

# CONSOLIDATED FINANCIAL REPORT

**4iG**  
Q4

**20**

**22**

**4iG PLC'S FLASH REPORT  
ON THE COMPANY'S ACTIVITIES FOR THE FOURTH QUARTER OF 2022**



# CONTENTS

1.	Executive Summary .....	2
2.	Consolidated financial statements under IFRS.....	9
2.1.	Consolidated statement of comprehensive income .....	9
2.2.	Consolidated statement of financial position .....	10
2.3.	Consolidated statement of changes in equity.....	11
2.4.	Consolidated cash flow statement .....	12
3.	General section.....	13
3.1.	Presentation of the Company .....	13
3.2.	General information about the Company .....	13
4.	Share information.....	14
5.	Ownership structure.....	16
6.	Officials .....	16
6.1.	Company management .....	16
6.2.	Remuneration of officials .....	17
6.3.	4iG shareholdings of executive officers on 31 December 2022.....	17
6.4.	The persons authorized to sign the report.....	17
6.5.	Election and removal of officers.....	17
6.6.	Authority of officials .....	18
6.7.	Amendment of the Articles of Association .....	18
7.	Basis OF PREPARATION OF THE balance sheet .....	18
8.	Adjustment of previous year's financial data.....	19
9.	Subsidiaries included in the consolidation .....	22
10.	Events after the balance sheet date.....	25
10.1.	Registration of mergers of subsidiaries at the Albanian Companies Court (05/01/2023) .....	25
10.2.	Rating action by Scope Ratings (06/01/2023).....	25
10.3.	Declaration of the acquisition of Vodafone Hungary Zrt. to be of national strategic importance (09.01.2023).....	25
10.4.	Subsidiary loan agreement (09/01/2023) .....	25
10.5.	Analysis by EDISON Group (09/01/2023) .....	26
10.6.	Signing of the sales and purchase agreement for the acquisition of a 51% ownership in Vodafone Hungary Zrt. (09/01/2023) .....	26
10.7.	Treasury share transaction (26/01/2023) .....	26
10.8.	On the reduction of the number of shares indirectly held by executives (27/01/2023). 26	
10.9.	Acquisition of a 51% ownership in Vodafone Hungary (31/01/2023) .....	27
10.10.	Changes in senior management (01/02/2023) .....	27
10.11.	Analysis by EDISON Group (02/02/2023) .....	27
10.12.	Publication of the credit rating report by Scope Ratings (02/02/2023) .....	27
10.13.	Consent for the acquisition of 20% of the shares of Space-Communications Ltd. (16/02/2023) .....	27
10.14.	Acquiring 20% of the shares of Space-Communications Ltd. by way of capital increase (24/02/2023) .....	28
11.	Statement .....	29

The Report was approved by the Board of Directors of the Company by means of a written resolution on 28<sup>th</sup> February 2023, under Board Resolution No. 1/2023 (II. 28.).

## 1. EXECUTIVE SUMMARY

4iG Plc (hereinafter: “4iG”, “Company”, “Enterprise”, “Group”, “4iG Group”) underwent a significant transformation in 2022. While the Group maintained its position as a leading IT systems integrator in Hungary, the Company expanded into new areas of business to create shareholder value and strengthen its market position through significant acquisitions in the telecommunications sector in Hungary and the Western Balkans. The Hungarian state became a strategic partner to 4iG Group, whereas the Company focused its telecom investments in Antenna Hungária, and the joint cooperation of the parties also led to the acquisition of Vodafone Hungary Telecommunications Ltd. in early 2023. With the acquisition of Vodafone Hungary, 4iG is now the second largest telecommunications group in Hungary, while continuing to further expand its competencies in the fields of IT and the space industries.

The strategic partnership agreement signed with Rheinmetall AG in the first quarter of 2022 has opened new horizons in 4iG’s growth strategy. Rheinmetall, a global defense and security group headquartered in Germany, has become a major investor in 4iG Plc, with the two companies now engaged in joint ventures in the IT and defense industries. The joint cooperation not only increases the capital strength of the 4iG Group, but also provides a solid foundation for further expansion plans in the domestic Hungarian and Western European markets.

As a result of acquisitions made over the past year and the organic growth of the Group, **4iG has evolved into a technology-infocommunications group. The harmonization of the operations of the Hungarian and international companies acquired in 2022, following the integration that started last year, have significantly contributed to improving the efficiency and competitiveness of the Company.**

4iG’s issuer rating was upgraded by one notch to “BB-“ by Scope Ratings as a result of improved competitive position, business profile, profitability, and improved credit metrics following the acquisition of Vodafone Hungary. The acquisition of Vodafone Hungary resulted in obtaining a significant share of the Hungarian mobile market after the end of the period under review. The upgrade is also a recognition of the Company’s successful growth strategy.

### **A complex technology-infocommunications group has been created**

With the successful completion of the acquisitions, the Group has started the development of cooperation opportunities between the companies, harmonization of the operations, and the exploitation of business synergies. The expansion in the telecommunications industry has led to an increase in recurring revenues, which has significantly improved the Company’s profitability and the stability of its cash flow. A broadening customer base has enhanced the Company’s business profile, with services shifting from a B2B to a B2C focus. The merger of the fixed and mobile communications portfolios of 4iG Group and Vodafone Hungary has led to becoming the second largest domestic company in mobile voice and internet services, as well as a market leader in fixed internet services and television broadcasting.

- With the acquisition of the **DIGI Group** (DIGI Távközlési és Szolgáltató Kft., i-TV Zrt., Invitel Zrt., DIGI Infrastruktúra Kft.), the Company entered the Hungarian telecommunications market and became a fixed telecommunications operator with an extensive subscriber base and a significant fixed infrastructure. In the process of optimizing the company's operations, a new management team was brought in, restructuring the organization, and streamlining operational processes. As of 1 January 2023 the DIGI Group companies (Invitel Zrt., Digi Infrastruktúra Kft., i-TV Zrt.) were merged into DIGI Távközlési és Szolgáltató Kft., thus improving its profitability and operating conditions.
- In January, 4iG Plc and Rheinmetall AG signed a strategic cooperation agreement. As a result of the partnership, the German-based defense industrial group invested and acquired a 25% stake in 4iG Plc. Following Rheinmetall's investment in 4iG, the two parties announced the creation of joint ventures in the IT and defense industry.
- Last spring, two acquisitions were completed in Albania: **ALBtelecom**, market leader in fixed telecommunications in the country; and **One Telecommunications**, a fast-growing mobile operator with the second largest customer base in the country. These two acquisitions made 4iG the largest foreign investor in Albania for 2022. The integration of the two companies started immediately, and were led by a joint management since last July. As of 1 January 2023, the two companies officially merged and provide their services under the name **ONE Albania**.
- In April 2022, 4iG Plc acquired a 76.78% stake in **Antenna Hungária Zrt.** as part of a strategic partnership with the Hungarian state through the contribution of its domestic and international telecommunications subsidiaries (DIGI, Invitech, One Crna Gora, ALBtelecom and One Telecommunications).
- In September 2022, 4iG Group entered into a new sale and purchase agreement to acquire the majority 51% stake in **Spacecom**, the Israeli company that operates the AMOS family of satellites. As a first step, 4iG acquired a 20% stake in Spacecom. 4iG intends to increase its stake in the satellite operator by acquiring an additional 31% stake over the next three years, subject to the approval of the Israeli authorities.
- In October 2022, the Group expanded its competencies with a media technology company active in Hungary and the region by acquiring a majority stake of 75% in **BRISK Group**. BRISK provides high quality "digital tape delivery" services to its partners. With these new services added to its portfolio, 4iG Group aims to strengthen its market position in one of the most advanced, highly automated advertising quality control, transcoding and delivery platforms. The technology is developed in Hungary and operates across Central and Eastern Europe. The plan is to grow the BRISK and increase its footprint in new markets across the Western Balkans.
- As a milestone to its strategic agreement with Rheinmetall, the two companies established a joint integrated technology IT services company called **Rheinmetall 4iG Digital Services (R4 Kft.)**. 4iG owns 51% of the newly established entity R4, while Rheinmetall owns the remaining shares. R4 was established to provide IT services to Rheinmetall's Hungarian and global subsidiaries and potential market customers, which will enable 4iG to become a global IT service provider.
- In addition, representatives of Rheinmetall, 4iG, and HM Electronics, Logistics and Asset Management (HM EI) have signed a preliminary agreement to establish a joint venture. The aim of the cooperation is that the joint venture will participate in the development of "digital soldiers" in Hungary and in the digitalization of the Hungarian Defense Forces and NATO member states across Central and Eastern Europe.

- In November 2022, 4iG Group joined the **Open Radio Access Network (O-RAN) Alliance**. This international industry alliance of telecom operators in global markets offers an open platform for the development and operation of 5G and other wireless telecom infrastructures. 5G could open up many new opportunities for innovative players in the industry. As a full member of the O-RAN international industry association, 4iG could become one of the frontrunners in the convergence of IT and telecoms. The Company will have a significant advantage in the markets targeted by O-RAN because of its IT and telecommunications capabilities and capacity. 4iG Group's first 5G service was launched in Montenegro.
- Following the period under review, on 31 January, 2023, 4iG Group acquired a majority stake in **Vodafone Hungary**, completing the most significant acquisition in the Hungarian telecommunications market in the last thirty years. Vodafone Hungary was acquired by Antenna Hungária Zrt., with a 51% stake; and the Hungarian state, represented by Corvinus International Investment Ltd. with 49%. With the acquisition, the 4iG Group has gained a significant share of the mobile market in Hungary, improving its competitive position, and creating a complex fixed-mobile convergent telecommunications operator with a fixed-mobile network that complements the Group's existing telecommunications infrastructure.

## Financial performance

4iG Plc's consolidated net sales revenues according to IFRS for 2022 amounted to HUF 277.3 billion, the Group's EBITDA according to IFRS exceeded HUF 72 billion, its EBITDA margin per net sales revenue was 25.96 percent. 72 percent of the net sales revenue was generated by the telecommunications and 28 percent by the IT division. **In case of the telecommunications sector EBITDA margin has reached an outstanding 33.3 percent, whereas operating cash-flow per EBITDA shows 43.8 percent on a total Group level.**

HUF 10.1 billion out of the HUF 21 billion negative net profit for the period was mainly due to the technically recorded, non-cash depreciation and amortization and deferred tax recognized on newly identified assets<sup>1</sup> according to preliminary analyses for the newly acquired companies in the period 2021 and 2022. Due to the high value of the Group's fixed assets non-cash depreciation and amortization accounted in the subsidiaries' standalone financial statements (HUF 44.7 billion) has also remarkably contributed to the loss after tax, these expenses might however significantly decrease, when realizing future synergies and reorganizing the group structure.

Furthermore, in accordance with the International Financial Reporting Standards non-cash items accounted in relation to leased assets further worsened the profit in the amount of around HUF 2.1 billion. Interest expenses related to bonds issued have also been presented amongst finance income and costs, that have been partly offset by net exchange gains accounted due to the favorable FX fluctuations for the Company.

Despite the unfavorable conditions affecting the income statement, the Company ended the year with a positive operating cash flow of HUF 31.6 billion.

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<sup>1</sup> Final values will be published in the consolidated IFRS financial statements.

4iG's 2022 results should not be compared to those a year ago (2021) due to the telecom-focused expansion over the past year. Comparability is further hampered by the fact that IT and telecoms have different margins, and while most of IT's revenue comes from B2B, telecoms revenue is dominated by B2C and small and micro business sales. In assessing Q4 2022 of the Group's financial, it should be noted that the consolidated comprehensive income statement includes ALBtelecom's performance from March 2022, One Telecommunications' and Antenna Hungária's performance from April 2022 and BRISK Group's performance from December 2022.

### *Telecommunications*

4iG's Hungarian telecoms division has been positively impacted by the development of intra-group cooperation and synergies. The harmonization of services and business processes has contributed significantly to successful operations. At a sector level, profitability was impacted by the significant increase in energy prices, the extension of the telecoms tax, and wage inflation.

The decline in the revenues in **Antenna Hungária** is a result of the downsizing of its events management business. The company's profitability was positively impacted by non-recurring items, such as the construction and operation of the telecommunications and IT infrastructure for the FINA World Aquatics Championships broadcast.

**Invitech's** revenue continued to grow in 2022 because of new customers, the renewals of existing contracts, and newly introduced services. Most of the organic growth was driven by digital public utility services, with a significant upturn in IT security and cloud services. **DIGI** has successfully completed the merger processes within the Group, so as of 1 January 2023 DIGI Távközlési és Szolgáltató Kft, Invitel Zrt, DIGI Infrastruktúra Kft. and i-TV Zrt operate as one legal entity. Despite the difficulties specific to the sector, DIGI has achieved its profitability targets. Rationalization of operating expenses (OPEX) and price increases in line with market trends to offset significantly increased costs played a major role in this. The company remains one of the best value-for-money fixed line operators on the Hungarian market.

The merger of ALBtelecom and One Telecommunications set the tone for **One Albania's** financial year and its profitability growth in 2022. The increase in post-paid services and the merger of the two companies also improved the company's performance last year thanks to the optimization of marketing, network, human resources, and IT costs. One Albania is progressively replacing outdated copper cables with optical fiber to meet the challenges of the 21<sup>st</sup> century, offering a significantly higher level of service than before. As a result of the improvements now completed, the number of fixed internet subscribers has started to increase, supported by the cross-selling of combined fixed-mobile packages. **One Crna Gora's** net profit and EBITDA margin were positive in 2022. The company's profitability benefited from the ramp-up due to the rebranding in the spring and the migration of prepaid customers to monthly subscriptions. Last December, One Crna Gora won the right to use 700 MHz and 3.6 GHz frequencies for high-quality 5G and LTE services, a significant resource for the further strategic development of the company has been secured for nearly three million euros. The Company aims to provide 5G and LTE services throughout Montenegro.

## *Information technology*

The IT Division of the 4iG Group has undergone an organizational restructuring to better serve the Company's telecom subsidiaries. Despite the unfavorable macroeconomic environment, rising inflation, and high energy costs, the IT division managed to ease the effects of the decrease in public procurement by expanding sales channels. The IT division finalized its most valuable projects in Q4, following industry norms and bolstering its overall performance and profitability in the quarter.

The primary sources of revenue in 2022 were not only limited to traditional systems integration projects and custom application development but also included innovative technology-based solutions such as industrial digitalization, cybersecurity, cloud services, containerization, and others. Moreover, revenues from IT services in the financial sector were also significant. In the future, the IT business can expect substantial growth potential through continued collaboration among the Group's companies and more efficient utilization of synergies.

### **Vision**

With the closing of the Vodafone Hungary transaction, 4iG Group has become a converged technology-infocommunications provider in Hungary, creating a strong platform to compete for market leadership in other segments. The Group aims to further increase its service spectrum and customer base in both the residential and business segments and to strengthen its recurring revenue share. Vodafone's acquisition has opened a new chapter in the Hungarian telecoms market, laying the foundations for further growth, while increasing competition and accelerating digital transformation.

The merger and rebranding process of ALBtelecom and One Telecommunications is expected to be completed in 2023, making **One Albania** one of the key players in the local telecommunications market. The company will develop its product range and continue to optimize its mobile network and upgrade its fixed network to optical technology. Building on its advanced infrastructure, in addition to the residential segment, One Albania is developing a complex portfolio of ICT services for business and government operators. **One Crna Gora** will continue to expand its 5G coverage, to be able to provide 5G services in almost the entire territory of Montenegro. The new, stable technology will open up the possibility of introducing fixed internet services for the home, as well as rapid expansion of the business ICT market presence.

For 4iG, there is a unique opportunity to expand its IT capabilities beyond its traditional services in the defense industry in Western European markets through its partnership with Rheinmetall. 4iG is currently providing Rheinmetall with traditional IT services to digitize and support the group's processes, but the cooperation also extends to technological and digitalization developments in the defense industry through joint ventures. In the latter area, 4iG group intends to become increasingly strong in 2023.

In 2023, the 4iG Group will focus on exploiting the synergies offered by fixed-mobile convergence and IT-telco convergence, building cross-selling channels and consolidating infrastructure. Integration will continue, with further business cooperation between the Group's member companies and the use of business synergies to greatly improve efficiency and competitiveness. In 2023, the Company expects to further increase its share in most of the markets where it is currently present and is open to further acquisitions.

### ***Capital market performance***

<b>Data per share (in HUF)</b>	<b>2022</b>	<b>2021</b>	<b>Change +/-in %</b>
EBITDA per share	259	126	106.37%
Net earnings per share (EPS)	-75.4	67.9	-211.07%
Diluted EPS indicator	-75.4	66.7	-212.98%
Equity per share	1 084.6	171.9	531.01%

**Presentation of 4iG Group's Q4 2022 results**

Description	Q1-Q4 2022	Q1-Q4 2021	Change +/- in %	Q4 2022	Q4 2021	Change +/- in %
		Modified			Modified	
<b>Revenues</b>	<b>299 160 606</b>	<b>96 016 423</b>	<b>211.57%</b>	<b>80 353 356</b>	<b>42 583 783</b>	<b>88.69%</b>
- Of which: Net sales revenues	277 315 360	93 653 153	196.11%	80 606 712	40 641 471	98.34%
Cost of goods sold and intermediated services	101 763 667	59 090 404	72.22%	35 862 188	23 519 810	52.48%
Operating expenses	43 990 989	7 961 154	452.57%	7 098 719	3 807 832	86.42%
Staff costs	56 368 686	16 249 849	246.89%	17 164 123	6 181 605	177.66%
Other operating expenses	25 015 520	529 692	4622.65%	3 338 481	414 358	705.70%
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>72 021 744</b>	<b>12 185 324</b>	<b>491.05%</b>	<b>16 889 845</b>	<b>8 660 178</b>	<b>95.03%</b>
Depreciation and amortisation	75 553 942	4 819 961	1467.52%	27 607 427	3 245 997	750.51%
<b>Earnings before Interest and Tax (EBIT)</b>	<b>-3 532 198</b>	<b>7 365 363</b>	<b>-147.96%</b>	<b>-10 717 582</b>	<b>5 414 181</b>	<b>-297.95%</b>
Finance income	25 701 827	3 770 078	581.73%	7 410 051	1 440 370	414.45%
Finance costs	40 595 902	3 027 447	1240.93%	8 704 097	2 445 248	255.96%
<b>Profit Before Tax (PBT)</b>	<b>-18 426 273</b>	<b>8 107 994</b>	<b>-327.26%</b>	<b>-12 011 628</b>	<b>4 409 303</b>	<b>-372.42%</b>
Income taxes	2 533 617	1 519 196	66.77%	1 221 193	745 526	63.80%
<b>Net profit and loss</b>	<b>-20 959 890</b>	<b>6 588 798</b>	<b>-418.11%</b>	<b>-13 232 821</b>	<b>3 663 777</b>	<b>-461.18%</b>
Other comprehensive income	10 313 125	136 143	7475.22%	-4 288 802	136 143	-3250.22%
<b>Total comprehensive income</b>	<b>-10 646 765</b>	<b>6 724 941</b>	<b>-258.32%</b>	<b>-17 521 623</b>	<b>3 799 920</b>	<b>-561.11%</b>

**2. CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS**
**2.1. Consolidated statement of comprehensive income**

	<b>2022</b>	<b>2021</b>
		<b>Modified</b>
Net sales revenues	277 315 360	93 653 153
Other operating income	21 845 246	2 363 270
<b>Revenues in total</b>	<b>299 160 606</b>	<b>96 016 423</b>
Cost of goods sold and intermediated services	101 763 667	59 090 404
Operating expenses	43 990 989	7 961 154
Staff costs	56 368 686	16 249 849
Other operating expenses	25 015 520	529 692
<b>Total operating expenses</b>	<b>227 138 862</b>	<b>83 831 099</b>
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>72 021 744</b>	<b>12 185 324</b>
Depreciation and amortisation	75 553 942	4 819 961
<b>Earnings Before Interest and Tax (EBIT)</b>	<b>-3 532 198</b>	<b>7 365 363</b>
Finance income	25 701 827	3 770 078
Finance costs	40 595 902	3 027 447
<b>Profit before tax</b>	<b>-18 426 273</b>	<b>8 107 994</b>
Income taxes	2 533 617	1 519 196
<b>Net profit and loss</b>	<b>-20 959 890</b>	<b>6 588 798</b>
Other comprehensive income	10 313 125	136 143
<b>Total comprehensive income</b>	<b>-10 646 765</b>	<b>6 724 941</b>
<i>Of which: result of discontinued activity</i>		
<b>Earnings per share (HUF)</b>		
Base	-75.4	67.9
Diluted	-75.4	66.7
<b>Profit after tax attributable to:</b>		
Owners of the Company	-23 475 814	6 403 005
Non-controlling interest	2 515 924	185 793
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	-14 511 591	6 539 148
Non-controlling interest	3 864 826	185 793

HUF 10.1 billion out of the HUF 21 billion negative net profit for the period was mainly due to the technically recorded, non-cash depreciation and amortization and deferred tax recognized on newly identified assets according to preliminary analyses for the newly acquired companies in the period 2021 and 2022.

**2.2. Consolidated statement of financial position**

	<u>31/12/2022</u>	<u>31/12/2021</u>
		<b>Modified</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant, and equipment	303 377 634	43 374 101
Intangible assets	70 835 736	11 755 348
Customer relationship	60 085 285	26 856 209
Right-of-use assets	38 170 996	19 116 787
Contract assets	1 142 622	397 601
Goodwill	149 418 702	85 879 364
Other investments	127 875 559	235 986
<b>Total non-current assets</b>	<b>750 906 534</b>	<b>187 615 396</b>
<b>Current assets</b>		
Cash and cash equivalents	45 832 153	266 530 261
Trade receivables	59 739 163	35 798 386
Other receivables, prepayments and accrued income	19 314 435	11 032 246
Securities	0	17 150
Inventories	9 856 527	2 299 770
Assets held for sale	59 356 333	0
<b>Total current assets</b>	<b>194 098 611</b>	<b>315 677 813</b>
<b>Total assets</b>	<b>945 005 145</b>	<b>503 293 210</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	5 981 499	2 064 158
Repurchased treasury shares	-733 467	-245 726
Capital reserve	133 481 690	3 868 592
Retained earnings	35 221 848	9 234 639
Other comprehensive income	8 964 223	136 143
<b>Equity attributable to the owners of the Company</b>	<b>182 915 793</b>	<b>15 057 806</b>
Non-controlling interest	118 562 835	1 623 815
<b>Total equity</b>	<b>301 478 628</b>	<b>16 681 621</b>
<b>Non-current liabilities</b>		
Provisions – non-current	4 785 789	841 180
Non-current borrowings, loans, bonds	425 958 552	407 739 435
Other non-current liabilities	11 871 921	0
Finance lease liabilities	37 039 512	15 504 843
Deferred tax liabilities	16 233 291	2 736 853
<b>Total non-current liabilities</b>	<b>495 889 065</b>	<b>426 822 311</b>
<b>Current liabilities</b>		
Trade payables	46 131 654	23 251 567
Current borrowings and loans	7 624 305	211
Other current liabilities and accruals	56 148 419	31 482 574
ESOP liabilities	0	865 740
Dividends payable to the owners of the Company	0	42
Provisions – current	4 888 535	425 506
Liabilities related to assets held for sale	23 608 058	0
Current finance lease liabilities	9 236 481	3 763 638
<b>Total current liabilities</b>	<b>147 637 452</b>	<b>59 789 278</b>
<b>Total equity and liabilities</b>	<b>945 005 145</b>	<b>503 293 210</b>

**2.3. Consolidated statement of changes in equity**

	Share capital	Treasury shares	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to the owners of the Company	Non-controlling interest	Total equity
<b>Balance on 1 January 2021</b>	<b>1 880 000</b>	<b>-322 930</b>	<b>816 750</b>	<b>4 928 921</b>	<b>0</b>	<b>7 302 741</b>	<b>376 085</b>	<b>7 678 826</b>
Issue of share capital	184 158		3 051 842			3 236 000		3 236 000
Purchase of treasury shares		-80 000				-80 000		-80 000
Sale of treasury shares (exchange of shares)		157 204		342 796		500 000		500 000
Own share in subsidiary				-59 895		-59 895		-59 895
Foreign currency translation reserve					136 143	136 143		136 143
NCI (non-controlling interest)				-165 100		-165 100	165 100	0
Dividend allocation, payment				-2 211 910		-2 211 910		-2 211 910
Profit after tax				6 958 207		6 958 207	203 237	7 161 444
NCI (non-controlling interest)						0	896 837	896 837
<b>Balance on 31 December 2021</b>	<b>2 064 158</b>	<b>-245 726</b>	<b>3 868 592</b>	<b>9 793 019</b>	<b>136 143</b>	<b>15 616 186</b>	<b>1 641 259</b>	<b>17 257 445</b>
<b>Balance on 1 January 2022</b>	<b>2 064 158</b>	<b>-245 726</b>	<b>3 868 592</b>	<b>9 793 019</b>	<b>136 143</b>	<b>15 616 186</b>	<b>1 641 259</b>	<b>17 257 445</b>
Acquisition – Modification of purchase price allocation				-550 872		-550 872	-17 444	-568 316
Accounting policy change				-7 508		-7 508		-7 508
<b>Modified balance on 1 January 2022</b>	<b>2 064 158</b>	<b>-245 726</b>	<b>3 868 592</b>	<b>9 234 639</b>	<b>136 143</b>	<b>15 057 806</b>	<b>1 623 815</b>	<b>16 681 621</b>
Issue of share capital	3 917 341		129 613 098			133 530 439		133 530 439
Purchase of treasury shares		-751 936				-751 936		-751 936
Sale of treasury shares (exchange of shares)		264 195				264 195		264 195
Dividend allocation				-2 968 174		-2 968 174		-2 968 174
Profit after tax				-23 475 814		-23 475 814	2 515 924	-20 959 890
Other comprehensive income					8 828 080	8 828 080	1 485 045	10 313 125
Contribution in kind				52 431 197		52 431 197	112 938 051	165 369 248
<b>Balance on 31 December 2022</b>	<b>5 981 499</b>	<b>-733 467</b>	<b>133 481 690</b>	<b>35 221 848</b>	<b>8 964 223</b>	<b>182 915 793</b>	<b>118 562 835</b>	<b>301 478 628</b>

**2.4. Consolidated cash flow statement**

	<u>31/12/2022</u>	<u>31/12/2021</u>
		<b>Modified</b>
<b>Cash flow from operating activities</b>		
Profit after tax	-20 959 890	6 588 798
<i>Adjustments:</i>		
Depreciation and amortisation of the current year	75 553 942	4 819 961
Impairment	4 275 626	-401 461
Provisions	-1 608 159	-310 818
Profit taxes	2 533 617	92 107
Interests	23 891 212	2 109 655
ESOP	128 377	520 927
Other items that do not result in cash flows	-7 227 505	136 376
Foreign exchange differences	-13 386 445	-28 296
Profit and loss of associates	700	858
Acquisition deferred purchase price	0	-500 000
Own share adjustment	0	-59 895
<i>Changes in working capital</i>		
Change in trade receivables	-9 012 446	-5 117 139
Change in inventories	465 954	2 012 374
Change of trade payables	-16 967 302	-248 247
Change in finance lease (current)	1 840 976	1 078 091
Changes in other receivables and liabilities	-7 971 368	9 352 685
<b>Net cash flow from operating activities</b>	<u><b>31 557 289</b></u>	<u><b>20 045 976</b></u>
<b>Cash flow from investment activities</b>		
Sale/(purchase) of property, plant, equipment	-7 083 393	-1 258 047
Purchase of intangible assets	-2 183 156	-8 591 529
Securities	331 692	111 000
Non-current receivables	-202 543	-69 644
Acquisition of subsidiaries	-299 430 233	-146 873 302
Dividends and interest received on investments	2 251 000	0
<b>Net cash flow from investment activities</b>	<u><b>-306 316 633</b></u>	<u><b>-156 681 522</b></u>
<b>Cash flow from financing activities</b>		
Non-current borrowings	-36 534 016	400 033 657
Bank loan, bond withdrawal/(repayment)	-17 615 895	-3 018 508
Financial leasing withdrawal/(repayment)	16 037 119	3 502 076
Repurchased and issued treasury shares	111 640 991	0
Interest on loans and borrowings	-24 875 152	-2 109 655
Dividend paid	-2 968 174	-2 211 910
Capital increase/(decrease)	3 917 341	0
Dividend paid (minority)	0	-242 732
<b>Net cash flow from financing activities</b>	<u><b>49 602 214</b></u>	<u><b>395 952 928</b></u>
Foreign exchange differences	4 459 022	8 098
<b>Net change in cash and cash equivalents</b>	<u><b>-220 698 108</b></u>	<u><b>259 325 480</b></u>
Cash and cash equivalents at the beginning of the year	<u><b>266 530 261</b></u>	<u><b>7 204 781</b></u>
<b>Cash and cash equivalents at end of period</b>	<u><b>45 832 153</b></u>	<u><b>266 530 261</b></u>

### 3. GENERAL SECTION

#### 3.1. Presentation of the Company

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

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

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

#### 3.2. General information about the Company

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

#### 4. SHARE INFORMATION

Type of shares:	registered ordinary shares, dematerialized
Nominal value of shares:	20 HUF/share
Number of shares:	299 074 974 shares
ISIN code of shares:	HU 0000167788
Series of shares:	"A"
Serial number of shares:	0000001 - 299074974
Number of treasury shares repurchased:	1 359 447 shares
Number of treasury shares held by 4iG ESOP Organization:	4 000 000 shares

##### Other information on shares:

- Each share carries the same rights, each share represents 1 vote.
- The shares are traded in the "PREMIUM" category of the Budapest Stock Exchange and represent the total issued share capital, there are no other issued shares of 4iG Plc.
- There are no restrictions on the sale of shares, no pre-emptive rights are provided for, but shares may only be transferred by debiting or crediting a securities account. In the event of a transfer of shares, the shareholder may exercise his/her shareholder rights only if the name of the new shareholder is entered in the share register.
- The Company's share register is managed by KELER Zrt. (Central Clearing House and Depository Plc.)
- There are no specific management rights.
- There is no shareholder agreement on management rights that we are aware of.
- The Company does not have an employee share ownership scheme.
- There are no voting rights restrictions, only the repurchased treasury shares do not carry voting rights. On 31 December 2022, there were 1,359,447 repurchased treasury shares.
- Minority rights: shareholders representing at least 1% of the voting rights may request the convening of a general meeting of the Company at any time, stating the reason and purpose.
- Designated officers are elected by the General Meeting by simple majority, in accordance with the Articles of Association.
- The operational management of the Company is carried out by the Board of Directors.
- The General Meeting decides on the increase of the share capital on the basis of a proposal from the Board of Directors. The decision of the General Meeting is not required only if the increase of the share capital is made under the authority of the Board of Directors, as authorized by the Articles of Association. At the time the Annual Report is drawn up, the Board of Directors is not authorized to issue new shares.
- No agreement that enters into force is modified or terminated as a result of a change in the contractor's management following a public tender offer.
- No agreement between the Company and an officer or employee that provides for indemnification in the event of the officer's resignation or termination, the officer's or employee's wrongful termination, or the termination of employment as a result of a tender offer.

- Gellért Zoltán Jászai, Chairman and CEO of 4iG Plc. acquired 100% of the shares of KZF Vagyonkezelő Kft. on 14 June 2019. Through other share transactions on the same day, KZF Vagyonkezelő Kft. and thus, indirectly Gellért Zoltán Jászai acquired a 32.01% stake in 4iG Plc. For the remaining shares, a mandatory tender offer was made, which was open until 28 August 2019.
- On 26 July 2018, the Company's General Meeting of Shareholders decided on a share split, according to which the nominal value of the shares was changed to HUF 100 per share. As of 5 October 2018, the shares of 4iG Plc. were traded at HUF 100 per share in the standard section of the Budapest Stock Exchange. On 25 April 2019, the Company's General Meeting decided on a new share split, according to which the nominal value of the shares was changed to HUF 20 per share. As of 17 June 2019, the shares of 4iG Plc are traded at HUF 20 per share on the Budapest Stock Exchange.
- As of 19 June 2019, 4iG shares were reclassified to the Premium category by the Director of the Budapest Stock Exchange.
- In connection with the capital increases decided on 1 June 2021, a total of 5,207,921, i.e. five million two hundred seven thousand nine hundred twenty-one ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already listed, were listed on the Budapest Stock Exchange on 1 July 2021.
- In connection with the capital increases decided on 24 January 2022, a total of 116,417,910, i.e. one hundred sixteen million four hundred seventeen thousand nine hundred ten ordinary shares of Series A with a nominal value of HUF 20 each, with rights equivalent to those of the shares already listed, were subscribed by the iG COM private equity fund.
- In connection with the capital increases decided on 23 February 2022, Rheinmetall AG subscribed for a total of 50,223,881 (fifty million two hundred twenty-three thousand eight hundred eighty-one) ordinary shares of series A with a nominal value of HUF 20 each, which grant the same rights as the shares already listed.
- In connection with the capital increases decided on 23 February 2022, a total of 19,761,380 ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already listed, were subscribed by Bartolomeu Investment Kft.
- In connection with the capital increases decided on 23 February 2022, a total of 9,463,882 ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already issued, were subscribed by Turkish Çalik Holding Anonim Sirketi.

## 5. OWNERSHIP STRUCTURE

	<b>31 December 2022</b>	<b>31 December 2021</b>
iG COM Private Equity Fund	38.93%	n.d.
KZF Vagyonkezelő Kft.	10.68%	52.34%
Manhattan Invest Kft.	1.03%	3.00%
Manhattan Magántőkealap (Private Equity Fund)	0.58%	1.52%
Rheinmetall AG	25.12%	n.d.
Bartolomeu Investment Ltd.	7.41%	5.05%
Çalik Holding Anonymous Sirketi	3.16%	n.d.
4iG treasury share ownership	0.45%	0.83%
Owned by 4iG ESOP Organization	1.34%	3.88%
Free float	11.30%	33.38%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## 6. OFFICIALS

The executive officers of 4iG Plc as of 31 December 2022 were as follows:

### 6.1. Company management

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

## 6.2. Remuneration of officials

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

## 6.3. 4iG shareholdings of executive officers on 31 December 2022

Executive officer		Number of shares on 31/12/2022			Capital shareholding rate (%)
Name	Position	Direct ownership	Indirect ownership	Direct and indirect	Direct and indirect
Gellért Zoltán Jászai	Chairman of the Board of Directors	0	153 191 954	153 191 954	51.22%
Béla Zsolt Tóth	Member of the Board of Directors	1 052 200	0	1 052 200	0.35%
László Blénessy	Member of the Board of Directors	911 265	0	911 265	0.30%
Pedro Vargas Santos David	Member of the Board of Directors	0	24 969 301	24 969 301	8.35%

## 6.4. The persons authorized to sign the report

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

## 6.5. Election and removal of officers

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

## 6.6. Authority of officials

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

## 6.7. Amendment of the Articles of Association

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

## 7. BASIS OF PREPARATION OF THE BALANCE SHEET

### *i) Approval and declaration*

The consolidated financial statements were approved by the Board of Directors on 28 February 2023. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are composed of standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

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

The report includes consolidated unaudited financial statements for the period ending 31 December 2022.

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

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

### *iii) Basis of assessment*

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

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

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

#### *Accounting policies and other explanatory information*

The Group's accounting policies have changed in respect of the following:

- Unlike in previous financial years, 4iG Group started to apply the practical solution provided by IFRS 16 from 1 January 2022, whereby non-lease components are not separated from lease components, but these items are accounted for as a single lease component and recognized in the value of the lease liability.

The impact of the change in accounting policy on the prior year financial statements is described in more detail in Section No. 8, titled Adjustment of previous year's financial data below.

#### 8. ADJUSTMENT OF PREVIOUS YEAR'S FINANCIAL DATA

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

- On 12 May 2021, the transaction to acquire 100% of the shares of Portuguese Telecommunication Investments Kft. was completed, as a result of which 4iG Plc acquired a 75% indirect ownership in Hungaro DigiTel Kft. (Ltd.)
- On 30 September 2021, 4iG Plc acquired 100% of the shares in Invitech ICT Services Kft. (Ltd.) and InviTechnocom Kft. (Ltd.)
- 4iG Plc acquired 100% ownership of ONE Crna Gora d.o.o. (formerly Telenor Podgorica d.o.o.) through its subsidiary 4iG Montenegro d.o.o., established on 21 December 2021.

The fair value measurement of the assets and liabilities of the investments acquired in a business combination has been finalised. In addition to the impact of the acquisitions in 2021 on the prior year financial statements, the accounting policy change described in Section No. 7, titled Basis of preparation of the balance sheet above has resulted in changes to the figures in the consolidated statement of financial position, statement of comprehensive income and cash flow. The cumulative effects of the end of the measurement period of the purchase price allocation and the change in accounting policy are presented in the tables below.

*Consolidated statement of financial position*

	<u>31/12/2021</u>	<u>31/12/2021</u>	<u>31/12/2021</u>	<u>31/12/2021</u>
	<b>Modified</b>	<b>Purchase price allocation change</b>	<b>Accounting policy change</b>	<b>Published</b>
Property, plant and equipment	43 374 101	3 760 749	0	39 613 353
Intangible assets	11 755 348	1 965 972	0	9 789 376
Customer relationship	26 856 209	26 856 209	0	0
Right-of-use of assets	19 116 787	455 475	823 828	17 837 483
Deferred tax assets	0	0	0	691 900
Goodwill	85 879 364	-29 059 675	0	114 939 039
Trade receivables	35 798 386	-127 670	0	35 926 056
Other receivables, prepayments and accrued income	11 032 246	17 364	0	11 014 881
Inventories	2 299 770	-643 541	0	2 943 311
Retained earnings	9 234 639	-550 872	-7 508	9 793 019
Non-controlling interest	1 623 815	-17 444	0	1 641 259
Provisions – non-current	841 180	-114 590	0	955 770
Finance lease liabilities	19 268 481	363 166	831 336	18 073 979
Deferred tax liabilities	2 736 853	3 428 753	0	0
Other current liabilities and accruals	31 482 574	-309 636	0	31 792 209
Provisions – current	425 506	425 506	0	0

The fair valuation of assets and liabilities resulted in a deferred tax liability of HUF 3,428,753 thousand as of 31 December 2021. The combined balance of the deferred tax asset of HUF 691,900 thousand and the deferred tax effect of the fair valuation disclosed as of 31 December 2021 is a deferred tax liability of HUF 2,736,853 thousand, as restated.

*Consolidated income statement*

	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
	<b>Modified</b>	<b>Purchase price allocation change</b>	<b>Accounting policy change</b>	<b>Published</b>
Operating expenses	7 961 154	-9 869	-81 869	8 052 892
Depreciation and amortisation	4 819 961	572 726	77 171	4 170 064
<b>Profit Before Interest and Tax (EBIT)</b>	<b>7 365 363</b>	<b>562 857</b>	<b>-4 698</b>	<b>7 923 522</b>
Finance income	3 770 078	-54 613	-818	3 825 509
Finance costs	3 027 447	7 430	8 212	3 011 806
<b>Profit before tax</b>	<b>8 107 994</b>	<b>-624 900</b>	<b>-4 331</b>	<b>8 737 225</b>
Income taxes	1 519 196	-56 585	0	1 575 781
<b>Net profit and loss</b>	<b>6 588 798</b>	<b>-568 315</b>	<b>-4 331</b>	<b>7 161 444</b>
<b>Total comprehensive income</b>	<b>6 724 941</b>	<b>-568 315</b>	<b>-4 331</b>	<b>7 297 587</b>
<b>Profit after tax attributable to:</b>				
Owners of the Company	6 403 005	-550 872	-4 331	6 975 651
Non-controlling interest	185 793	-17 444	0	185 793
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	6 539 148	-550 872	-4 331	7 111 794
Non-controlling interest	185 793	-17 444	0	185 793

*Consolidated cash flow statement*

	<u>31/12/2021</u>	<u>31/12/2021</u>	<u>31/12/2021</u>	<u>31/12/2021</u>
	<b>Modified</b>	<b>Purchase price allocation adjustment</b>	<b>Accounting policy change</b>	<b>Published</b>
Profit after tax	6 588 798	568 315	4 331	7 161 444
Depreciation and amortisation for the current year	4 819 961	-572 726	-77 171	4 170 064
Deferred tax	92 107	57 053	0	149 160

The impact of the following four 2022 acquisitions purchase price allocations was not yet included in the flash reports published in previous quarters of the current period, but the impact of the acquisitions on the 2022 financial statements is already included in this flash report, as the fair value measurement of assets and liabilities was completed by the time of the report:

- On 3 January 2022, 4iG Plc acquired a 100% ownership in DIGI Távközlési és Szolgáltató Kft. and also acquired the majority ownership of the subsidiaries of this company (100% ownership of DIGI Infrastruktúra Kft., i-TV Zrt. and 99.99% ownership of INVITEL Zrt.).

- On 4 March 2022, 4iG Plc through its subsidiary 4iG Albania Ltd., acquired 80.27% of the shares of ALBtelecom sh.a., Albania.
- On 21 March 2022, the Company continued its expansion in Albania and took a controlling position in the Bulgarian parent company Albania Telecom Invest AD (100% acquisition) at the head of ONE Telecommunications sh.a. (99.9% acquisition).
- The acquisition of "ANTENNA HUNGARIA" Zrt. by way of a contribution in kind was completed on 22 March 2022, during which 4iG Plc acquired 76.78% of the shares of the company in a two-step business combination by way of contribution in kind of the shares of DIGI Group (see subsidiaries listed above), ALBTelecom sh.a. (and its parent company 4iG Albania Ltd.), ONE Telecommunications sh.a. (and Albania Telecom Invest AD), Invitech Group and the shares of the Montenegrin subsidiaries.

## 9. SUBSIDIARIES INCLUDED IN THE CONSOLIDATION

The table below shows the ownership percentages before and after 4iG Plc acquired a majority stake in ANTENNA HUNGÁRIA Zrt. (AH) by way of contribution-in-kind in 2022. Due to the contribution-in-kind, the ownership percentages of the following companies have changed:

- 4iG Montenegro d.o.o. (merged into its subsidiary ONE Crna Gora d.o.o. on 21 September 2022, the company is no longer included in the table below)
- 4iG Albania Kft. (Ltd.)
- Albania Telecom Invest AD
- ALBtelecom sh.a.
- Antenna Hungária Innovációs Kft. (Ltd.) (subsidiary before the acquisition of AH by way of contribution-in-kind)
- CarpathiaSat Zrt. (Plc.) (not transferred to AH by way of contribution-in-kind, but its ownership has changed due to AH's former ownership)
- DIGI Távközlési és Szolgáltató Kft. (Ltd.)
- DIGI Infrastructure Kft. (Ltd.)
- "Digitális Átállásért" ("For Digital Transition") Nonprofit Kft. (Ltd.) (a subsidiary of AH prior to its acquisition by way of contribution-in-kind)
- Hungaro DigiTel Kft. (Ltd.) (not transferred to AH by way of contribution-in-kind, but its ownership has changed due to AH's former ownership)
- Invitech ICT Services Kft. (Ltd.)
- InviTechnocom Kft. (Ltd.)
- INVITEL Zrt. (Plc.)
- i-TV Zrt. (Plc.)
- ONE Crna Gora d.o.o.
- ONE Telecommunications sh.a.

Name of subsidiary	Headquarters	Share of ownership			Comments
		2022 after AH contr.	2022 before AH contr.	2021	
4iG Albania Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	76.78%	100%	n.d.	Established: 23 February 2022
ACE Network Zrt. (Plc.)	1124 Budapest, Lejtő út 17/A. 3 <sup>rd</sup> floor	70%	70%	n.d.	Purchased: 13 April 2021
Albania Telecom Invest AD	2016 Premium Print Ruga. Papa Gjon Pali i II.	76.78%	100%	n.d.	Purchased: 21 March 2022
ALBtelecom sh.a.	Rruga Muhedin Llagami, complex Square 21 1000, Tirana Albania	61.63%	80.27%	n.d.	Purchased: 4 March 2022
"ANTENNA HUNGARIA" Zrt. (Plc.)	1119 Budapest, Petzvál József u. 31-33.	76.78%	76.78%	n.d.	Through contribution: 22 March 2022
Antenna Hungária Innovációs Kft. (Ltd.)	1119 Budapest, Petzvál József u. 31-33.	76.78%	76.78%	n.d.	Through "ANTENNA HUNGARIA" Zrt.
BRISK Digital Group Kft. (Ltd.)	1026 Budapest, Harangvirág utca 5. 1 <sup>st</sup> floor, door 2	75%	n.d.	n.d.	Purchased: 15 November 2022
BRISK Digital Hungary Kft. (Ltd.)	1026 Budapest, Harangvirág utca 5. 1 <sup>st</sup> floor, door 2	75%	n.d.	n.d.	Purchased: 15 November 2022
BRISK Digital International Kft. (Ltd.)	1026 Budapest, Harangvirág utca 5. 1 <sup>st</sup> floor, door 2	75%	n.d.	n.d.	Purchased: 15 November 2022
CarpathiaSat Zrt. (Plc.)	1037 Budapest, Montevideo u. 8.	84.78%	51%	51%	Established: 17 August 2020
DIGI Távközlési és Szolgáltató Kft. (Ltd.)	1134 Budapest, Váci út 35.	76.78%	100%	n.d.	Purchased: 3 January 2022
DIGI Infrastructure Kft. (Ltd.)	1134 Budapest, Váci út 35.	76.78%	100%	n.d.	Purchased: 3 January 2022
"Digitális Átállásért" Nonprofit Kft. (Ltd.)	1119 Budapest, Petzvál József utca 31-33.	76.78%	100%	n.d.	Through "ANTENNA HUNGARIA" Zrt.
DTSM Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 7 December 2020
Humansoft Szerviz Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Established: 17 April 2019
Hungaro DigiTel Kft. (Ltd.)	2310 Szigetszentmiklós/Lakihegy Komp u. 2.	94.19%	75%	75%	Through Portuguese Telecommunication Investments Kft.

Name of subsidiary	Headquarters	Share of ownership			Comments
		2022 after AH contr.	2022 before AH contr.	2021	
INNObyte Zrt. (Plc.)	1115 Budapest, Bartók Béla út 105-113. 6 <sup>th</sup> floor	70%	70%	70%	Purchased: 14 October 2020
INNOWARE Kft. (Ltd.)	1113 Budapest, Karolina út 65.	70%	70%	70%	Via INNObyte Zrt.
Invitech ICT Services Kft. (Ltd.)	2040 Budaörs, Edison utca 4.	76.78%	100%	100%	Purchased: 30 September 2021
InviTechnocom Kft. (Ltd.)	2040 Budaörs, Edison utca 4.	76.78%	100%	100%	Through Invitech ICT Services Kft.
INVITEL Zrt. (Plc.)	1134 Budapest, Váci út 37.	76.78%	99.99%	n.d.	Through DIGI Távközlési és Szolgáltató Kft.
i-TV Zrt. (Plc.)	1152 Budapest, Szentmihályi út 167-169. 4 <sup>th</sup> floor, No. 4-6	76.78%	100%	n.d.	Through INVITEL Zrt.
ONE Crna Gora d.o.o.	Square of the Republic, Podgorica 81000, Montenegro	76.78%	100%	100%	Purchased: 21 December 2021 via 4iG Montenegro d.o.o.
ONE Telecommunications sh.a.	"Vangjel Noti" Lapraka, Tirane, Albania	76.62%	100%	n.d.	Through Albania Telecom Invest AD
Poli Computer PC Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 1 June 2021
Portuguese Telecommunication Investments Kft. (Ltd.)	1085 Budapest, Kálvin tér 12.	100%	100%	n.d.	Contribution through capital increase: 12 May 2021
Rheinmetall 4iG Digital Services Kft. (Ltd.)	1037 Budapest, Montevideo utca 8.	51%	n.d.	n.d.	Established: 4 November 2022
Soft Media Europe srl.	STR. CĂLĂRAȘILOR NR. 15., 410195 Oradea, Romania	49.5%	n.d.	n.d.	Established: 5 December 2022
Veritas Consulting Kft. (Ltd.)	1037 Budapest, Montevideo u. 8.	100%	100%	100%	Purchased: 10 September 2019

## 10. EVENTS AFTER THE BALANCE SHEET DATE

### **10.1. Registration of mergers of subsidiaries at the Albanian Companies Court (05/01/2023)**

ONE Telecommunications sh.a and ALBtelecom sh.a (the "Merging Companies") indirectly owned by "ANTENNA HUNGÁRIA" Hungarian Broadcasting and Radiocommunications Limited Liability Company (registered office: 1119 Budapest, Petzval József u. 31-33.; company registration number: 01-10-042190), whose qualified majority shareholder is 4iG, decided to merge on 27 December 2022, which merger was registered by the Albanian National Commercial Registry on 30 December 2022, and the two companies merged on 01 January 2023 and will continue to operate as one company under the name ONE Albania sh.a. The general legal successor of the merging companies is ONE Albania sh.a., which is majority owned by Albania Telekom Invest AD (the latter is wholly owned by "ANTENNA HUNGÁRIA" Zrt.)

### **10.2. Rating action by Scope Ratings (06/01/2023)**

Scope Ratings GmbH ("Scope Ratings"), an independent international credit rating agency, has prepared and published a rating action on 4iG.

Scope Ratings has upgraded the issuer rating of 4iG to BB-/Stable from B+ under review for a possible upgrade and has upgraded the senior unsecured debt rating of 4iG to BB- from B+ under review for a possible upgrade in connection with the potential acquisition of Vodafone Magyarország Zrt. (the "Transaction"), which rating is conditional upon the successful closing of the Transaction which is still ongoing.

### **10.3. Declaration of the acquisition of Vodafone Hungary Zrt. to be of national strategic importance (09.01.2023)**

By virtue of its Decree No. 2/2023 (I.9.), the Government declared the acquisition of control of Vodafone Hungary Zrt. (Plc) by "ANTENNA HUNGÁRIA" Hungarian Broadcasting and Radiocommunications Limited Company (registered office: 1119 Budapest, Petzval József u. 31-33.; company registration number: 01-10-042190), in which 4iG is a qualified majority shareholder, a concentration of national strategic importance.

### **10.4. Subsidiary loan agreement (09/01/2023)**

"ANTENNA HUNGÁRIA" Hungarian Broadcasting and Radiocommunications Limited Company (registered office: 1119 Budapest, Petzval József u. 31-33.; company registration number: 01-10-042190), of which 4iG is a qualified majority shareholder, entered into loan agreements with MFB Hungarian Development Bank, a private limited company (registered office: 1051 Budapest, Nádor u. 31; company registration number: 01-10-041712) and other credit institutions on 08 January 2023 in order to finance the acquisition of a 51% ownership in Vodafone Hungary Zrt (Plc).

**10.5. Analysis by EDISON Group (09/01/2023)**

EDISON Investment Research Limited has prepared and published a new analysis on 4iG.

**10.6. Signing of the sales and purchase agreement for the acquisition of a 51% ownership in Vodafone Hungary Zrt. (09/01/2023)**

Following the completion of due diligence, 4iG's subsidiary "ANTENNA HUNGÁRIA" Zrt. (Plc), together with the Hungarian State represented by Corvinus International Investment Ltd., entered into a final sale and purchase agreement on 08 January 2023 with Vodafone Europe BV for the acquisition of a 100% stake in Vodafone Hungary Zrt. (Plc) ("Vodafone Hungary") (the "Transaction").

Following the completion of due diligence, the parties have determined the Enterprise Value of Vodafone Hungary at HUF 660 billion, which is 7.1 times Vodafone Hungary's EBITDA for the financial year ended 31 March 2022.

The acquisition is expected to close at the end of January, after payment of the purchase price, giving 4iG an indirect majority owner of 51 percent in Vodafone Hungary, while the Hungarian State will indirectly hold 49 percent.

J.P. Morgan SE assisted 4iG in the preparation and organization of the financing and as financial advisor. International advisors such as CMS Cameron McKenna Nabarro Olswang, EY Hungary, Deloitte, Omnitel and global strategic advisor Arthur D. Little were involved in the due diligence of the company and in the preparation and development of the legal, valuation and technical framework of the Transaction.

**10.7. Treasury share transaction (26/01/2023)**

4iG Plc purchased a total of 879,936 dematerialized ordinary shares of series "A" from its treasury stock at an average price of HUF 733.498 with a nominal value of HUF 20 per share, under OTC transactions concluded on 26 January 2023, based on share purchase agreements. This means that the Company's treasury stock currently stands at 2,239,383 shares (0.75%), so there has been no band crossing.

**10.8. On the reduction of the number of shares indirectly held by executives (27/01/2023)**

Bartolomeu Investments Korlátolt Felelősségű Társaság (registered office: 1085 Budapest, Kálvin tér 12., company registration no: 01-09-347440; "Bartolomeu"), as a result of the sales and purchase of 2,889,064 shares by 4iG in an OTC transaction, the number of shares indirectly owned by Pedro Vargas Santos David as a member of the Board of Directors (senior executive) of 4iG, changed from 22,147,462 shares to 19,258,398 shares, therefore his indirect shareholding changed from 7.41% to 6.44%, so this indirect voting rights in 4iG decreased from 7.44% to 6.47%, due to the fact that Bartolomeu is wholly owned by LUSO - PANNON VC - FUNDO EUROPEU DE CAPITAL DE RISCO / EUVECA (registration number: 1636), managed by Alpac Capital Capital SA, S.A., (registered office: Rua do Instituto Industrial 18, 2º Direito, 1200-

225 Lisboa; company registration number: 513891072) of which majority shareholder is Pedro Vargas Santos David.

**10.9. Acquisition of a 51% ownership in Vodafone Hungary (31/01/2023)**

The final sale and purchase agreement for the acquisition of a 100% ownership in Vodafone Hungary Zrt. ("Vodafone Hungary") ("Transaction") by the subsidiary of 4iG "ANTENNA HUNGARIA" Zrt (Plc), the Hungarian State represented by Corvinus International Investment Ltd., together with Vodafone Europe BV, was concluded today, as a result of which "ANTENNA HUNGARIA" Zrt. (Plc) Vodafone Hungary became the 51% owner of Vodafone Hungary.

**10.10. Changes in senior management (01/02/2023)**

4iG Plc has elected László Blénessy, General Deputy Group CEO for Business of 4iG Group as its new CEO by the Board of Directors of Vodafone Hungary Zrt (Plc) (registered office: 1112 Budapest, Boldizsár utca 2; company registration number: 01-10-044159) on 31 January 2023. The new CEO will be assisted by Tamás Tábori, Managing Director of DIGI Távközlési és Szolgáltató Kft., as Deputy CEO. Csaba Thurzó, Deputy CFO of 4iG Group, has been entrusted with the management of the financial areas of Vodafone Hungary Zrt. as Deputy Chief Financial Officer.

**10.11. Analysis by EDISON Group (02/02/2023)**

EDISON Investment Research Limited has prepared and published a new analysis on 4iG.

**10.12. Publication of the credit rating report by Scope Ratings (02/02/2023)**

Scope Ratings GmbH ("Scope Ratings"), as an independent international credit rating agency, has prepared and published a credit rating report on 4iG.

**10.13. Consent for the acquisition of 20% of the shares of Space-Communications Ltd. (16/02/2023)**

Pursuant to the approval of the Israeli Ministry of Communications and the agreement previously reached between the parties<sup>2</sup>, 4iG will be able to increase its shareholding<sup>3</sup> in Space Communications Ltd ("Spacecom"), which operates and develops AMOS satellite systems, from 9.538 percent to 20 percent by way of capital increase.

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<sup>2</sup> [https://www.bet.hu/newkibdata/128786085/4iG\\_20220929\\_RT\\_SPACECOM\\_ENG.pdf](https://www.bet.hu/newkibdata/128786085/4iG_20220929_RT_SPACECOM_ENG.pdf)

<sup>3</sup> [https://www.bet.hu/newkibdata/128786085/4iG\\_20220929\\_RT\\_SPACECOM\\_ENG.pdf](https://www.bet.hu/newkibdata/128786085/4iG_20220929_RT_SPACECOM_ENG.pdf)

**10.14. Acquiring 20% of the shares of Space-Communications Ltd. by way of capital increase (24/02/2023)**

4iG has increased its shareholding in Space Communications Ltd. (hereinafter: "Spacecom") from 9.538 percent to 20 percent by way of capital increase, in line with the approval of the Israeli Ministry of Communications (hereinafter: "MOC") issued on 15th February, 2023<sup>4</sup>.

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<sup>4</sup> [https://www.bet.hu/newkibdata/128845700/4iG\\_20230216\\_RT\\_SPACECOM\\_EN.pdf](https://www.bet.hu/newkibdata/128845700/4iG_20230216_RT_SPACECOM_EN.pdf)

## 11. STATEMENT

The Issuer declares that the report not supported by an audit opinion gives a true and fair view of the development and performance of the Company based on the information available until the release of the report, that its data and statements are accurate and that it does not omit any fact material to the assessment of the Issuer's position.

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

I, the undersigned, accept responsibility for the figures in this report for Q1-Q4 2022 and for the accuracy of the analyses and conclusions.

Budapest, 28 February 2023

Gellért Zoltán Jászai  
Chairman of the Board of Directors

Béla Zsolt Tóth  
Member of the Board of Directors

**4iG Nyrt.**

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