss	1 606 486	492 305	226.32%	-580 123	-73 221	692.29%
Other comprehensive income	3 497 690	0	n.d.	4 667 650	0	n.d.
Total comprehensive income	5 104 176	492 305	936.79%	4 087 527	-73 221	-5682.45%

4iG PLC.
CONSOLIDATED FINANCIAL STATEMENTS

**COMPILED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS
30 June 2022**

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Consolidated statement of profit and loss and other comprehensive income

	Notes	<u>First half of 2022</u>	<u>First half of 2021</u>
Net sales revenues	3	121 850 723	32 122 231
Other operating income	3	22 325 859	267 152
Revenues in total		144 176 582	32 389 383
Goods and services sold	4	41 504 840	21 944 075
Operating expenses	5	28 799 436	2 390 684
Staff costs	6	24 628 671	6 253 053
Other operating expenses	7	18 573 283	27 668
Total operating expenses		113 506 230	30 615 480
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		30 670 352	1 773 903
Depreciation and amortisation	8	21 979 702	852 318
Earnings Before Interest and Tax (EBIT)		8 690 650	921 585
Finance income	9	11 056 658	250 371
Finance costs	9	17 011 793	340 978
Profit before tax		2 735 515	830 978
Income taxes	10	1 129 029	338 673
Profit after tax		1 606 486	492 305
Other comprehensive income	11	3 497 690	0
Total comprehensive income		5 104 176	492 305
<i>Of which: profit and loss of discontinued operations</i>		0	0
Earnings per share (HUF)			
Base	12	6.3	5.3
Diluted	12	6.3	5.2
Profit after tax attributable to:			
Owners of the Company		395 977	508 509
Non-controlling interest		1 210 509	-16 204
Total comprehensive income attributable to:			
Owners of the Company		2 508 726	508 509
Non-controlling interest		2 595 450	-16 204

Consolidated statement of financial position

	Notes	30 June 2022	31 December 2021
			Modified
ASSETS			
Non-current assets			
Property, plant and equipment	13	249 641 445	39 900 774
Intangible assets	13	49 381 178	9 790 805
Right-of-use assets	14	76 536 636	17 837 483
Contract assets		1 374 974	397 601
Deferred tax assets	15	0	665 904
Goodwill	16	285 619 321	114 699 604
Other investments	17	113 456 665	235 986
Total non-current assets		776 010 219	183 528 157
Current assets			
Cash and cash equivalents	18	101 921 378	266 530 261
Trade receivables	19	43 491 056	35 926 056
Other receivables, prepayments and accrued income	20	26 044 201	11 014 881
Securities		0	17 150
Inventories	22	14 999 267	2 943 311
Total current assets		186 455 902	316 431 659
Total assets		962 466 121	499 959 817
EQUITY AND LIABILITIES			
Equity			
Share capital	23	5 981 499	2 064 158
Treasury shares	24	-479 970	-245 726
Capital reserves	25	132 895 675	3 868 592
Retained earnings		7 199 029	9 771 226
Foreign currency translation reserve		2 248 891	136 143
Equity attributable to the owners of the Company		147 845 124	15 594 393
Non-controlling interest		143 479 916	1 686 471
Total equity		291 325 040	17 280 864
Non-current liabilities			
Provisions – non-current	26	3 398 894	955 770
Non-current borrowings, loans, bonds	28	470 643 175	407 739 435
Non-current finance lease liabilities	27	72 929 252	14 490 303
Deferred tax liabilities	15	360 788	0
Total non-current liabilities		547 332 109	423 185 508
Current liabilities			
Trade payables		33 787 071	23 251 567
Current borrowings and loans	28	7 764 481	211
Other current liabilities and accruals	29	70 473 915	31 792 209
Provisions – current	26	2 265 346	0
ESOP liabilities	36	0	865 740
Dividend payable to the owners of the Company	30	2 968 217	42
Current finance lease liabilities	27	6 549 942	3 583 676
Total current liabilities		123 808 972	59 493 445
Total equity and liabilities		962 466 121	499 959 817

amounts in Hungarian Forint thousand unless otherwise indicated

Consolidated statement of changes in equity

	Notes	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			-20 000				-20 000		-20 000
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					508 509		508 509		492 305
NCI (non-controlling interest)					-131 500		-131 500		-77 759
Balance on 30 June 2021		1 984 158	-185 726	3 868 592	3 436 816	0	9 103 840	413 622	9 517 461
Balance on 1 January 2022		2 064 158	-245 726	3 868 592	9 771 226	136 143	15 594 393	1 686 471	17 280 864
Issue of share capital	23	3 917 341		129 027 083			132 944 424		132 944 424
Purchase of treasury shares	24		-234 244				-234 244		-234 244
Sale of treasury shares (exchange of shares)	24						0		0
Dividend	30				-2 968 174		-2 968 174		-2 968 174
Profit after tax					395 977		395 977	1 210 509	1 606 486
NCI (non-controlling interest)							0	141 967 878	141 967 878
OCI						2 112 748	2 112 748	-1 384 942	727 806
Balance on 30 June 2022		5 981 499	-479 970	132 895 675	7 199 029	2 248 891	147 845 124	143 479 916	291 325 040

Consolidated statement of cash flows

	Notes	30 June 2022	30 June 2021
Cash flow from operating activities			
Profit after tax		1 606 486	492 305
<i>Adjustments:</i>			
Depreciation and amortisation of the current year	8	21 979 702	852 318
Impairment	7	1 311 228	-2 141
Provisions	26	848 888	3 662 725
Deferred tax	15	-1 932 679	-38 096
Interests	9	12 829 014	143 844
ESOP	36	128 377	0
Other items, that do not result in cash flows		-18 091 534	0
Foreign exchange differences		-6 058 303	0
Profit and loss of associates		7 250	0
<i>Changes in working capital</i>			
Change in trade receivables	19	12 998 462	4 130 753
Change in inventories	22	-4 355 193	1 209 984
Change in trade payables		-12 187 183	-10 679 411
Change in finance lease liabilities (current)	27	-2 098 111	333 368
Change in other receivables and liabilities	20, 29	-326 609	-4 811 640
Net cash flows from operating activities		6 659 795	-4 705 990
Cash flow from investment activities			
Sale/(purchase) of property, plant and equipment	13	-17 906 853	-4 527 132
Purchase of intangible assets	13	-7 142 137	-7 006 931
Securities		17 150	86 130
Non-current receivables		-698 533	-23 785
Acquisition of subsidiaries	16	-257 446 623	-1 200
Net cash flows from investment activities		-283 176 996	-11 472 918
Cash flow from financing activities			
Non-current borrowings	28	-16 869 966	15 642 726
Bank loan withdrawal/(repayment)	28	-15 550 364	2 893 454
Finance lease withdrawal/(repayment)	27	29 918 772	1 001 432
Repurchased and issued treasury shares	24	111 640 991	3 293 204
Interests of loans	9	-3 676 383	-143 844
Gain on sale of treasury shares		0	342 796
Share capital increase/(decrease)	23, 25	2 328 358	0
Net cash flows from financing activities		107 791 408	23 029 768
Foreign exchange differences		4 116 910	
Net change in cash and cash equivalents	18	-164 608 883	6 850 860
Cash and cash equivalents at the beginning of the year	18	266 530 261	7 204 781
Cash and cash equivalents at the end of the year		101 921 378	14 055 641

Notes included on pages 8 to 60 form inseparable parts of the consolidated report.

1. General information

1.1 Introduction of the company

4iG Public Limited Company is a company incorporated in Hungary and performs its operation in accordance with the Hungarian laws and regulations and keeps its books and financial records in line with the International Financial Reporting Standards (IFRS), and, respectively, its shares are traded at Budapest Stock Exchange (BÉT) in “Premium” category.

There is no controlling company over the 4iG Group.

With regard to the core activities of the 4iG Group (hereinafter referred to as: “Company” or “Group”), exhaustive telecommunications services, infrastructure maintenance related to telecommunications, and platform independent, individual software planning and development, and performing full corporate IT solutions planning and realization, IT operation and support, service activities, operation of ERP (Enterprise Resource Planning) systems, full and exhaustive support for bank data service, development and operation of document and case management systems are all available and included.

1.2 General Information on the company

Name of the company:	4iG Nyilvánosan Működő Részvénytársaság ³ (former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. ⁴)
Legal status of the company:	Public Limited Company
Registered office:	1037 Budapest, Montevideo u. 8.
Places of business:	1037 Budapest, Montevideo utca 2/C. 1037 Budapest, Montevideo utca 4. 1037 Budapest, Montevideo utca 6.
Branch businesses:	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 number:	12011069-6201-114-01
Share capital:	HUF 5 981 499 115
Date of foundation:	08 January 1995
Date of transformation:	02 April 2004
Date of being listed on the stock exchange:	22 September 2004

³ 4iG Nyilvánosan Működő Részvénytársaság / in English: 4iG Public Limited Company

⁴ FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. / in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares

amounts in Hungarian Forint thousand unless otherwise indicated

1.3 Information on shares

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	HUF 20
Number of ordinary shares:	299 074 974
ISIN code of the shares:	HU 0000167788 (103 207 921 pcs.)
ISIN code of the shares:	HU 0000194519 (not yet listed on BSE) (195 867 053 pcs.)
Series of the shares:	"A"
Serial number of the shares:	0000001 – 299074974
Number of treasury shares:	1 152 582
Number of treasury shares held by 4iG ESOP Organization:	4 000 000

Other information related to the shares:

- Each share shall hold the same rights and each share shall mean 1 vote.
- The shares are registered in "PREMIUM" share category in Budapest Stock Exchange and represents the issued share capital in full, and there are no other existing issued equity holding at 4iG Plc.
- Purchase of the shares is not restricted, there are not rights of first refusal, but the transfer of the shares shall be exclusively performed after debiting or crediting the securities settlement account. In case of a share transfer, the shareholder can practise his or her shareholder's rights if the name of the new shareholder is registered into the share register.
- The share register of the Company is kept by KELER Zrt.⁵
- Particular management rights are not specified.
- We are not aware of any shareholder's agreement related to management rights.
- Employee share ownership system do not operate at the Company.
- There are no restrictions in relation to voting rights, with that, no voting rights are attached to repurchased own shares. The number of repurchased treasury shares measured 1 152 582 on 30 June 2022.
- Minority rights: Shareholders holding at a minimum of 1 percentage of the votes shall have the right to convene the general meeting of the Company upon indicating the reason and the aim at any time.
- In line with the Articles of Association, the designated officers are elected by simple majority by the General Meeting.
- Operational management of the Company is performed by the Board of Directors.
- The General Meeting makes decision on the share capital increase on the basis of the submission of the Board of Directors. There is no need of the General Meeting decision regarding the performance of the share capital increase, if, in line with the authorization of the Articles of Association, it shall be only exercised within the scope of the board of directors. Upon compilation the herein Business Report, the Board of Directors is not entitled to issue new shares.

⁵ KELER Zrt. / in English: Central Clearing House and Depository Plc.

- Following the public takeover bid, there is no existing agreement coming into force, or amended or terminated as a reason of the change in the ownership structure of the entrepreneur.
- There is no existing agreement concluded by and between the Company and its executive officer, or its employee which, in the event of resignation of the executive officer or employee's termination by notice, or of the legal relationship of the executive officer or that of the employee's is unlawfully expired, or the legal relationship is terminated on the grounds of public takeover bid, lays down indemnification.
- Jászai Gellért Zoltán, the chairperson and the chief executive officer of 4iG Plc., acquired 100% of the business shares owned by KZF Vagyonkezelő Kft.⁶ on 14 June 2019. Upon other and further share transactions performed on the herein day, KZF Vagyonkezelő Kft. and herewith Jászai Gellért Zoltán indirectly acquired 32.01% shareholding in 4iG Plc. He made a binding takeover bid for the rest of the shares until the prescribed deadline of 28 August 2019.
- With regard to the general meeting held on 26 July 2018, the Company made a decision on the split of the shares. By virtue of thereof the nominal value of the shares was changed to HUF 100 per piece. The 4iG Plc. shares were traded at the nominal value of HUF 100 per piece in standard section at Budapest Stock Exchange as at 5 October 2018. The General Meeting of the Company held on 25 April 2019, the Company made a decision on the split of the shares. By virtue of the thereof the nominal value of the shares was changed to HUF 20 per quantity. The shares of 4iG Plc. are traded at the nominal value of HUF 20 per quantity at Budapest Stock Exchange as of 17 June 2019.
- The CEO of Budapest Stock Exchange reclassified 4iG shares into Premium category as of 19 June 2019.
- In connection with the capital increases resolved as of 1 June 2021, a total of 5 207 921 pcs., i.e. five-million-two-hundred-and-seven-thousand-and-nine-hundred-and-twenty-one, of Series "A" ordinary shares with a nominal value of HUF 20 per each, granting 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 resolved as of 24 January 2022, a total of 116 417 910 pcs., that is one-hundred-sixteen-million-four-hundred-and-seventeen-thousand-nine-hundred-and-ten, of ordinary shares of series "A" with a nominal value of HUF 20 per each, with the same rights as the shares already issued, were subscribed by iG COM private equity fund.
- In connection with the capital increases resolved as of 23 February 2022, a total of 50 223 881 pcs., that is fifty-million-two-hundred-and-twenty-three-thousand-eight-hundred-and-eighty-one, of ordinary shares of series "A" with a nominal value of HUF 20 per each, with the same rights as the shares already issued, were subscribed by Rheinmetall AG.
- In connection with the capital increases resolved as of 23 February 2022, a total of 19 761 380 pcs., that is nineteen-million-seven-hundred-and-sixty-one-thousand-three-hundred-and-eighty, of ordinary shares of series "A" with a nominal value of HUF 20 per each, with the same rights as the shares already issued, were subscribed by Bartolomeu Investment Kft.

⁶ KZF Vagyonkezelő Kft. / in English: KZF Asset Management Private Limited Liability Company

- In connection with the capital increases resolved as of 23 February 2022, a total of 9 463 882 pcs., that is nine-million-four-hundred-and-sixty-three-thousand-eight-hundred-and-eighty-two, of ordinary shares of series "A" with a nominal value of HUF 20 per each, with the same rights as the shares already issued, were subscribed by Turkish Çalik Holding Anonim Sirketi.

1.4 Ownership structure

	<u>30 June 2022</u>	<u>31 December 2021</u>
iG COM Magántőkealap ⁷	38.93%	n.d.
KZF Vagyonkezelő Kft.	10.68%	52.34%
Manhattan Invest Ltd.	1.03%	3.00%
MANHATTAN Magántőkealap ⁸	0.58%	1.52%
Rheinmetall AG	25.12%	n.d.
Bartolomeu Investments Ltd.	7.41%	5.05%
Çalik Holding Anonim Sirketi	3.16%	n.d.
4iG own share shareholding	0.39%	0.83%
Held by 4iG ESOP Organization	1.34%	3.88%
Free float	11.36%	33.38%
Total	100.00%	100.00%

1.5 Company management

Board of Directors: Jászai Gellért Zoltán, Chairperson of the Board of Directors
Tóth Béla Zsolt, member of the board of directors
Linczényi Aladin Ádám, member of the board of directors
Blénessy László, member of the board of directors
Fekete Péter Krisztián, member of the board of directors
Pedro Vargas Santos David, member of the board of directors

Supervisory Board: Dr. Fellegi Tamás László, chairperson of the Supervisory Board
Jobbágy Dénes, member
Tóthné dr. Rózsa Ildikó, member
Helmut Paul Merch, member

⁷ iG COM Magántőkealap / in English: iG COM Private Equity Fund

⁸ MANHATTAN Magántőkealap / in English: MANHATTAN Private Equity Fund

Audit Committee: Dr. Fellegi Tamás László, chairperson of the Supervisory Board
Jobbágy Dénes, member
Tóthné dr. Rózsa Ildikó, member

1.6 Remuneration of the officers

With regard to the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee of the Company in the current period is as follows. Pursuant to the General Meeting Resolution No. 15/2022. (IV.29.), the General Meeting made the decision that the members of the Board of Directors are entitled to receive honoraria of HUF 600 000 per month per person, while the chairperson of the Board of Directors is eligible for HUF 750 000 per month. In line with the general meeting resolution No. 14/2022 (IV.29.), the General Meeting made the decision that the members of the Supervisory Board are entitled to receive honoraria of HUF 450 000 per month per person, while the chairperson of the Supervisory Board is eligible for HUF 600 000 per month. The members of the Audit Committee are not entitled to receive any remuneration for their work performed in thereof committee.

1.7 4iG shareholding of the executive officers on 30 June 2022

Senior Officers		Number of shares on 30 June 2022			Capital shareholding rate (%)
Name	Position	Direct capital ownership	Indirect capital ownership	Direct and indirect	Direct and indirect
Jászai Gellért Zoltán	president and Chief Executive Officer	0	153 191 954	153 191 954	51.22%
Tóth Béla Zsolt	Member of the Board of Directors	1 052 200	0	1 052 200	0.35%
Blénessy László	Member of the Board of Directors	590 765	0	590 765	0.20%
Pedro Vargas Santos David	Member of the Board of Directors	0	22 147 462	22 147 462	7.41%

1.8 Persons entitled to sign the Report

Pursuant to the resolution of the extraordinary general meeting held on 21 January 2013 by the Company, regarding signing of the report, the chairperson of the Board of Directors is entitled to sign individually or any two members of the Board of Directors shall jointly practice thereof right of signing.

1.9 Appointment and removal of the officers

With regard to the executive officers of the Company, the General Meeting is entitled to appoint and remove thereof.

1.10 Authority of the officers

The executive officers of the Company are not authorized to issue or purchase shares. If so requested, the General Meeting is entitled to authorize the Board of Directors to issue or repurchase own shares on a case-by-case basis.

1.11 Amendment of the Articles of Association

It is the exclusive right of the General Meeting to amend the Articles of Association of the Company.

1.12 Basis for balance sheet preparation

i) Approval and representation

The Board of Directors adopted the consolidated financial statements on 31 August 2022. The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and with the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations defined and drafted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless provided otherwise, the data in the consolidated financial statements are given in HUF currency, rounded to thousand in Hungarian Forints.

The report is not audited by a certified auditor.

ii) The basis of reporting (Compliance Statement)

The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and with the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations defined and drafted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless otherwise provided in the accounting policies, the financial report is to be compiled in line with the historical value principle, with that, in those cases where the application of different evaluation principles is required by IFRS are respectively applied. The financial year is interpreted with the same calendar year.

iii) The basis of evaluation

In relation to the consolidated financial statements, the evaluation is based on the original historical values, with that the fair value evaluated assets and liabilities are accounted as financial instruments against the Fair Value Through Profit and Loss (FVTPL) or Fair Value Through the statement of Other Comprehensive Income (FVTOCI).

The preparation of IFRS-compliant financial statements requires the company's management to apply professional judgment, estimations, and assumptions that influence the employed accounting policy, as well as the values of assets, liabilities, revenues, and expenditures listed in the report. The estimations and the related assumptions are based on past experiences and numerous other factors that are considered to be reasonable under the given circumstances, and the result of which serves as a basis to the evaluation of the book value of assets and liabilities, the value of which cannot be determined from other sources unambiguously. Actual results may differ from the herein assumptions.

The estimations and the base assumptions are revised on a regular basis. The modifications of accounting estimations are displayed in the period of the modification of the estimation if it affects the given year only, while, if a modification affects the current and the upcoming years as well, it is displayed both in the period of the modification and the future periods.

2. Accounting policies and other explanatory information

The accounting policies of the Group have not been changed with respect to the material elements compared to those presented in the consolidated financial statements as at 31 December 2021. The accounting policies are applied consistently to the periods covered by the present consolidated financial statements. The condensed consolidated financial statements for the six months ending 30 June 2022 have been prepared in accordance with the requirements of the applicable IAS 34 Interim Financial Reporting standard.

2.1 Modification of previous year financial data

On 12 May 2021, 4iG Group closed its acquisition successfully and acquired 100% of the shares of Portuguese Telecommunication Investments Kft. As a result of the transaction, 4iG Nyrt. has indirectly acquired a 75% stake in Hungaro DigiTel Kft.

The fair valuation of the assets and liabilities of the investment acquired in a business combination has been completed. The change in estimates has also resulted in adjustments to property, plant and equipment, intangible assets, deferred tax and goodwill.

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

	31 December 2021	31 December 2021	31 December 2021
	Modified	Modification	Published
Property, plant and equipment	39 900 774	287 421	39 613 353
Intangible assets	9 790 805	1 429	9 789 376
Deferred tax assets	665 904	-25 996	691 900
Goodwill	114 699 604	-239 435	114 939 039
Retained earnings	9 771 226	-21 793	9 793 019
Non-controlling interest	1 686 471	45 212	1 641 259

2.2 Subsidiaries included in the consolidation

Name of the subsidiary	Registered office	Capital shareholding		Notes
		2022	2021	
4iG Montenegro d.o.o.	Seika Zaida 2, Podgorica, Montenegro	100%	100%	Incorporated: 11 October 2021
4iG Albania Private Limited Liability Company	1037 Budapest, Montevideo u. 8.	100%	n.d.	Incorporated: 23 February 2022
ACE Network Plc.	1124 Budapest, Lejtő út 17/A. III. em.	70%	n.d.	Acquired: 13 April 2021
Albania Telecom Invest AD	2016 Premium Print Ruga Papa Gjon Pali i II.	100%	n.d.	Acquired: 21 March 2022
ALBtelecom sh.a.	Rruga Muhedin Llagami, kompleksi Square 21 1000, TIRANE Albania	80.27%	n.d.	Acquired: 04 March 2022
“ANTENNA HUNGÁRIA” Plc.	1119 Budapest, Petzval József u. 31-33.	76.78%	n.d.	Contribution: 22 March 2022
Antenna Hungária Innovation Private Limited Liability Company	1119 Budapest, Petzval József u. 31-33.	100%	n.d.	via “ANTENNA HUNGÁRIA Plc.
CarpathiaSat Ltd.	1037 Budapest, Montevideo u. 8.	51%	51%	Incorporated: 17 August 2020
DIGI Távközlési és Szolgáltató Kft. ⁹	1134 Budapest, Váci út 35.	100%	n.d.	Acquired: 03 January 2022
DIGI Infrastruktúra Kft. ¹⁰	1134 Budapest, Váci út 35.	100%	n.d.	Acquired: 03 January 2022
„Digitális Átállásért” Nonprofit Kft.	1119 Budapest, Petzval József utca 31-33.	100%	n.d.	through “ANTENNA HUNGÁRIA Plc..
DTSM Ltd.	1037 Budapest, Montevideo u. 8.	100%	100%	Acquired: 07 December 2020
Humansoft Szerviz Ltd.	1037 Budapest, Montevideo u. 8.	100%	100%	Incorporated: 17 April 2019

⁹ DIGI Távközlési és Szolgáltató Kft. / in English: DIGI Telecommunications and Service Ltd.

¹⁰ DIGI Infrastruktúra Kft. / in English: DIGI Infrastructure Private Limited Liability Company

Name of the subsidiary	Registered office	Capital shareholding		Notes
		2022	2021	
Hungaro DigiTel Ltd.	2310 Szigetszentmiklós / Lakihegy, Komp u. 2.	75%	75%	through Portuguese Telecommunication Investments Kft.
INNObyte Plc.	1115 Budapest, Bartók Béla út 105-113. 6. em.	70%	70%	Acquired: 14 October 2020
INNOWARE Ltd.	1113 Budapest, Karolina út 65.	70%	70%	through INNObyte Zrt Private Limited Company
Invitech ICT Services Ltd.	2040 Budaörs, Edison utca 4.	100%	100%	Acquired: 30 September 2021
InviTechnocom Ltd.	2040 Budaörs, Edison utca 4.	100%	100%	through Invitech ICT Services
INVITEL Plc.	1134 Budapest, Váci út 37.	99.99%	n.d.	through DIGI Távközlési és Szolgáltató Kft.
INVI-16 Távközlési Kft. ¹¹	1134 Budapest, Váci út 35.	100%	n.d.	through INVITEL Zrt.
i-TV Zrt.	1152 Budapest, Szentmihályi út 167-169. West building 4th floor 4-6.	100%	n.d.	through INVITEL Zrt.
ONE Crna Gora d.o.o.	Square of the Republic, Podgorica 81000, Montenegro	100%	100%	Acquired: through 4iG Montenegro d.o.o. on 21 December 2021
ONE Telecommunications sh.a.	„Vangjel Noti” Lapraka, Tirane, Albania	100%	n.d.	through Albania Telecom Invest AD
Poli Computer PC Ltd.	1037 Budapest, Montevideo u. 8.	100%	100%	Acquired: 01 June 2021
Portuguese Telecommunication Investments Ltd.	1085 Budapest, Kálvin tér 12.	100%	n.d.	Contributed by capital increase: 12 May 2021
Veritas Consulting Ltd.	1037 Budapest, Montevideo u. 8.	100%	100%	Acquired: 10 September 2019

2.3 Changes in the accounting policy

The Group's financial report is compiled in accordance with the standards and interpretations valid and effective as of 1 January 2022.

International Accounting Standards Board – IASB, and the IFRS Interpretations Committee issued the following modified standards, which are effective as at 1 January 2022:

Amendment to IFRS 3 Business Combinations Standard

Amendment to IAS 16 Property, Plant and Equipment

Amendment to IAS 37 Provisions, contingent liabilities and contingent assets

The published but not effective IFRS standards and amendments are as follows:

¹¹ INVI-16 Távközlési Kft. / in English: INVI-16 Telecommunications Private Limited Liability Company

IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts (effective from 1 January 2023 or for the business year starting thereof, herein amendment has already been approved by the EU)

Amendment to IAS 1 Presentation of Financial Statements: Classification of liabilities as current of non-current (effective from 1 January 2023 or for the business year starting thereof, it has not already been approved by the EU)

Amendment to IAS 1 Presentation of Financial Statements standard and IFRS Practice Statement 2: Publication of the accounting policies (effective from 1 January 2023 or for the business year starting thereof, herein amendment has already been approved by the EU)

Amendment to the IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of the accounting estimates (effective from 1 January 2023 or for the business year starting thereof, herein amendment has already been approved by the EU)

Amendment to IAS 12 Income Taxes standard: Deferred tax related to the assets and liabilities arisen from the same transaction (effective from 1 January 2023 or for the business year starting thereof, herein amendment has not been approved by the EU)

Amendment to IFRS 17 Insurance Contracts standard: Initial Application of IFRS 17 and IFRS 9—Comparative Information (effective from 1 January 2023 or for the business year starting thereof, herein amendment has not been approved by the EU)

The Group has assessed the impact on its financial statements of both IFRS standards that are already effective and IFRS standards that have been issued but are not yet effective and concluded that they do not have a material impact on the Group's consolidated results, financial position and disclosure requirements.

3. Net sales revenues and other operating income

	<u>First half of 2022</u>	<u>First half of 2021</u>
Net sales revenues	121 850 723	32 122 231
Other operating income	22 325 859	267 152
Total	<u>144 176 582</u>	<u>32 389 383</u>

Following the dynamic increase of the previous years, the turnover of the Group, primarily due to the acquisitions, has significantly increased. The combination of the carry-over effect on turnover of the companies acquired in 2021 and the turnover of the companies acquired in 2022 exceeded 70% of the Group's turnover. The increase in revenue also has an impact on the increase in other elements of costs and expenses.

The Montenegrin companies acquired in the previous year and the Albanian companies acquired in the period under review accounted for HUF 23 billion of the turnover in the first half of 2022.

With regard to the IT sales revenue of the Group, one-year cyclicity shall be experienced. Due to the nature of the activity, sales revenues of quarters I and III are lower and thereof are more significant in quarter II but 40% of the annual turnover is realized in the fourth quarter. This cyclicity is significantly dampened by the steady, near-constant revenues of telecoms firms.

The composition of the other operating income line item was as follows:

	<u>First half of 2022</u>	<u>First half of 2021</u>
State subsidies and refunds	134 354	87 168
Provision release	604	0
Penalties, liquidated damages, compensations	126 800	393
Income from intangible assets and tangible assets sold	53 284	8 286
Impairment reversal	666 190	2 654
Own performance capitalized	2 734 041	143 800
Employee refunds	29 624	16 239
Other subsidies	13 975	4 361
Other operating income from acquisitions and group restructuring	18 091 534	0
Other	475 453	4 251
Total	<u>22 325 859</u>	<u>267 152</u>

In 2022, the turnover in the amount of HUF 2 108 077 thousand was invoiced or accrued between the member companies of the Group, which was filtered upon consolidation.

By virtue of acquisitions and group restructuring performed in the current year, the Group accounted other operating income in the amount of HUF 18 091 534 thousand in relation with contributions-in-kind, more information regarding this can be found in the Goodwill note.

4. Goods and services sold

	<u>First half of 2022</u>	<u>First half of 2021</u>
Cost of goods sold	11 880 689	12 157 445
Cost of services sold	29 624 151	9 786 630
Total	<u>41 504 840</u>	<u>21 944 075</u>

The size of thereof cost of goods sold is justified by the nature of the Group's activities and by the fact of the need for external resources regarding the outstanding growth of the turnover of the Group.

5. Operating expenses

	<u>First half of 2022</u>	<u>First half of 2021</u>
Material costs	6 558 710	134 151
Value of contracted services	20 753 335	2 175 357
Value of other service activities	1 487 391	81 176
Total	28 799 436	2 390 684

By the expansion of the activities and the Group, the operating expenses are significantly increasing.

6. Staff costs

	<u>First half of 2022</u>	<u>First half of 2021</u>
Wages and salaries	20 074 720	4 910 218
Other staff benefits	1 728 705	488 261
Contributions on wages and salaries	2 825 246	854 574
Total	24 628 671	6 253 053
Average statistical number	6 118	991

The expansion of the Group brought with it a surge in staff numbers, and in addition, the need to recruit highly skilled staff, the effect of which is also felt in the significant increase in staff-related costs.

7. Other operating expenses

	<u>First half of 2022</u>	<u>First half of 2021</u>
Grants for foundations	15 718	4 846
Penalties, liquidated damages, compensations, refunds	13 281 903	394
Book value of intangible assets and tangible assets sold	74 929	7 964
Scrapping of tangible and intangible assets	462 082	0
Taxes, duties, contributions	2 162 504	13 182
Provision for inventories	138 630	513
Provision for receivables	1 845 532	9
Losses related to damages	29 410	31
Assets given without compensation	1 091	0
Provisioning	554 686	0
Other	6 798	729
Total	18 573 283	27 668

Every year, 4IG Plc. reviews the marketability of its inventories and, based on the market knowledge of traders, recognizes an impairment loss for inventories that are difficult to move, and discards dead stocks.

Group has presented on the Penalties, liquidated damages, compensations, refunds line other technical outgoing payments in connection with the acquisitions carried out in accordance with IFRS 3 Business combinations standards.

Assets analysis of impairment for the first half of 2022:

Description	<u>Opening</u>	<u>Acquisition</u>	<u>Increase</u>	<u>Reversal</u>	<u>Utilization</u>	<u>Closing</u>
Trade receivables	6 596 505	22 184 787	1 882 129	-313 881	-603	30 348 937
Other receivables	23 668	963 365	108 777	-141	0	1 095 669
Loan provided for the project company	18 951	0	0	0	0	18 951
Inventories / Stocks	<u>179 982</u>	<u>2 602 215</u>	<u>120 214</u>	<u>-352 168</u>	<u>-6 141</u>	<u>2 544 102</u>
Total	<u>6 819 106</u>	<u>25 750 367</u>	<u>2 111 120</u>	<u>-666 190</u>	<u>-6 744</u>	<u>34 007 659</u>

8. Depreciation and amortisation

	<u>First half of 2022</u>	<u>First half of 2021</u>
Depreciation and amortisation	21 979 702	852 318
Total	<u>21 979 702</u>	<u>852 318</u>

The significant increase realized in the amount of the depreciation and the amortisation is justified by the acquisitions in the current year and in the second half of the previous year. The Group includes the depreciation accounted in relation to the lease rights transactions in the row of amortisation and depreciation of the report.

9. Finance income and finance costs

	<u>First half of 2022</u>	<u>First half of 2021</u>
Finance income		
Interests received	2 135 854	9 181
Foreign exchange gain	8 920 804	241 190
Total	<u>11 056 658</u>	<u>250 371</u>

The sharp rise in interest income is due to interest on long-term deposits, and the huge amount of the exchange rate gain is due to the favourable exchange rate movement of the Hungarian Forint.

	<u>First half of 2022</u>	<u>First half of 2021</u>
Finance costs		
Interests paid and accrued	14 561 504	153 025
Foreign exchange loss	2 246 805	187 486
Other	20 484	467
Total	<u>17 011 793</u>	<u>340 978</u>

Due to the interests of the bonds issued, as well as the interest costs recognised in connection with the leases that occurred as a result of the acquisitions, the interests paid and accrued has increased, and the loss on exchange is a result of exchange rate change.

10. Income taxes

Income tax expenses as of 30 June 2022 and 30 June 2021 were as follows:

	<u>First half of 2022</u>	<u>First half of 2021</u>
Corporate income tax	2 049 291	153 992
Deferred tax	-1 932 679	-31 095
Business tax	878 052	189 039
Innovation contribution	134 365	26 737
Total	<u>1 129 029</u>	<u>338 673</u>

The income tax payable by the Group is determined on the basis of the individual pre-tax results of the companies included in the scope of consolidation, as reported under local rules. The corporate tax rate applied is 9% in accordance with Hungarian legislation, and 15% for One Crna Gora d.o.o. operating in Montenegro and the subsidiaries acquired during the year in Albania, i.e. One Telecommunications sh.a. and ALBTelecom sh.a.

Details of the closing balances of deferred tax assets and liabilities and changes in the net position are presented in Note 15.

11. Other comprehensive income

Translation differences arising on the translation of foreign operations and exchange differences arising on the revaluation of parent company loans denominated in foreign currencies are recognised in other comprehensive income and accumulated as a separate component of equity.

Cumulative translation differences are relevant for foreign operations whose functional currency is different from the Group's reporting currency. On disposal of a foreign operation, the amount of the cumulative exchange difference is derecognised and recognised as income or expense in the period in which the gain or loss on disposal is recognised.

12. Earnings per share

When calculating the basic profit per share, the after-tax profit distributable among the shareholders and the average periodical number of ordinary shares issued shall be taken into consideration without own shares.

	First half of 2022	First half of 2021
Profit after tax	1 606 486	492 305
Weighted average number of the equity shares issued	256 507 225	94 863 191
Weighted average of shares carrying voting rights	255 619 613	93 543 462
Diluted EPS indicator – in HUF	6.3	5.2
Earnings per share (base) EPS in HUF	6.3	5.3

There has not been any fact at 4iG Plc. indicating diluted EPS on 30 June 2022.

13. Property, plant and equipment and intangible assets

For the first half of the year ending as at 30 June 2022, the Group's property, plant and equipment and intangible assets increased significantly, primarily due to the consolidation of the assets of the acquired companies. The impact of acquisitions in the current period is HUF 207 939 455 thousand for tangible assets and HUF 39 611 556 thousand for intangible assets.

According to Note 2.1.1, the accounting of the valuation related to the investment purchased in the previous year was completed in the second quarter of 2022, with a total impact on tangible and intangible assets of HUF 288 850 thousand for the previous year's figures.

14. Right-of-use assets

	Land and buildings	Machinery, vehicles, telecommunications assets	Total
Gross value	65 159 670	39 241 773	104 401 443
Accumulated depreciation	-14 648 877	-13 215 929	-27 864 807
Net value	50 510 793	26 025 843	76 536 636

Costs and expenditures related to lease transactions:

	<u>First half of 2022</u>
Interest expenses	1 872 667
Expenditures related to short-term lease transactions	195 745
Expenditures related to small-value assets lease transactions	24 807
Variable lease transactions	<u>0</u>
Total profit and loss	<u>2 093 219</u>

15. Deferred tax assets and liabilities

Upon calculating the deferred tax, the Group compares values taken account for the respect of taxation purposes with book values by assets and liabilities. Provided that the nature of the difference is temporary, namely the difference is to be settled within a reasonable time, it is accounted for deferred tax liabilities or assets depending on its signs. Upon recognizing the asset, the Group calculates the return thereof separately.

The deferred tax balance in the consolidated statement of financial position at 30 June 2021 and 31 December 2021 consists of the following items:

	<u>31 December 2021</u>	<u>Increase</u>	<u>Utilization</u>	<u>Acquisition</u>	<u>Exchange rate difference</u>	<u>30 June 2022</u>
Impairment of receivables	7 321	50	-50	101	0	7 422
Property, plant and equipment	-100 770	2 067 535	-107 199	-3 032 448	53 627	-1 119 255
Provisions	116 447	128 057	-102 767	17 032	2 317	161 086
Unused tax losses	642 907		-52 947		0	589 961
Deferred tax in total	<u>665 904</u>	<u>2 195 642</u>	<u>-262 963</u>	<u>-3 015 315</u>	<u>55 944</u>	<u>-360 788</u>

	<u>31 December 2020</u>	<u>Increase</u>	<u>Utilization</u>	<u>Acquisition</u>	<u>Exchange rate difference</u>	<u>31 December 2021</u>
Impairment of trade receivables	1 865	5 327	0	129	0	7 321
Property, plant and equipment	-20 072	5 746	0	-86 444	0	-100 770
Provisions	36 910	46 015	-12 509	46 031	0	116 447
Unused tax losses	17 975	37 875	-233 136	820 193	0	642 907
Deferred tax in total	<u>36 678</u>	<u>94 963</u>	<u>-245 645</u>	<u>779 908</u>	<u>0</u>	<u>665 904</u>

As described in Note 2.1.1, the accounting of the subsidiary acquired in the business combination has been finalised, as a result of which the balance of the deferred tax asset as of 31 December 2021 has been amended as follows:

	31 December 2021	31 December 2021	31 December 2021
	Modified	Modification	Published
Impairment of trade receivables	7 321	0	7 321
Property, plant and equipment	-100 770	-25 996	-74 774
Provisions	116 447	0	116 447
Unused tax losses	642 907	0	642 907
Deferred tax assets in total	665 905	-25 996	691 901

16. Goodwill

In the current period 4iG Plc. has extended the number of its subsidiaries by further acquisitions.

On 3 January 2022, the acquisition of DIGI Távközlési Szolgáltató Kft. and the subsidiary companies of this target company (also including Invitel Plc.) was completed. The future goal of 4iG Nyrt. is to increase DIGI's subscriber base among private and business subscribers and to further expand the acquired group's network and services in Hungary. The value of the transaction is EUR 625 million and is one of the largest domestic acquisitions in recent years.

Subsequently, as announced last August, the Company acquired a majority shareholding in Antenna Hungária Zrt.¹² on 22 March 2022 (hereinafter referred to as: AH). An agreement on the completion of the transaction was signed in February between the Minister without Portfolio for National Assets Management, who holds the ownership rights of the state-owned telecoms company, and the Group. The resulting national telecommunications group, by uniting the telecommunications stakeholders of AH and 4iG, will be the second largest player in the Hungarian telecommunications and media services market, with a dominant infrastructure and service portfolio in the business (B2B) and private (B2C) service segments in the Central and Eastern European region.

The current capital increase is valued at HUF 402 billion, but the contribution and share subscription agreement provides 4iG with an additional opportunity to increase its current 76.78 percent shareholding in AH to a maximum of 80 percent by further contributing companies in line with its telecoms holding profile.

¹² Antenna Hungária Zrt. / in English: Antenna Hungária Plc.

In the first quarter of 2022, the Group became the largest player in the Albanian telecommunications market. It first acquired 80.27 per cent of the shares of ALBtelecom sh.a. after approval by the Albanian authorities (on 4 March 2022), and then acquired 99.899 per cent of the indirect shares of One Telecommunications sh.a. after approval by the authorities (on 21 March 2022 through the acquisition of Albania Telecom Invest AD, a company registered in Bulgaria).

In the course of the current year's acquisitions, in addition to the assets, management functions and related processes were acquired. We identified the acquisitions per business combination.

The goodwill at the Company was accounted for the following subsidiaries as follows:

Name of the subsidiary	30 June 2022	31 December 2021	31 December 2021
		Modified	Published
former FreeSoft Ltd.	411 243	411 243	411 243
DTSM Ltd.	76 366	76 366	76 366
INNObyte Plc.	593 267	593 267	593 267
Poli Computer PC Ltd.	1 801 506	1 801 506	1 801 506
Portuguese Telecommunication Investments Ltd.	2 190 281	2 190 281	2 429 716
One Crna Gora d.o.o.	31 283 067	31 283 067	31 283 067
Invitech ICT Services Ltd.	76 608 894	76 608 894	76 608 894
ACE Network Plc.	1 482 727	1 482 727	1 482 727
DIGI Ltd.	149 141 757	n.d.	n.d.
Albania Telecom Invest AD	21 777 960	n.d.	n.d.
TR Consulting Ltd.	252 253	252 253	252 253
Goodwill in total	285 619 321	114 699 604	114 939 039

As a result of the change in the estimates explained in Note 2.1.1, the closing value of goodwill related to Portuguese Telecommunication Investments Kft. as at 31 December 2021 decreased by HUF 239 435 thousand.

Main data of the subsidiaries acquired in the current year:

Description	DIGI Ltd.	“ANTENNA HUNGÁRIA” Plc.	ALBtelecom Sh.a.	Albania Telecom Invest AD / ONE Telecommunications sh.a.
	2022	2022	2022	2022
Year of acquisition	2022	2022	2022	2022
Acquisition method	Acquisition	Acquisition by contributions-in-kind	Acquisition	Acquisition
Equity	100%	100%	100%	100%
Net cash outflow, and investment book value prior to contributions-in-kind (in case of “ANTENNA HUNGÁRIA” Plc.)	144 657 587	104 403 878	0	35 459 770
Fair value of net assets				
Of which:				
Non-current assets	95 564 829	159 981 799	75 792 007	42 120 630
Cash and cash equivalents	967 378	38 793 791	504 228	673 717
Inventories	4 841 243	1 060 968	1 013 862	438 770
Receivables, prepayments and accrued income	24 763 706	14 603 786	3 871 694	5 495 252
Provisions	0	1 398 938	445 701	0
Non-current and current liabilities	114 290 783	62 561 353	62 746 455	3 074 417
Accrued expenses	16 330 543	9 973 943	725 785	31 770 622
Badwill	0	3 476 713	13 857 695	0
Goodwill	149 141 757	0	0	21 590 463
Non-controlling interest	0	32 625 519	3 406 156	14 022
Net sales revenues since acquisition	35 027 744	12 762 185	6 708 096	6 971 160
Total comprehensive income since acquisition	-4 469 323	3 467 361	2 518 091	1 523 445

The purchase price is included in the row of investments in the individual financial statement.

The results of the subsidiaries acquired during the period under review, if the acquisition date of the business combination had been the beginning of the annual reporting period, would have been as follows:

DIGI Ltd. and its subsidiaries:

Net sales revenues:	HUF 35 027 744 thousand
Total comprehensive income:	HUF -4 469 323 thousand

“ANTENNA HUNGÁRIA” Plc. and its subsidiaries:

Net sales revenues:	HUF 25 524 370 thousand
Total comprehensive income:	HUF 6 934 722 thousand

ALBtelecom Sh.a.:

Net sales revenues:	HUF 10 062 144 thousand
Total comprehensive income:	HUF 3 777 137 thousand

Albania Telecom Invest AD / ONE Telecommunications sh.a.:

Net sales revenues:	HUF 13 942 320 thousand
Total comprehensive income:	HUF 3 046 890 thousand

Goodwill is the positive difference between the purchase value modified by the net asset value per the non-controlling interests and the fair value of the identified net assets of an acquired subsidiary upon the day of acquisition. The goodwill is unamortised, but the Company shall investigate every year whether there are the signs referring not to have the book value recovered. The goodwill is included at the historical value less by the possible impairment.

In the event that the purchase value of the identifiable net assets of the acquired subsidiary (consideration paid and payable, potential previous investment in minority interest) and the non-controlling interest at the acquisition date as a proportion of the net asset value, and the difference between the net asset value presented at fair value is a negative amount, the Company recognises badwill and presents it in Other operating income in the consolidated statement of comprehensive income.

The Group tests for signs of impairment of goodwill annually. To assess this, it prepares an annual calculation of the goodwill of the cash-generating units.

On the basis of 2021 measurement, the DCF-based rate of return of IT trade and service as cash-generating unit is as follows:

Goodwill value of IT segment 31 December 2021	Market value in line with evaluation
<u><u>4 617 362</u></u>	<u><u>50 422 793</u></u>

On the basis of 2021 measurement, the DCF-based rate of return of telecommunications segment as cash-generating unit is as follows:

Goodwill value of telecommunications segment 31 December 2021	Market value in line with evaluation
<u><u>110 321 677</u></u>	<u><u>180 330 046</u></u>

Based on the above calculation, no circumstance inducing impairment has been identified in the previous period, no impairment is required. In the period under review, there were no circumstances that would have required the recognition of an impairment loss.

17. Other investments

The significant increase in the balance sheet line "Other investments" is mainly related to the acquisition of "ANTENNA HUNGARIA" Zrt.: the investments of the subsidiary in its associates amounting to HUF 112 634 971 thousand were presented in this balance sheet line.

18. Cash and cash equivalents

	<u>30 June 2022</u>	<u>31 December 2021</u>
Petty cash	35 988	8 704
Bank	70 753 448	14 735 2361
Government bonds	31 131 942	119 169 196
Total	<u><u>101 921 378</u></u>	<u><u>266 530 261</u></u>

On 30 June 2022, the amount of HUF 7 302 529 thousand in EUR, while the amount of HUF 634 752 thousand in USD, and HUF 1 271 404 thousand in Albanian lek were available for the Group as cash and cash equivalents.

19. Trade receivables

	<u>30 June 2022</u>	<u>31 December 2021</u>
Trade receivables	73 839 993	35 937 192
Impairment for trade receivables	-30 348 937	-11 136
Total	<u><u>43 491 056</u></u>	<u><u>35 926 056</u></u>

The Group has assessed the need for a credit-related loss to be recognized in connection with receivables in accordance with the requirements of IFRS 9. When calculating the credit-related loss, the Group uses the simplified model for trade receivables and contract assets (the life-cycle method), for other assets - as our survey shows that credit risk has not increased significantly since initial recognition - the Group has calculated a 12-month expected credit-related loss.

Expected credit-related losses were assessed on a combined basis for each asset group as follows:

- trade receivables
- other receivables: accrued and deferred assets (contractual instruments), loans granted

Factors taken into account when measuring credit-related losses are as follows:

- whether the credit risk of financial instruments has increased significantly since initial recognition:
 - specific loans, contractual instruments: we consider these financial instruments to be of low credit risk, as these instruments are typically not past due on the reporting day, the risk of default is negligible
 - trade receivables: 3% of overdue receivables older than 30 days, no significant trade receivables depreciation has been made in previous years, there are no significant delays, therefore we consider the thereof receivables to be low risk
- Impaired financial assets: the financial assets shown in the financial statements are typically not classified as impaired, as we expect a full return, the risk of default is negligible.
- forward-looking information (especially the effects of the Covid situation) was also taken into account when estimating credit-related loss. The Company has no significant receivables in the segments affected by Covid.
- in connection with trade receivables, the Company, in accordance with the requirements of IFRS9, recorded a credit-related loss.

20. Other receivables, prepayments and accrued income

	30 June 2022	31 December 2021
	<u> </u>	<u> </u>
Other receivables	7 361 702	4 258 716
Prepayments and accrued income	18 682 499	6 756 165
Total	<u>26 044 201</u>	<u>11 014 881</u>

The value of other receivables includes the following items:

	30 June 2022	31 December 2021
Advance payments	4 178 258	2 080 709
Liquid assets lent for short-term	934 843	23 109
Rental deposit	1 226 204	369 737
Guarantees provided	237 062	164 857
Government receivables	28 387	109 437
Other short-term receivables	756 948	1 510 867
Total	7 361 702	4 258 716

The item of liquid assets lent for short-term consists of the loans provided for the employees at the Group.

Composition of prepayments and accrued income:

	30 June 2022	31 December 2021
Accrued income	12 379 862	5 007 860
Prepayments	6 302 637	1 183 360
Total	18 682 499	6 191 220

Prepayments include costs and expenditures invoiced prior to the balance sheet day but accounted for the second half of 2022. In line with IFRS 15 standard, the receivables under prepayments and accrued income include those items of the income which were actually performed in the first half of 2022, but only invoiced and documented in the second half of 2022. Provided that the Company transfers control over the service on an ongoing basis, upon the conditions specified in the standard being met, it also continuously recognizes those arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service.

21. Current income tax receivables / (liabilities)

	30 June 2022	31 December 2021
Corporate income and dividend tax	-535 375	-178 677
Local business tax	23 138	-124 561
Innovation contribution	-31 813	-43 359
Total	-544 050	-346 597

The amount of income tax receivables with a negative sign is reclassified to liabilities in the balance sheet.

22. Inventories

	30 June 2022	31 December 2021
Work in progress	0	628 081
Goods	14 369 031	2 188 930
Materials	3 172 704	181 898
Refundable packaging	1 634	356
Impairment of inventories	-2 544 102	-55 954
Total	14 999 267	2 943 311

The level of inventories increased in connection with the expansion of the activity, no further impairment was required, the acquired inventories are used for the activity. Every year, the Group reviews the marketability of its inventories and based on the market knowledge of traders, recognizes impairment for inventories that are difficult to move, and discards idle stocks. The carrying amount of inventories is therefore the lower of sales value less costs to sell or historical value.

23. Share capital

The share capital of the Company increased four times in 2022.

In accordance with Board of Directors Resolution 6/2022(I.24), the iG COM Private Equity Fund subscribed for 116 417 910 pcs. of issued shares with a nominal value of HUF 20 per each. The 50 223 881 pcs. of shares issued pursuant to Board of Directors resolution 2/2022(II.23.) were subscribed by Rheinmetall AG. Çalik Holding Anonim Sirketi has subscribed for 9 463 882 pcs. of shares issued pursuant to Board of Directors Resolution III.04. The 19 761 380 pcs. of shares pursuant to Board of Directors Resolution 3/2022(IV.1.) were transferred to Bartolomeu Investment Ltd. As a result of the hereinabove, the share capital of 4iG Nyrt. consists of 299 074 974 pcs. of ordinary registered shares of HUF 20 per each, with a nominal value of HUF 5 981 499 480. Each share means 1 vote. Preference share or any other share granting special rights are not available. There is no voting rights attached to repurchased treasury shares.

The shares are traded in Standard Section at Budapest Stock Exchange, and the ISIN-number of the thereof shares is: HU0000167788

The newly issued shares in the amount of 195 867 053 pcs. have not been listed on BSE yet, thereof ISIN-code is: HU0000194519.

4iG shares are traded in Premium category at Budapest Stock Exchange as of the date of 19 June 2019.

	30 June 2022	31 December 2021
Opening value	2 064 158	1 880 000
Increase	3 917 341	184 158
Decrease	0	0
Closing value	5 981 499	2 064 158

The IFRS share capital equals to the share capital registered by Cégbíróság¹³.

24. Treasury shares

The change in the amount of 4iG's treasury shares owned by the Group is presented in the table below:

	30 June 2022	31 December 2021
4iG Plc.	5 152 582 pcs.	4 857 078 pcs.
Total	5 152 582 pcs.	4 857 078 pcs.

The repurchased value of treasury shares is HUF 479 970 thousand, while the exchange rate of the average price of thereof shares is HUF 347 per piece. The stock exchange closing exchange rate of the period was HUF 626 per piece, and the exchange rate of the average price measured HUF 790 per piece.

25. Capital reserves

The capital reserve of 4iG Plc. includes the difference between the nominal value and the fair value of the shares upon issue, amount to HUF 1 074 500 thousand. The general meeting held on 26 April 2018 ordered the replenishment of the negative profit reserve of 4iG Plc. on the debit of the capital reserve, in the amount of HUF 257 750 thousand.

As a result of the 5 207 921 pcs. shares issued with a premium on 1 June 2021, the capital reserve increased by HUF 3 051 842 thousand. Accordingly, the amount of the capital reserve is HUF 3 868 592 thousand as of 31 December 2021.

The 116 417 910 pcs. of shares issued at a premium by Board of Directors resolution 6/2022(I.24) were subscribed by iG COM Private Equity Fund for a value of HUF 77 999 999 700, of which HUF 75 671 641 500 was transferred to the capital reserve.

¹³ Cégbíróság / in English: Company Registry Court

Board of Directors Resolution 2/2022(II.23.) decided to issue 50 223 881 pcs. of shares, which were subscribed by the German Rheinmetall AG at a premium at HUF 33 650 000 270, thus increasing the capital reserve of 4iG Plc by HUF 32 645 522 650.

Board of Directors Resolution 3/2022(IV.1.) allowed the subscription of 19 761 380 pcs. of shares at a premium at a subscription value of HUF 13 240 124 600 to Bartolomeu Investment Kft. This capital increase resulted in a capital reserve increase of HUF 12 844 897 000.

Based on Board of Directors Resolution 3/2022(III.4.), the Turkish company Çalik Holding Anonim Sirketi subscribed for 9 463 882 pcs. of new shares at a premium price of HUF 8 044 299 700, which increased the capital reserve by HUF 7 855 022 060.

As a result, the Company's capital reserve on 30 June 2022 was HUF 132 895 675 006.

26. Provisions

	31 December 2021	Acquisition	Increase	Reclassification	Utilization	Exchange rate difference	30 June 2022
Unused vacation	257 125	1 247 284	216 165	0	0	3 601	1 724 175
Other liabilities	0	616 466	320 477	0	0	32 406	969 349
Decommissioning and restoration provision	698 645	1 985 351	18 044	0	-604	269 280	2 970 716
Total	955 770	3 849 101	554 686	0	-604	305 287	5 664 240

	31 December 2020	Acquisition	Increase	Reclassification	Utilization	Exchange rate difference	31 December 2021
Unused vacation	92 287	114 700	142 425	0	-92 287	0	257 125
ESOP liabilities	344 813	0	0	-344 813	0	0	0
Decommissioning and restoration provision	0	698 645	0	0	0	0	698 645
Total	437 100	813 345	142 425	-344 813	-92 287	0	955 770

Non-current and current provisions divided by items on the reporting day are as follows:

	Non-current	Current	Total
Unused vacation	0	1 724 175	1 724 175
Other liabilities	428 178	541 171	969 349
Decommissioning and restoration provision	2 970 716	0	2 970 716
Total	3 398 894	2 265 346	5 664 240

27. Finance lease liabilities

Pursuant to the regulations of IFRS 16 standard, effective date as of 1 January 2019, the definition of a lease is interpreted in more wider terms. From the thereof date, in accordance with the requirements of the aforesaid standard, lease rights are to be included in the item of assets as concession and similar rights. Accordingly, the leasing liabilities itemized in the balance sheet are not to be accounted on account of classical lease transactions.

The extended leasing liabilities, as it is set forth in IFRS 16 standards, are presented as follows:

	30 June 2022	31 December 2021
Finance lease liabilities – non-current	72 929 252	14 490 303
Finance lease liabilities – current	6 549 942	3 583 676
Finance lease liabilities - in total	79 479 194	18 073 979

Change chart of lease liabilities:

	31 December 2021	Acquisition	Increase	Interest expense	Decrease	30 June 2022
Lease liabilities	18 073 979	66 100 047	978 006	1 872 667	-7 545 506	79 479 194
Total	18 073 979	66 100 047	978 006	1 872 667	-7 545 506	79 479 194

Disclosure in line with Section 51 of IFRS 16 is as follows:

- a) the nature of the lessee's leasing activities –Property, vehicle, telecommunications assets and other equipment leasing
- b) not-calculated future cash out-flow upon the evaluation of the lease transaction liabilities to which the lessee is potentially exposed. The hereinbelow exposures are included in thereof as follows:
 - i. variable lease payments (as described in paragraph B49) – in case of office lease transaction
 - ii. extension options and termination options (as described in paragraph B50) – not relevant
 - iii. residual value guarantees (as described in paragraph B51) – not relevant
 - iv. leases not yet commenced to which the lessee is committed – not relevant

In line with Section 6, short-term maturity period lease transactions or small-value assets lease transactions are accounted for lease cost by the Group.

28. Borrowings, loans, bonds**Non-current borrowings, loans, bonds**

	30 June 2022	31 December 2021
INNObyte Zrt.		
MFB Zrt. EDIOP credit	97 858	99 474
K&H Credit	185 455	207 273
4iG Plc.		
Interest and bond payable	388 869 106	405 887 633
Hungaro DigiTel Ltd.		
Credit loan and interest payable	0	1 545 055
“ANTENNA HUNGÁRIA” Plc.		
Hungarian Development Bank (MFB) investment credits and loans 1.	32 500 795	0
Hungarian Development Bank (MFB) investment credits and loans 2.	22 500 000	0
ONE Telecommunications sh.a.		
Syndicated loan	13 946 926	0
ALBtelecom Sh.a.		
Banka Kombetare Tregtare loan	12 128 040	0
Italian governmental loan	301 920	0
Raiffeisen Bank credits and loans	113 074	0
Total	470 643 175	407 739 435

Current borrowings and loans

	<u>30 June 2022</u>	<u>31 December 2021</u>
4iG Plc.		
Other loan debts	211	0
DOTO Plc.		
Other loan debts	0	100
TR Consult Ltd.		
Other loan debts	0	111
“ANTENNA HUNGÁRIA” Plc.		
Hungarian Development Bank (MFB) investment credits and loans 1.	3 126 205	0
ONE Telecommunications sh.a.		
Banka OTP Albania bank overdraft	660 300	0
Syndicated loan	627 562	0
ALBtelecom Sh.a.		
Tirana Bank bank overdraft 1.	96 265	0
Tirana Bank bank overdraft 2.	1 124 757	0
Raiffeisen Bank bank overdraft	658 445	0
Raiffeisen Bank project credits and loans	180 023	0
Banka Kombetare Tregtare loan	1 138 193	0
Italian governmental loan	152 519	0
Total	<u>7 764 481</u>	<u>211</u>

Summary of borrowings and loans**4iG Plc.**

As of 30 June 2022, 4iG Plc. had a bank loan agreement with Raiffeisen Bank for a total amount of HUF 6 450 000 000 to the detriment of which it had originally contracted as follows:

- 1) revolving credit in the amount of HUF 4 620 000 000 expiring on 29 July 2022
- 2) bank credit overdraft in the amount of HUF 4 500 000 000 expiring on 29 July 2022
- 3) Bank Guarantee facility in the amount of HUF 1 330 000 000 expiring 31 July 2027.

The Bank Credit Agreement was not amended during the period under review and has been available with unchanged terms since January 2020, so that a pledge is registered in the register of pledges of the Hungarian Chamber of Civil Law Notaries (MOKK) in favour of Raiffeisen Bank as a block security for the amount of HUF 7 420 000 000 on the Company's current receivables and a further HUF 810 000 000 on its inventories.

For working capital financing, the Company drew down the revolving credit facility occasionally from March to May 2022 and repaid it in full. The contract amount is available until expiry and will be extended for a further year in the second half of 2022.

The Bank Credit Overdraft is available in the Company's bank account as a liquidity reserve. The Company has paid a transaction interest (with floating rate) fixed at 1-month BUBOR on the drawn down amounts and a retention commission on the undrawn amounts.

Antenna Hungária Plc.

To ensure the company's liquidity, it has a HUF 5 billion bank overdraft facility with MKB Bank Nyrt., which was 0 at the reporting date.

The repayment due within one year of the HUF 45 851 000 000 loan with a 13-year maturity contracted with Magyar Fejlesztési Bank Zrt.¹⁴ in 2020 is HUF 3 126 205 000 on the reporting date.

For the purpose of the purchase of the 100% shareholding of AH Net Távközlési Zrt.¹⁵, in November 2021, the company entered into a loan agreement with MFB Magyar Fejlesztési Bank Zrt. for the amount of HUF 22 500 000 000 maturing in December 2032, which has been drawn down in full, but will be held by the bank as a separate term deposit until the closing of the transaction.

ACE Network Plc.

In November 2021, the company entered into an overdraft facility agreement with K&H Bank Zrt.¹⁶ for HUF 250 000 000 at a transaction interest rate fixed to Overnight BUBOR (variable interest rate), which is available as liquidity reserve, with a utilisation rate of 0 at the reporting date. As security for the contract, the company provided a financial guarantee and Garantiqa Hitelgarancia Zrt.¹⁷ provided a surety bond.

ONE Telecommunications sh.a.

Prior to the acquisition, in June 2021, ONE Telecommunications sh.a. entered into a 10-year syndicated loan agreement with OTP Bank Nyrt.¹⁸ - DSK Bank AD - Banka OTP Albania sh.a. in the amount of EUR 37 000 000 for the refinancing of its loan to First Investment Bank AD. After the grace period, the first capital repayment will be due in December 2022.

Banka OTP Albania sh.a will also provide the company with an overdraft facility of EUR 2 000 000.

ALBtelecom sh.a.

The company has three commercial banks providing short and long term loans and borrowings in Euros and Albanian Lecs at variable interest rates, and a 30 year fixed rate loan at preferential interest rates with the Italian Government in 1995.

INNObyte Zrt.

On 9 May 2019, the company entered into a combined loan agreement with MFB Magyar Fejlesztési Bank for the development of the "Pocketdoki" digital health measurement tool ("Economic Development and Innovation Operational Programme loan") for the support of R+D+I activities of companies with a total amount of HUF 121 555 259 and a maturity date of 25 April 2029, with an outstanding debt of HUF 94 011 079. The Economic Development and Innovation Operational Programme loan is secured by a bank guarantee of HUF 122 000 000 issued by K&H Bank.

¹⁴ Magyar Fejlesztési Bank Zrt. / in English: Hungarian Development Bank Plc.

¹⁵ AH Net Távközlési Zrt. / in English: AH Net Telecommunications Plc.

¹⁶ K&H Bank Zrt. / in English: K&H Bank Plc.

¹⁷ Garantiqa Hitelgarancia Zrt. / in English: Garantiqa Loan Guarantee OIv.

¹⁸ OTP Bank Nyrt. / in English: OTP Bank Plc.

During 2021, INNObyte Zrt.¹⁹ terminated its short-term working capital loans of previous years with K&H Bank and entered into loan agreements with preferential interest rates (refinanced by Eximbank): a long-term working capital loan agreement for an amount of HUF 120 000 000 maturing on 15 November 2023 ("Exim Indemnifier") and a long-term working capital loan agreement for an amount of HUF 120 000 000 maturing on 30 August 2023 ("Exim Future Exporters"). The Exim Indemnifier loan was drawn down in a lump sum in January 2021, and the company will repay it after a grace period of 5 months at a monthly rate of HUF 10 909 090. The full amount of the Exim Future Exporters revolving loan has been drawn down.

The loans from K&H Bank are secured by a pledge on receivables and a surety bond of Garantiqa Hitelgarancia Zrt.

Bank guarantees issued on behalf of INNObyte Zrt:

Bank	Beneficiary	Foreign currency	The amount of bank guarantees	Type	Maturity
K&H Bank	DXC Technology Hungary Ltd.	HUF	10 000 000	warranty loan-to-	31 July 2022
K&H Bank	MFB Plc.	HUF	61 000 000	value	20 September 2022
K&H Bank	DXC Technology Hungary Ltd.	HUF	9 125 000	warranty loan-to-	05 August 2022
K&H Bank	MFB Plc.	HUF	61 000 000	value	20 September 2022

Bonds issued by 4iG Plc.

In order to finance domestic and foreign shares during 3, 4iG Plc. conducted 3 successful auctions in the Growth Bond Program (NKP) announced by the National Bank of Hungary and a private issuance of bonds.

- 1) 4iG Plc. could issue the "4iG NKP Bond 2031/I." (ISIN: HU0000360276), with a ten-year maturity and a coupon rate of 2.9%), with a total nominal value of HUF 15.45 billion on 29 March 2021. The bonds, with a nominal value of HUF 50 million, are amortized after a grace period of 5 years: 10% on anniversaries 5-9. and 50% at expiry repayment obligation, while interest payments due annually on the anniversary of the issue date.
- 2) 4iG NKP Bond 2031/II (ISIN: HU0000361019), a ten-year bond amortizing from the end of the fifth year, bearing a fixed interest rate of 6.00% per annum, with a total nominal value of HUF 287.75 billion, was issued on 17 December 2021. The bonds, with a nominal value of HUF 50 million per each, are amortized after a grace period of 5 years: 10% on anniversaries 5-9. and 50% at expiry repayment obligation, while interest payments due annually on the anniversary of the issue date.

¹⁹ Innobyte Zrt. / in English: Innobyte Plc.

On 17 December 2021, the Board of Directors of 4iG, on the basis of the authorisation granted by the General Meeting in General Meeting Resolution No. 22/2021 (IX.30.), decided to issue further bonds as a new tranche of bonds within the framework of the re-issue of the "4iG BFGS Bond 2031/II." (ISIN HU0000361019) issued in the context of the Bond Funding for Growth Scheme programme announced by the Hungarian National Bank at the total nominal value of HUF 287 750 000 000 (ISIN HU0000361019). The bonds have been listed by auction to the invited investors specified in the Information Memorandum relating to the bonds on 27 December 2021. The total nominal value of the bonds issued in the frame of re-issue is HUF 83 000 000 000 and the debt service is the same as that of the bonds issued on 17 December 2021.

- 3) Between the two NKP auctions, 4iG Plc. issued a so called 4iG M&A Bond 2026 (ISIN: HU0000360813) bond, with an expiration of 5 years and an interest rate of 12 months BUBOR + 1.50%, with a total nominal value of HUF 100 billion on 27 September 2021. The entire volume of the series of 2 000 pcs. of bonds, each with a nominal value of HUF 50 million, was repurchased in two tranches and subsequently terminated by the Issuer:
- On 23 December 2021, the Issuer repurchased 1 660 pcs. of bonds for HUF 83 billion;
 - On 30 March 2022, the outstanding principal and accrued interest of HUF 17 billion from this bond series was also settled.

Bank guarantees

The 4iG Plc. uses the Bank Guarantee Facility for its performance type commitments (tenders, performance, warranty) under its contractor agreements with its customers. From the contracted amount, the bank guarantees issued by Raiffeisen Bank Plc. on behalf of the Company amounted to HUF 706 005 731 on 30 June 2022.

As security for some performance and warranty guarantee, a total of HUF 50 381 749 was deposited in a dedicated account at Raiffeisen Bank.

The beneficiaries of the bank guarantees have not applied to issuer Raiffeisen Bank in the first half of 2022.

Bank guarantees issued on behalf of the Company on 20 June 2022:

Reference number	Beneficiary	Type	Amount (HUF)	Date of issuance	Expiration date
IGTE060889	Digitális Kormányzati Ügynökség Zrt. ²⁰	performance	8 000 000	20 October 2020	31 December 2022
IGTE061984	Kormányzati Informatikai Fejlesztési Ügynökség ²¹	performance	31 385 827	07 June 2021	February 2023
IGTE062048	OFA Országos Foglalkoztatási Közhasznú Nonprofit Kft. ²²	performance	10 471 300	15 June 2021	February 2023
IGTE061416	Digitális Kormányzati Ügynökség Zrt.	performance	7 000 000	09 February 2021	31 October 2023
IGTE061704	T-Systems Magyarország Plc.	performance	1 500 000	15 April 2021	November 2023
IGTE062161	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	19 July 2021	February 2025
IGTE062162	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	19 July 2021	February 2025
IGTE062447	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	14 September 2021	31 July 2027
IGTE062448	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	14 September 2021	31 July 2027
IGTE062449	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	15 September 2021	31 July 2027
IGTE062469	Kormányzati Informatikai Fejlesztési Ügynökség	appropriate good / performance	165 377 156	17 September 2021	24 August 2022
IGTE062485	SYS IT Network Plc.	performance	85 680 000	17 September 2021	30 June 2024
IGTE062490	MÁV FKG	warranty	14 500 000	20 September 2021	30 March 2025
IGTE062491	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	20 September 2021	22 July 2025
IGTE062492	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	20 September 2021	22 July 2025

²⁰ Digitális Kormányzati Ügynökség Zrt. / in English: Digital Governmental Agency Private Limited Company

²¹ Kormányzati Informatikai Fejlesztési Ügynökség / in English: Governmental Agency for IT Development

²² OFA Országos Foglalkoztatási Közhasznú Nonprofit Kft. / in English: OFA National Employment Public Interest Nonprofit Ltd.

amounts in Hungarian Forint thousand unless otherwise indicated				30 June 2022	
				HALF-YEARLY REPORT	
				29	30
				September	September
IGTE062547	MÁV FKG Ltd.	warranty good / appropriate	11 760 333	2021	2024
IGTE063081	Magyar Államkincstár ²³	performance	176 831 115	19 January 2022	02 January 2023
IGTE063393	Magyar Posta Zrt. ²⁴	offer	10 000 000	02 May 2022	September 2022
IGTE063394	Magyar Posta Zrt.	offer	10 000 000	02 May 2022	September 2022
IGTE063466	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	04 April 2022	31 July 2022
IGTE063467	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	04 April 2022	31 July 2022
IGTE063519	MÁV FKG Ltd.	warranty	13 500 000	14 April 2022	30 January 2026
IGTE063536	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	02 May 2022	December 2024
IGTE063558	Magyar Posta Zrt.	offer	10 000 000	02 May 2022	September 2022
IGTE063559	Magyar Posta Zrt.	offer	10 000 000	02 May 2022	September 2022
IGTE063656	Magyar Közút Nonprofit Zrt. ²⁵	offer	15 000 000	16 May 2022	September 2022
IGTE063764	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	13 June 2022	31 January 2025
Total			706 005 731		

In the period under review, instead of issuing bank guarantees, the Company made short-term cash deposits with the contractor/principal as security for certain obligations under certain contractor agreements, totalling HUF 2 273 600.

Antenna Hungária Zrt. provided a parent company guarantee to DIGI Távközlési és Szolgáltató Kft. as security for the rent of an office building in favour of CEE Property-Invest Ingatlan Kft.²⁶ in the amount of EUR 414 505 from 25 April 2022 until 31 July 2023.

²³ Magyar Államkincstár / in English: Hungarian State Treasury

²⁴ Magyar Posta Zrt. / in English: Hungarian Post Plc.

²⁵ Magyar Közút Nonprofit Zrt. / in English: Hungarian Public Roads Nonprofit Plc.

²⁶ CEE Property-Invest Ingatlan Kft. / in English: CEE Property-Invest Real Estate Ltd.

29. Other current liabilities and accruals

	30 June 2022	31 December 2021
Tax liabilities and contributions	7 217 224	6 207 819
Current income tax liabilities	544 050	305 230
Liabilities due to wages and salaries	1 088 876	683 395
Advance payments received from customers	7 124 207	7 638 855
Advance payments received from central budget	366 898	366 898
ACE Network Plc. contingent consideration	500 000	500 000
Bond's interests	11 927 047	1 387 589
Other liabilities	967 824	77 267
Subsidies received, deferred revenue	5 136 195	4 015 604
Deferred income	11 357 067	3 843 779
Accrued expenses	24 244 527	6 765 773
Total	70 473 915	31 792 209

The Company does not have past due obligation in tax liabilities, and every company is also noted in the free of public-law debt database.

30. Dividend payable to the owners of the Company

As of 30 June 2022, the Group had dividend liability worth HUF 2 968 217 thousand. Payment of dividend for the year 2021 started on 4 July 2022 through KELER Zrt.

31. Segment information

The Board of Directors shall perform strategical decisions related to the operation of the Group, herewith, the reports outlining the segments prepared for thereof are taken into consideration by the management upon compilation of the financial statements.

As of 2021, the three significant segments of the 4iG Group's activity are IT commerce (resale of hardware and software) and the provision of IT services (development, operation, support, assistance, implementation, and other IT services), and telecommunications activity. However, starting from the period under review, due to the increasing share of the telecommunications segment in both the profit and loss items of the segments and asset and liability items, the operating decision maker decided to merge the IT trade and services activities and, unlike in 2021, the Group will only report two segments in its financial statements. The effectiveness of the two aforementioned segments are presented hereunder up to the level of direct cost accountable for the activities, and in accordance with breakdown of the period under review with regard to the year 2021. The segments' assets are divided in the ratio of the accounted depreciation and the sales revenue of the segments for the activities.

For the first half of 2022:

	IT services and trade	Telecommunications	Other activities	Total
Description				
Net sales revenue	34 242 476	88 676 559	61 338	122 980 373
<i>From net sales revenue: transfer between segments</i>	-1 108 811	-20 839	0	-1 129 650
Cost of goods sold and intermediations	-22 862 665	-19 692 264	-60 618	-42 615 547
<i>From cost of goods sold and intermediations: transfer between segments</i>	23 166	1 087 541	0	1 110 707
Other operating income	285 520	3 948 806	18 091 534	22 325 860
Contribution margin 1	10 579 686	73 999 803	18 092 254	102 671 743
Direct costs	-14 326 742	-66 414 226	0	-80 740 968
Contribution margin 2	-3 747 056	7 585 577	18 092 254	21 930 775
Costs and expenditures that cannot be allocated directly to the segments				-13 240 125
Earnings before interest and tax (EBIT)				8 690 650
Financial profit and loss				-5 955 135
Profit before tax				2 735 515
Segment assets in total	307 102 117	610 044 480	8 184 057	925 330 654
<i>From segment assets in total: transfer between segments</i>	-4 922 011	-3 262 046	0	-8 184 057
Segment assets	302 180 106	606 782 434	8 184 057	917 146 597
Assets that cannot be allocated to the segments				45 319 524
Assets in total				962 466 121
Segment liabilities in total	374 182 911	296 957 787	8 248 132	679 388 830
<i>From segment liabilities in total: transfer between segments</i>	-3 207 992	-5 040 140	0	-8 248 132
Segment liabilities	370 974 919	291 917 647	8 248 132	671 140 698
Liabilities that cannot be allocated to the segments				383
liabilities in total				671 141 081

For the first half of 2021:

Description	IT services and trade	Telecommunications	Other activities	Total
Net sales revenue	31 570 107	492 638	59 486	32 122 231
Cost of goods sold	-12 157 446	-2 494	0	-12 159 940
Mediated services	-9 737 747	0	-46 389	-9 784 136
Other revenues	87	0	267 065	267 152
Contribution margin 1	9 675 001	490 144	280 162	10 445 308
Direct costs	-5 440 935	-264 355	0	-5 705 290
Contribution margin 2	4 234 066	225 789	280 162	4 740 019
Costs and expenditures that cannot be allocated directly to the segments				-3 818 434
Earnings before interest and tax (EBIT)				921 585
Financial profit and loss				-90 606
Profit before tax				830 979
Segment assets	39 176 075	2 203 339	201 197	41 580 611
Assets that cannot be allocated to the segments				13 178 491
Assets in total				54 759 102
Segment liabilities	22 675 227	423 611	82 563	23 181 401
Liabilities that cannot be allocated to the segments				22 060 239
Liabilities in total				45 241 640

32. Risk management

With the exception of taxes, liquid assets, trade and other receivables, and other assets are included in the item of assets of the Group. Credits and loans, trade creditors and other accounts payable, with the exception of taxes and profit or loss arising from revaluation of financial liabilities at fair value, are accounted for the resources of the Group.

The Group is exposed to the hereinunder financial risks:

- 1 credit risk,
- 2 liquidity risk,
- 3 market risk.

This chapter presents the aforementioned risks related to the Group, the aims, the policy, the measurement of the processes and the risk management of the Group, and, moreover, the realization of capital management at the Group. The Board of Directors undertakes a general responsibility for the areas of establishment, supervision and risk management of the Group.

The aim of the risk management policy of the Group is to filter and investigate those risks which are to be faced by the Group, and, moreover, to adjust the appropriate controls and to supervise the risks in question. The policy and the system of the risk management are both periodically revised in order to reflect the changed market conditions and the activities of the Group.

Capital management

The policy of the Group is to preserve the share capital in order to keep the trust of the investors and creditors and to ensure the development of the Group. On the basis of the benefits granted by strong capital position and security, the Board of Directors is trying to maintain the policy of providing credits and loans upon being exposed to higher profits.

The capital structure of the Group consists of net outside capital and own equity related the Group (issued share capital, reserves and equity of non-controlling owners are included in the aforesaid).

With regard to the capital management, the Group is trying to ensure and support the activities of the members of the Group, and at the same time, for the owners, to maximize the return of the loan capital and own equity upon optimum balancing, and in the interest of capital costs reduction to preserve the optimum capital structure. The Group checks whether the capital structure of its member companies is in compliance with the requirements of the local acts.

The Company's capital risk increased in 2021 as 4iG Plc raised additional funds for the acquisitions through a bond issue.

Credit risk

The credit risk defines the risk of the debtor's or partner's non-performance related to the contractual obligations, and upon doing so, financial loss for the Group shall be accounted. Regarding those financial assets which are exposed to credit risk shall be accounted for short- or long-term placements, liquid assets, cash equivalents, trade or other receivables.

The book value of the financial instruments shows the maximum risk exposures. The hereinbelow chart represents the maximum credit risk exposure of the Group on 30 June 2022 and on 31 December 2021.

	30 June 2022	31 December 2021
Trade receivables	43 491 056	35 926 056
Other receivables, prepayments and accrued income	26 044 201	8 993 367
Securities	0	17 150
Cash and cash equivalents	101 921 378	266 530 261
Total	171 456 635	311 466 834

Classification of customers is continuously performed. At the beginning, we serve the said customers upon cash payment or advance transfer. Following a long-term relationship there is a possibility for a transfer upon 8-15-30-60 days. Recovery risk is minimum in relation to our not-expired trade receivables.

By checking continuously the recovery risks of the past due receivables and by the settlement of the impairment, the risk decreases. Late payment related to trade creditors shall be investigated alongside with late trade receivables, as on the basis of the agreements, in respect of a non-paying customer, the related trade creditors shall not be settled. The credit-related loss is limited to the margin and safeguard.

Liquidity risk

Liquidity risk is the risk of that the Group is unable to perform its financial obligations when they are due. The liquidity management policy of the Group is that, as much as possible, to ensure appropriate liquidity for the due performance of the commitments, even upon ordinary or tight circumstances without producing unacceptable loss or risking the fame of the Group.

Trade creditors and other accounts payable are mostly related to customers and past due liabilities are paid off upon agreements following the settlement of the customer. In case of non-paying customers, trade creditors are not disbursed, and, herewith, the risk is minimum.

Market risk

Market risk is the risk that the market prices – as exchange rates, interest rates and the prices of the investments into investment funds, and the changes of thereof – influence the profit and loss of the Group and the value of the investments in financial instruments. The purpose of the market risk analyses is to handle and check the exposure to the market risk upon acceptable frames while optimizing the profit.

Risk due to the war in Ukraine

The Company has no business relations with Ukrainian companies and therefore no direct business risk is perceived.

Sensitivity analysis

The Group shall state that its profit and loss is substantially dependent on two basic financial key factors, namely on the foreign exchange risk and the interest rate risk. The Group performed sensitivity analysis on the aforesaid key factors. With regard to the reduction of the interest rate risk, the Group primarily tries to ensure thereof upon depositing free liquid assets.

Regarding the exposure to foreign currency of the Group on 30 June 2022 was as follows:

	<u>HUF</u>	<u>Foreign currency</u>	<u>Total</u>
Trade receivables	27 235 585	16 255 471	43 491 056
Trade payables and other accounts payable	12 499 182	21 287 889	33 787 071
Cash and cash equivalents	92 703 140	9 218 238	101 921 378
Borrowings	451 538 070	26 869 586	478 407 656
Total	<u>583 975 977</u>	<u>73 631 184</u>	<u>657 607 161</u>

The data show that foreign currency exposure has increased, with exchange rate movements having an increasing impact on the Group's results.

The Group's interest rate sensitivity has also increased as a result of its expansion and the bonds issued to secure the financial backing for acquisitions.

Interest sensitivity analysis

Actual interest	30 June 2022
Profit before tax (without interests)	13 018 404
Net value of interest expense	-10 282 890
Profit before tax	2 735 514
Assets in total	962 466 121
At interest rate rise	30 June 2022
1%	
Profit before tax (without interests)	13 018 404
Net value of interest expense	-10 385 719
Profit before tax	2 632 685
Change in profit before tax	-102 829
Change in profit before tax (%)	-3.76%
Net assets	962 363 292
Change in net assets	-102 829
Change in net assets (%)	-0.01%
5%	
Profit before tax (without interests)	13 018 404
Net value of interest expense	-10 797 035
Profit before tax	2 221 369
Change in profit before tax	-514 145
Change in profit before tax (%)	-18.80%
Net assets	961 951 976
Change in net assets	-514 145
Change in net assets (%)	-0.05%
10%	

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Profit before tax	13 018 404
Net value of interest expense	-11 311 179
Profit before tax	1 707 225
<i>Change in profit before tax</i>	<i>-1 028 289</i>
<i>Change in profit before tax (%)</i>	<i>-37.59%</i>
Net assets	961 437 832
<i>Change in net assets</i>	<i>-1 028 289</i>
<i>Change in net assets (%)</i>	<i>-0.11%</i>

At interest rate decrease	30 June 2022
-1%	
Profit before tax	13 018 404
Net value of interest expense	-10 180 061
Profit before tax	2 838 343
<i>Change in profit before tax</i>	<i>102 829</i>
<i>Change in profit before tax (%)</i>	<i>3.76%</i>
Net assets	962 568 950
<i>Change in net assets</i>	<i>102 829</i>
<i>Change in net assets (%)</i>	<i>0.01%</i>

-5%	
Profit before tax	13 018 404
Net value of interest expense	-9 768 746
Profit before tax	3 249 659
<i>Change in profit before tax</i>	<i>514 145</i>
<i>Change in profit before tax (%)</i>	<i>18.80%</i>
Net assets	962 980 265
<i>Change in net assets</i>	<i>514 145</i>
<i>Change in net assets (%)</i>	<i>0.05%</i>

-10%	
Profit before tax	13 018 404
Net value of interest expense	-9 254 601
Profit before tax	3 763 803
Change in profit before tax	1 028 289
Change in profit before tax (%)	37.59%
Net assets	963 494 410
Change in net assets	1 028 289
Change in net assets (%)	0.11%

The Group shall have to face a significant foreign exchange risk as we issue our invoices in foreign currency for the majority of our customers, herewith, in the interest of the settlement of foreign exchange risk, foreign currency exchange rate hedging transactions are concluded. The Company does not employ the rules of hedge accounting.

Exchange rate sensitivity analysis

With actual exchange rates	30 June 2022
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	25 473 709
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	48 157 475
Net assets	291 325 040
Profit before tax	2 735 514
At exchange rate rise	30 June 2022
1%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	25 728 446
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	48 639 050
Net assets	291 098 202
Change in net assets	-226 838
Change in net assets (%)	-0.08%
Profit before tax	2 508 676
Change in profit before tax (%)	-8.29%

5%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	26 747 395
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	50 565 349
Net assets	290 190 851
Change in net assets	-1 134 188
Change in net assets (%)	-0.39%
Profit before tax	1 601 326
Change in profit before tax (%)	-41.46%
10%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	28 021 080
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	52 973 223
Net assets	289 056 663
Change in net assets	-2 268 377
Change in net assets (%)	-0.78%
Profit before tax	467 137
Change in profit before tax (%)	-82.92%
At exchange rate decrease	30 June 2022
-1%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	25 218 972
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	47 675 900
Net assets	291 551 877
Change in net assets	226 838
Change in net assets (%)	0.08%
Profit before tax	2 962 352
Change in profit before tax (%)	8.29%
-5%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	24 200 024
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	45 749 601
Net assets	292 459 228
Change in net assets	1 134 188
Change in net assets (%)	0.39%
Profit before tax	3 869 702
Change in profit before tax (%)	41.46%

-10%	
Non-monetary and Hungarian Forint-denominated assets	936 992 412
Foreign currency assets	22 926 338
Denominated liabilities in Hungarian Forints	622 983 606
Foreign currency liabilities	43 341 728
Net assets	293 593 416
<i>Change in net assets</i>	<i>2 268 377</i>
<i>Change in net assets (%)</i>	<i>0.78%</i>
Profit before tax	5 003 891
<i>Change in profit before tax (%)</i>	<i>82.92%</i>

33. Financial instruments

Financial instruments shall respectively include financial investments, and trade receivables, loans, advance payments, bank deposits, securities and liquid assets, and loans and credits received, credit and loan, trade creditors and other accounts payable, advances received and other financial liabilities concerning current assets. With regard to the Group, the evaluation of the financial instruments is to be performed in line with the requirements of IFRS 9 in the books at the end of the period, and it shall be accounted pursuant to thereof.

	Measured at fair value through profit or loss	Measured at historical cost	Loans, receivables and liabilities measured at amortized cost	Measured at fair value through other comprehensive income	Carrying amount
30 June 2022	FVTPL			FVTOCI	total
Carrying amount of financial instruments					
Financial assets					
Equity instruments	112 245 715	0	0	0	112 245 715
Loans granted	0	0	0	0	0
Other financial assets	0	0	1 129 388	0	1 129 388
Deposits	0	0	0	0	0
Financial lease	0	0	81 562	0	81 562
Other	0	0	0	0	0
Financial investments in total	112 245 715	0	1 210 950	0	113 456 665
Trade and other receivables	0	0	43 491 056	0	43 491 056
Financial lease receivables	0	0	0	0	0
Liquid assets and cash equivalents	0	0	101 921 378	0	101 921 378
Equity instruments,	0	0	0	0	0
Loans granted	0	0	934 843	0	934 843
Other short-term	0	0	4 183 246	0	4 183 246
financial instruments	0	0	1 226 204	0	1 226 204
Advance payments	0	0	1 017 408	0	1 017 408
Lease charge	0	0	0	0	0
Other	0	0	0	0	0
Short-term financial instruments in total	0	0	152 774 135	0	152 774 135
Financial assets in total	0	0	153 985 085	0	266 230 800
Financial liabilities					
Loans (Long-term credits, bonds)	0	0	470 528 000	0	470 528 000
Financial lease liabilities	0	0	72 929 251	0	72 929 251
Other long-term	0	0	3 398 894	0	3 398 894
Long-term financial liabilities in total	0	0	546 856 145	0	546 856 145
Trade creditors and other obligations	0	0	34 260 069	0	34 260 069
Loans (short-term credits)	0	0	7 406 658	0	7 406 658
Advance payments received from	0	0	7 124 207	0	7 124 207
Advance payments received from central	0	0	366 898	0	366 898
Financial lease liabilities	0	0	6 243 908	0	6 243 908
Tax liabilities	0	0	7 761 274	0	7 761 274
Other short-term	0	0	21 333 918	0	21 333 918
Short-term financial liabilities in total	0	0	84 496 932	0	84 496 932
Financial liabilities in total	0	0	631 353 077	0	631 353 077

	Measured at fair value through profit or loss	Measured at historical cost	Loans, receivables and liabilities measured at amortized cost	Measured at fair value through other comprehensive income	Carrying amount
31 December 2021	FVTPL			FVTOCI	total
Carrying amount of financial instruments					
Financial assets					
Equity instruments	101 842	0	0	0	101 842
Loans granted	0	0	0	0	0
Other financial assets	0	0	9 000	0	9 000
Deposits	0	0	0	0	0
Financial lease	0	0	86 436	0	86 436
Other	0	0			
Financial investments in total	101 842	0	95 436	0	197 278
Trade and other receivables	0	0	35 926 056	0	35 926 056
Financial lease receivables	0	0	0	0	0
Liquid assets and cash equivalents	0	0	266 530 261	0	266 530 261
Equity instruments,	17 150	0	0	0	17 150
Loans granted	0	0	23 109	0	23 109
Other short-term financial instruments	0	0	2 080 709	0	2 080 709
Advance payments	0	0	369 737	0	369 737
Lease charge deposit	0	0	328 592	0	328 592
Other	0	0			
Short-term financial instruments in total	17 150	0	305 258 464	0	305 275 614
Financial assets in total	118 992	0	305 353 900	0	305 472 892
Financial liabilities					
Loans (Long-term credits, bonds)	0	0	407 739 435	0	407 739 435
Financial lease liabilities	0	0	14 490 303	0	14 490 303
Other long-term financial	0	0	0	0	0
Long-term financial liabilities in total	0	0	422 229 738	0	422 229 738
Trade creditors and other obligations	0	0	23 251 568	0	23 251 568
Loans (short-term credits)	0	0	211	0	211
Advance payments received from customers	0	0	6 409 568	0	6 409 568
Advance payments received from central budget	0	0	523 214	0	523 214
Financial lease liabilities	0	0	3 583 676	0	3 583 676
Tax liabilities	0	0	4 785 351	0	4 785 351
Other short-term financial	0	0	3 947 796	0	3 947 796
Short-term financial liabilities in total	0	0	42 501 384	0	42 501 384
Financial liabilities in total	0	0	464 731 122	0	464 731 122

Fair value hierarchy

	30 June 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Not modified quoted active market price	Assessment processes based on available and monitored market data	Assessment processes based on not available and not monitored market data		Not modified quoted active market price	Assessment processes based on available and monitored market data	Assessment processes based on not available and not monitored market data	
Financial assets								
Equity instruments	0	112 245 715	0	112 245 715	0	101 842	0	101 842
Debt securities	0	0	0	0	0	17 150	0	17 150
Derivative transactions	0	0	0	0	0	0	0	0
Financial instruments in total	0	112 245 715	0	112 245 715	0	118 992	0	118 992
Financial liabilities								
Derivative transactions	0	0	0	0	0	0	0	0
Financial liabilities in total	0	0	0	0	0	0	0	0

34. Transactions with related parties

The following transactions were occurred with entities controlled by key management personnel in the first half year of 2022:

Trade creditor turnover:

MNVTD2C Zrt.	HUF 122 421 thousand
Torento Property Ltd.	HUF 159 787 thousand
FLZM53 Ingatlanhasznosító és Üzemeltető Kft. ²⁷	HUF 6 000 thousand
REPRO Ingatlanhasznosító és Üzemeltető Kft. ²⁸	HUF 257 364 thousand

35. Contingent assets and contingent liabilities

On 30 June 2022, the subsidiaries of the Company group did not have any unclosed legal transactions or legal proceedings which would require the establishment of provisions or the disclosure of pending claims and pending obligations in this report.

36. 4iG ESOP Organization

On the basis of the authorization of the Government Decree No. 102/2020 (IV.10.) on different regulations in relation to the operation of entities (hereinafter referred to as: "Decree"), the Board of Directors, by means of the Board of Directors Resolution No. 9/2020. (IV. 29.), shall adopt the initiation of the Employee Stock Option Plan (hereinafter referred to as: "ESOP") and the establishment of its organisation (hereinafter referred to as: "ESOP Organization") under the name of 4iG Employee Stock Option Plan Organization, abbreviated 4iG ESOP Organization. And, moreover, the herein board of directors adopted its articles of association (hereinafter referred to as: "Articles of Association") and its remuneration policy (hereinafter referred to as: "ESOP Remuneration Policy"), and, further, ensured to have the Articles of Association and Remuneration Policy included in a document countersigned by an attorney-at-law. The Board of Directors hereby made the decision on the assignment of Kertész és Társai Ügyvédi Iroda²⁹ (seat of business: 1062 Budapest, Andrásy út 59.) to act as a proxy on behalf of the supreme body of the ESOP Organization for a specified term of seven (7) years following the herein decision.

In the interest of the planned implementation of ESOP Remuneration Policy, the Board of Directors hereby made the decision that the Company, as a founder, provides purchase option for the ESOP Organization in relation to the acquisition of 4iG Plc. equity shares in the amount of 2 500 000 (namely two-million-five-hundred-thousand) quantity of thereof at the nominal value of HUF 20 per quantity under the ISIN identification number of HU0000167788, as a non-monetary contribution. A purchase option in respect of the acquisition right of 2 500 000

²⁷ FLZM53 Ingatlanhasznosító és Üzemeltető Kft. / in English: FLM53 Real Estate Developer and Maintenance Ltd.

²⁸ REPRO Ingatlanhasznosító és Üzemeltető Kft. / in English: FLM53 Real Estate Developer and Maintenance Ltd.

²⁹ Kertész és Társai Ügyvédi Iroda / in English: Kertész and Partners PLLC.

(namely two-million-five-hundred-thousand) pcs. of 4iG Plc. equity shares were transferred for ESOP.

The share option was drawdown on 30 May 2022 at the stock exchange value of HUF 765 per piece.

ESOP members called on 1 732 667 pieces of share options. 4iG Plc. accounted HUF 3 916 203 thousand as staff costs during the period under review.

Disclosures related to share options:

- Section (b) of Paragraph 45 of IFRS 2

Description	Share option number (pcs.)	Fair value (HUF thousand)	Weighted exercise price (HUF/piece)
Outstanding at the beginning of the period	2 500 000	2 067 975	827
Granted during the period under review	0	0	0
Forfeited during the period under review	209 995	160 646 175	765
Exercised during the period under review	1 299 500	994 117 546	765
Expired during the period under review	990 505	757 736 279	765
Outstanding at the end of the period	0	0	0
Exercisable at the end of the period	0	0	0

- Section (c) of Paragraph 45 of IFRS 2 – for share options exercised during the period, the weighted average share price at the date of exercise – not applicable.

- Section (d) of Paragraph 45 of IFRS 2 – for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life – not applicable.

On the basis of the fair value at the drawdown, 4iG Plc. accounted HUF 3 916 thousand for staff costs through ESOP liabilities as a safeguard for expected ESOP Organization costs in respect of 2022.

In the course of evaluation, it was not necessary to employ the Black-Scholes model, the drawdown value was defined on the basis of the stock exchange rate as fair value.

37. Events after the balance sheet day

37.1 Dividend payment for the year 2021 (4 July 2022)

With the assistance of KELER Plc., 4iG Plc. has started to pay a dividend of HUF 22.49 per share for the year 2022. The dividend payment was resolved in General Meeting Resolution No.3/2022 (29.IV.29.) - taking into account the content of the annual reports for the year 2021 - at HUF 29, i.e. twenty-nine Hungarian Forints, per share for the financial year 2021, for the 102 350 843 pcs. of ordinary shares in issue on 31 December 2021, reduced by the number of the Company's 857 078 pcs. of treasury shares.

37.2 Conclusion of a high-value contract (6 July 2022)

Digitális Kormányzati Ügynökség Zrt. (hereinafter referred to as: "DKÜ") has announced the bid of the consortium led by 4iG as the winning bid for the contract under identification number "KÖFOP-2.3.1-VEKOP-16-2021-00002, "Extension and further development of the IKIR (Integrated Public Services Information) system" (IKIR2), as a result of the centralised public procurement procedure started with the re-launch of the competition "Design, development, integration and implementation services for the extension and further development of the IKIR system".

IKIR, as a primarily managerial information, analysis and decision support tool, aims to contribute extensively to the decision-making process of central bodies responsible for sectoral management and local authorities in the planning, optimisation and development of local public services.

The aim of the contract (IKIR2) is to further develop the IKIR system and expand the information base already available, providing data and information that will allow informed decisions to be made:

- to lay the groundwork for the reform steps of local government public service organisation;
- to develop a substantial, task-based financing system for local public services;
- to plan and optimise local public services and utilities at national and local level.

The net amount of the winning bid is HUF 2 379 596 900.

The deadline for delivery is 30 June 2023.

Date of conclusion of contract is: 5 July 2022.

37.3 A 4iG Nyrt. treasury shares purchases (5 July - 19 July 2022)

During this period, 4iG Nyrt. bought 205 000 pcs. of its treasury shares on the Budapest Stock Exchange at an average price of HUF 749.3515. This increased the Company's treasury share stock to 1 357 582 pcs. of shares.

37.4 Prior consent to the acquisition of Spacecom Ltd (3 August 2022)

In connection with the contract between Hungaro Digitel Kft., 4iG and a subsidiary of Antenna Hungária Zrt., and Space-Communication Ltd. ("Spacecom"), dated 11 October 2021, as amended on 9 February 2022, for the acquisition of 51% of the shares of Spacecom, the Israeli Ministry of Communications gave its prior consent to the acquisition of 20% of the shares by the Buyer.

37.5 High-value winning bid (5 August 2022)

Volánbusz Közlekedési Zrt. has announced 4iG Nyrt's bid as the winning bid in the open tender procedure for the "Operation of HKIR in-vehicle equipment".

The net amount of the winning bid plus options is HUF 6 448 467 440.

The service duration is: 24 + optionally 8 months

37.6 Approval of the simplified prospectus (12 August 2022)

With its decision No. H-KE-III-472/2022, on 12 August 2022, MNB approved the simplified prospectus ("Simplified Prospectus") prepared for the listing of 195 867 053 pcs. of dematerialised ordinary shares with ISIN HU0000194519, with a nominal value of HUF 20 per each, previously privately placed by 4iG as the Issuer, to the regulated market operated by Budapesti Értéktőzsde Zrt.³⁰ (hereinafter referred to as: "BSE") and a descriptive presentation of the preliminary (pro forma) financial information in the Simplified Prospectus. These shares will be listed on BSE at the end of August 2022.

37.7 Signing of the non-binding Term Sheet for the acquisition of 51% shareholding in Vodafone Magyarország Zrt. (22 August 2022)

4iG Plc., Corvinus Zrt. - on behalf of the Hungarian state - and Vodafone Europe BV entered into a preliminary, non-binding agreement (Term Sheet) for the sale and purchase of a 100% stake in the second largest telecommunications company in Hungary, Vodafone Magyarország Távközlési Zrt.³¹ ("Vodafone") ("Transaction"). The value of the Transaction (Enterprise Value) is HUF 715 billion, which is 7.7 times the EBITDA of the target company for the business year ended 31 March 2022. Through the acquisition, 4iG Plc. could become the 51 percent majority owner of Vodafone, while the shareholding of the Hungarian State could be 49 percent. The planned Transaction could be closed by the end of 2022, following the due diligence of Vodafone, the signing of the final sales contract and the necessary official procedures.

³⁰ Budapesti Értéktőzsde Zrt. / in English: Budapest Stock Exchange

³¹ Vodafone Magyarország Távközlési Zrt. / in English: Vodafone Hungary Telecommunications Plc.

38. Report and Declaration on Corporate Governance Liability

The Company holds the Report and Declaration on Corporate Governance Liability, with that, the Company revises its corporate governance system on a yearly basis, and, if it is required, amend or modify thereof. By means of the annual ordinary general meeting the modifications and amendments are approved, and following the general meeting held the Report on Corporate Governance Liability is disclosed. The Report and Declaration on Corporate Governance Liability is available on the websites of www.4ig.hu, www.bet.hu and www.kozzetetelek.hu.

- The Company complies its Report and Declaration on Corporate Governance Liability in accordance with the Corporate Governance Recommendations disclosed by Budapest Stock Exchange.
- The Company employs the rules on the obligatory corporate governance.
- On the basis of the proposal of the Supervisory Board, the Board of Directors accepts the Report and Declaration on Corporate Governance Liability and the General Meeting approves thereof. The Report and Declaration on Corporate Governance Liability shall include all the recommendations provided by BSE and the details and reasons of any derogation from thereof are to be incorporated.
- The Report and Declaration on Corporate Governance Liability shall include all the reasons of the applied practice in addition to the requirements of the legal regulations. Upon compilation of the Management Report, the operative management of the Company is performed by the Board of Directors and it is the chairperson of the Board of Directors who represents the Board of Directors in front of external parties.
- Assignment in relation to company management is not included in the Articles of Association and in the Report and Declaration on Corporate Governance Liability.
- It is the internal supervision and control included in the internal controlling process of the Company which ensures the continuous supervision and control. Elimination of risks is performed upon the management meetings held on a weekly basis.

REPRESENTATION

The Issuer shall hereby state that the Report on the development and performance of the Company is reliable, and the data and statements are in accordance with reality, and do not hide any fact which are considered to be significant from the point of evaluating the situation of the Issuer.

In line with Subsection 1 of Section 57 of the Act on the Capital Market, the Issuer shall be liable for any and all damages caused by his failure to meet the obligations of disclosure of the regulated information and the same shall be applied for false or untrue information made available for the public.

I, the undersigned, shall hereby undertake that the data of the statement included in the report for the first half of 2022 and the contents of the analyses and the conclusions are in compliance with reality.

Budapest, 31 August 2022

Jászai Gellért Zoltán
Chairman of the Board of Directors

Tóth Béla Zsolt
member of the Board of Directors

4iG Nyrt.

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