



CONSOLIDATED

financial report **2023 Q4**

4iG

Q4

2023

4iG PLC

FLASH REPORT

ON THE ACTIVITIES OF THE GROUP FOR THE FOURTH QUARTER OF
2023

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The Report was approved by the Board of Directors of the Group by virtue of a written decision on 29 February 2024, by Board Resolution 1/2024 (29/02/2024).

EXECUTIVE SUMMARY

Introduction

The 4iG Group (hereinafter referred to as “4iG”, “the Company”, “the Corporate Group”, “the Group”, “4iG Plc”) reached another milestone in its growth trajectory in 2023. With the acquisition of Vodafone Hungary, 4iG became a convergent regional player in the information and communication sector, with a significant presence in Hungary and the Western Balkans. The Group's strategy focused on exploiting synergies, as well as the integration and transformation of its subsidiaries. On 13 November 2023, 4iG announced the details of its comprehensive transformation program, from which the board expects an increase in the group's profit-generating capacity, operational efficiency, and competitiveness. The basis of the program is structural separation, during which 4iG will transform its telecommunications companies into business-commercial and infrastructure companies, and then integrate their operations according to the separated functions. As part of the process, the IT and systems integration activities currently operating within 4iG Plc will be organized into a separate company, and the group's space industry and technological interests will be consolidated into an independent unit to better exploit the global growth opportunities of the industry.

Preliminary estimates suggest that the structural separation may result in an enterprise value increase exceeding 400 billion forints, which could further expand the group's resource acquisition options. The transformation, through more efficient operations, enhances profitability and can create new network, business, and operational synergies.

Objectives of the transformation program are:

- Monetizing the excess value in domestic and foreign network and mobile infrastructure,
- Establishing an efficient and transparent corporate structure,
- Fully exploiting business and operational synergies,
- Increasing the Group's profit-generating capability, operational efficiency, and competitiveness.

In January, Scope Ratings upgraded 4iG's issuer rating from B+ to BB-/Stable, acknowledging the Group's improved market positions and credit indicators. On 22 December 2023, Scope Ratings improved the Group's credit rating outlook from BB-/Stable to BB-/Positive, and reaffirmed the unsecured bonds' credit rating at BB-. The outlook improvement was justified by the Group's market share gains in Hungary and the Western Balkans, as well as the favourable effects of the integration. In 2023, 4iG Group won the Budapest Stock Exchange award for companies with the most outstanding performance for long-term price increases and for the year's private capital raise.

Hungary

On 31 January, the 4iG Group completed the acquisition of Vodafone Hungary, marking one of the most significant events in the Hungarian telecommunications sector in the past thirty years. In March, 4iG increased its stake in Vodafone Hungary from 51% to 70.5% through a share swap transaction with Corvinus Zrt., during which the Group exchanged ownership of its Yettel-CETIN shares.

In line with its telecommunication integration and monetization goals, on 31 May, the Group transferred the active and passive radio network equipment, spectrum usage rights, and 1800 MHz frequency band radio licenses of DIGI's mobile network to MIS Omega Mobilhálózat Kft., which were sold to Pro-M Zrt. on 30 June.

In June, Rotors & Cams Zrt., a member of the 4iG Group, presented its ProTAR drone, a jet-propelled drone that is unique on a global scale. This fixed-wing, jet-propelled unmanned aerial system is designed to enhance the military's air defense capabilities. The drone, capable of flying in formation at speeds of up to 500 km/h, can simulate attacking aircraft under real conditions. In addition, 4iG is transforming the operations of Rotors & Cams, separating its drone development and drone countermeasure capabilities. The newly established RAC Antidrone Zrt., operating as a system integrator company, offers air control and air defense solutions against autonomously flying devices to the industrial, transportation, defense, and civilian sectors.

Aligned with the Hungarian government's digitalization goals, the 4iG Group has pledged to execute mobile and fixed network investments totalling 150 billion forints across Hungary by 2028. These initiatives will expand the availability of gigabit-capable fixed networks and robust, wireless 5G networks to an additional 1.1 million households.

International Interests and Collaborations

The 4iG Group completed the legal merger of its Albanian subsidiaries, One Telecommunications and ALBtelecom, on 1 January 2023, thereby establishing the country's leading convergent telecommunications provider, ONE Albania. The Company introduced the ONE brand in Albania on 14 March. The successfully implemented merger and rebranding program significantly improved the subsidiary's operational efficiency and profitability.

On 27 July 2023, 4iG Group signed a memorandum of understanding with the government of Montenegro, in which both parties reaffirmed their shared commitment to accelerating the country's digitalization. This agreement marks the beginning of a long-term collaboration, in which 4iG plays a key role in the digitalization of Montenegro – a commitment further evidenced by the current development of ONE Crna Gora's 5G and LTE 700 networks.

In October, the 4iG Group signed a preliminary agreement with Telecom Egypt for the construction of a high-capacity subsea cable connecting Albania and Egypt. This subsea link would be established using an open-access framework, offering an alternative transit route to the current Mediterranean pathways. It aims to connect with key Western European nodes, including Frankfurt, and extends to various access points in Eastern Europe. Following the memorandum of understanding, the partners agreed on the business terms of the subsea cable investment and the establishment of a joint venture to implement the project. The significance of the investment is underscored by the commitment expressed by both the Egyptian and Albanian governments to the realization of this development.

Financial performance

The unaudited flash report for Q4 2023, prepared in accordance with International Financial Reporting Standards (IFRS) was significantly impacted by the acquisition of Vodafone Hungary and the domestic and international acquisitions completed in 2022. As a result, 4iG Group achieved a net sales revenue of 594.4 billion forints and EBITDA (earnings before interest, tax, depreciation and amortisation) of 197.4 billion forints in 2023. The EBITDA margin was slightly above 33 percent typical for the telecommunications segment.

The profit after tax normalized with the non-cash purchase price allocation impact amounted to 6.5 billion forints. This was 38.5 billion forints higher than the loss after tax reported under IFRS (-32 billion forints).

In 2023 the telecommunications division accounted for 86 percent of the Group's net sales revenue and the IT division for 14 percent, making the Group the leader in the domestic IT and system integration market segment.

The successful implementation of the transformation and the resulting increase in the value of the Company by more than 400 billion forints, the high cash position (53.4 billion forints) and the excellent operating cash flow (182.5 billion forints) presented in the Q4 flash report will ensure the Group's continuing successful operation in the future.

Capital market performance

	2023	2022*	Change +/- in %
		Modified	
Net sales revenue	594 361	277 421	114.25%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	197 439	74 075	166.54%
Operating profit (EBIT)	22 106	-770	n.a.
Profit or loss after tax (PAT)	-32 004	-18 816	70.09%
Total comprehensive income	-32 860	-8 745	275.76%
Date per share (in HUF)			
EBITDA	660.17	266.49	147.73%
Net profit or loss (EPS)	-107.01	-67.69	58.09%
Diluted EPS indicator	-108.08	-67.97	59.01%
Equity	1 384.74	1 070.91	29.30%

*The consolidated statement of comprehensive income has been restated as described in Section 6, 'Restatement of previous year financial information'.

Presentation of the 4iG Group's Q4 2023 results

Description	Q1-Q4 2023	Q1-Q4 2022*	Change +/- % in	Q4 2023	Q4 2022*	Change +/- in %
		Modified			Modified	
Revenues	642 396	304 989	110.63%	193 448	85 826	125.40%
- Of which: Net sales revenue	594 361	277 421	114.25%	173 084	80 712	114.45%
Value of purchases of goods sold and services rendered	-168 968	-93 466	80.78%	-57 074	-31 156	83.19%
Operating expenses	-124 958	-55 980	123.22%	-31 881	-13 015	144.96%
Staff costs	-93 432	-57 326	62.98%	-25 980	-18 121	43.37%
Other expenses	-57 599	-24 142	138.58%	-28 543	-2 145	1230.68%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	197 439	74 075	166.54%	49 970	21 389	133.62%
Depreciation and amortisation	-175 333	-74 845	134.26%	-63 035	-21 620	191.56%
Earnings before interest and taxes (EBIT)	22 106	-770	n.a.	-13 065	-231	5 555.84%
Financial income	37 116	22 935	61.83%	12 635	4 441	184.51%
Financial expenses	-83 773	-37 395	124.02%	-21 119	-7 854	168.89%
Profit or loss before tax (PBT)	-24 551	-15 230	61.20%	-21 549	-3 644	491.36%
Income taxes	-7 453	-3 586	107.84%	-4 075	-3 401	19.82%
Net profit or loss	-32 004	-18 816	70.09%	-25 624	-7 045	263.72%
Other comprehensive income	-856	10 071	n.d.	-927	-319	190.60%
Total comprehensive income	-32 860	-8 745	275.76%	-26 551	-7 364	260.55%

*The consolidated statement of comprehensive income has been restated as described in Section 6, 'Restatement of previous year financial information'.

Consolidated statement of comprehensive income

	2023*	2022*
		Modified
Net sales revenue	594 361	277 421
Other operating income	48 035	27 568
Revenue and other operating income	642 396	304 989
Goods and services sold	-168 968	-93 466
Operating expenses	-124 958	-55 980
Staff costs	-93 432	-57 326
Other operating expenses	-57 599	-24 142
Total operating costs	-444 957	-230 914
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	197 439	74 075
Depreciation and amortisation	-175 333	-74 845
Profit before interest and taxes (EBIT)	22 106	-770
Financial income	37 116	22 935
Financial expenses	-83 773	-37 395
Profit or loss before tax	-24 551	-15 230
Income taxes	-7 453	-3 586
Profit or loss after tax	-32 004	-18 816
Other comprehensive income	-856	10 071
Total comprehensive income	-32 860	-8 745
Earnings per share (HUF)		
Base	-107,0	-67,7
Diluted	-108,1	-68,0
Profit or loss after tax attributable to:	-32 004	-18 816
Owners of the company	-25 853	-20 873
Non-controlling interest	-6 151	2 058
Total comprehensive income attributable to:	-32 860	-8 745
Owners of the company	-26 910	-11 288
Non-controlling interest	-5 950	2 543
	2023	2022
		Modified
Profit or loss after tax	-32 004	-18 816
Purchase price allocation effect	38 457	8 244
Adjusted profit or loss after tax**	6 453	-10 572

* The comparative figures of the consolidated statement of comprehensive income, the consolidated statement of financial position and the cash flow statement are restated figures. The restatements have been made in accordance with Section 6 'Restatement of previous year financial information'.

** Adjusted profit after tax presents profit after tax adjusted for the effects of the purchase price allocation identified in accordance with IFRS 3 Business Combinations.

Consolidated statement of financial position

	31/12/2023	31/12/2022*
		Modified
ASSETS		
Non-current assets		
Property, plant and equipment	450 998	281 690
Intangible assets	217 875	62 094
Customer relationship	170 350	62 101
Right-of-use assets	141 670	43 937
Contract assets	12 594	2 232
Deferred tax asset	0	282
Goodwill	318 926	164 331
Other investments and other non-current assets	2 406	1 168
Total non-current assets	1 314 819	617 835
Current assets		
Cash and cash equivalents	53 420	45 961
Trade receivables	129 065	58 910
Other receivables, other accrued and deferred assets	71 499	18 918
Securities	221	118
Inventories	10 546	10 727
Assets held for sale	0	190 271
Total current assets	264 751	324 905
Total assets	1 579 570	942 740
EQUITY AND LIABILITIES		
Equity		
Share capital	5 981	5 981
Treasury shares	-3 199	-922
Capital reserve	133 492	133 492
Retained earnings	-33 891	47 181
Accumulated other comprehensive income	8 665	9 722
Equity attributable to the owners of the company	111 048	195 454
Non-controlling interest	303 094	102 222
Total equity	414 142	297 676
Non-current liabilities		
Provisions – non-current	5 692	4 888
Non-current loans, borrowings, bonds	748 049	424 320
Lease liabilities – non-current	119 251	34 522
Deferred tax liabilities	18 996	14 232
Other non-current liabilities	5 754	10 766
Total non-current liabilities	897 742	488 728
Current liabilities		
Trade payables	89 307	45 839
Current loans, borrowings, bonds	12 577	7 713
Dividends payable to owners	8	8
Provisions – non-current	5 583	4 674
Liabilities related to assets held for sale	0	23 349
Lease liabilities – current	23 650	9 055
Other current liabilities and accruals	136 561	65 698
Total current liabilities	267 686	156 336
Total equity and liabilities	1 579 570	942 740

Consolidated statement of changes in equity

	Share capital	Treasury shares	Capital reserve	Retained earnings	Accumulated other comprehensive income	Equity attributable to the owners of the company	Non-controlling interest	Total equity
Balance as of 1 January 2022	2 064	-246	3 869	9 791	136	15 614	1 641	17 255
Acquisition – Modification of purchase price allocation				-560		-560	-18	-578
Accounting policy change				-17		-17		-17
Balance modified as of 1 January 2022	2 064	-246	3 869	9 214	136	15 037	1 623	16 660
Issue of share capital	3 917		129 623			133 540		133 540
Purchase of treasury shares		-752				-752		-752
Sale of treasury shares (share swap)		76		118		194	-325	-131
Allocation of dividends				-2 968		-2 968		-2 968
Profit or loss after tax				-20 884		-20 884	2 052	-18 832
Other comprehensive income for the year					9 586	9 586	485	10 071
NCI (non-controlling interest)				61 690		61 690	98 276	159 966
Balance as of 31 December 2022	5 981	-922	133 492	47 170	9 722	195 443	102 111	297 554
Balance as of 1 January 2023	5 981	-922	133 492	47 170	9 722	195 443	102 111	297 554
Acquisition – Modification of purchase price allocation				11		11	111	122
Balance modified as of 1 January 2023	5 981	-922	133 492	47 181	9 722	195 454	102 222	297 676
Purchase of treasury shares		-2 277				-2 277		-2 277
Profit or loss after tax				-25 853		-25 853	-6 151	-32 004
Other comprehensive income for the year					-1 057	-1 057	201	-856
NCI (non-controlling interest)				-55 219		-55 219	207 163	151 944
Dividends payable to non-controlling interests						0	-341	-341
Balance as of 31 December 2023	5 981	-3 199	133 492	-33 891	8 665	111 048	303 094	414 142

Consolidated statement of cash flows

	31/12/2023	31/12/2022*
		Modified
Cash flows from operating activities		
Profit or loss after tax	-32 004	-18 815
<i>Adjustments:</i>		
Depreciation and amortisation for the year	175 333	74 845
Impairment	12 025	4 064
Provisions	-4 101	2 427
Income taxes	7 453	3 585
Other financial income/(expenses)	49 541	22 707
Other non-cash items	0	-8 478
Foreign exchange rate differences	-9 018	-9 954
Profit and loss of associates	119	27
(Gain)/loss on sale of non-current assets	-17 577	0
Income taxes paid	-9 913	-4 002
<i>Changes in working capital</i>		
Changes in trade receivables	-24 327	-907
Changes in inventories	4 114	-586
Changes in suppliers	8 568	8 416
Changes in finance leasing (current)	-6 062	-1 299
Changes in other receivables and other liabilities	28 340	-14 739
Net cash flows from operating activities	182 491	57 291
Cash flows from investing activities		
Sale/(purchase) of property, plant and equipment	-49 520	-15 481
Sale/(purchase) of intangible assets	-35 213	-10 497
Sale/(purchase) of securities	-102	169
Sale/(acquisition) of other investments	-2 077	422
Net cash flows from acquisition of subsidiaries	-323 217	-257 109
Dividends and interest received on investments	1 250	2 251
Net cash flows from investing activities	-408 879	-280 245
Cash flows from financing activities		
Issue/(repayment) of bonds	-273	-17 258
Withdrawal/(repayment) of loans and borrowings	317 844	-48 191
Lease liability payment	-25 787	-15 640
Repurchased and issued treasury shares	-2 277	-752
Interests paid	-53 626	-24 568
Dividends	0	-2 960
Capital increase/(decrease)	0	111 650
Dividends paid (minority)	-340	0
Net cash flows from financing activities	235 541	2 281
Foreign exchange rate differences	-1 694	104
Net changes in cash and cash equivalents	7 459	-220 569
Cash and cash equivalents at the beginning of the year	45 961	266 530
Cash and cash equivalents at the end of the period	53 420	45 961

1. General section

1.1. Presentation of the Group

4iG Nyilvánosan Működő Részvénytársaság (hereinafter referred to as 4iG Plc) is a company incorporated in Hungary (registered office: Krisztina körút 39., 1013 Budapest, Hungary). It 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 principal activities of the 4iG Group (hereinafter referred to as "the Company", "the Group" or "the Holding") are the provision of comprehensive telecommunications services, the operation of telecommunications-related infrastructure, platform-independent, custom software design and development, the design and implementation of comprehensive enterprise IT solutions, IT operation and support, the provision of services, 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.

1.2. General information about the Group

Group name:	4iG Plc (formerly FreeSoft Nyrt., formerly Fríz 68 Szolgáltató és Kereskedelmi Rt.)
Company form:	Public limited company
Registered office:	1013 Budapest, Krisztina körút 39.
Sites:	1037 Budapest, Montevideo utca 2/C. 1037 Budapest, Montevideo utca 4. 1037 Budapest, Montevideo utca 6. 1037 Budapest, Montevideo utca 8. 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:	12011069-2-51
Statistical code:	12011069-6201-114-01
Share capital:	HUF 5,981,499,480
Date of incorporation:	8 January 1995
Date of transformation:	2 April 2004
Listing date:	22 September 2004

2. Share information

Type of shares:	registered ordinary shares, dematerialised
Nominal value of shares:	HUF 20/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:	4,579,685 shares
Number of treasury shares held by the ESOP scheme of 4iG:	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 vis-à-vis the Group only if the name of the new owner is entered in the share register.
- The share register of the Group is managed by KELER Zrt.
- There are no special management rights.
- There is no shareholder agreement on management rights that we are aware of.
- Voting rights are not restricted, only the repurchased treasury shares do not carry voting rights. As of 31 December 2023, there were 4,579,685 repurchased treasury shares.
- Minority rights: shareholders representing at least 1% of the voting rights may request the convening of the General Meeting of the Group at any time, stating the reason and purpose.
- The elected officers are elected by the General Meeting by simple majority, in accordance with the Articles of Association.
- The operational management of the Group is performed by the Board of Directors.
- The General Meeting decides on the increase of the share capital on the basis of a proposal by the Board of Directors. The decision of the General Meeting is only not required if the increase of the share capital is made under the authority of the Board of Directors in accordance with the Articles of Association. At the date of the preparation of the Annual Report, the Board of Directors is not authorised to issue new shares.
- No agreement shall enter into force, be modified or terminated as a result of a change in the contractor's management following a public tender offer.
- There is no agreement between the Group and any official or employee which provides for indemnification in the event of the officer's or employee's resignation, termination of employment, wrongful dismissal or termination as a result of a tender offer.

3. Ownership structure

	<u>31/12/2023</u>	<u>31/12/2022</u>
iG COM Magántőkealap	38.93%	38.93%
KZF Vagyonkezelő Kft.	12.12%	10.68%
Manhattan Invest Kft.	1.03%	1.03%
Manhattan Magántőkealap	0.26%	0.58%
Rheinmetall AG	25.12%	25.12%
Bartolomeu ICT Kft.	5.72%	7.41%
4iG treasury share ownership	1.53%	0.45%
Owned by 4iG ESOP scheme	1.34%	1.34%
Free float	13.95%	14.46%
Total	<u>100.00%</u>	<u>100.00%</u>

4. Officials

The executive officers of 4iG Plc as of 31 December 2023 were.

4.1. Company management

Board of Directors:	Gellért Zoltán Jászai, Chairman of the Board of Directors Aladin Ádám Linczényi, Member of the Board of Directors, Vice Chairman Péter Krisztián Fekete, Member of the Board of Directors, CEO László Blénessy, Member of the Board of Directors Béla Zsolt Tóth, Member of the Board of Directors Pedro Vargas Santos David, Member of the Board of Directors
Supervisory Board:	Dr Tamás László Fellegi, Chairman of the Supervisory Board Gergely Böszörményi-Nagy, Member Dagmar Steinert, Member Dr Ildikó Rózsa Tóthné, Member
Audit Committee:	Dr Tamás László Fellegi, Chairman of the Audit Committee Gergely Böszörményi-Nagy, Member Dr Ildikó Rózsa Tóthné, Member

4.2. Remuneration of officials

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

4.3. 4iG shareholdings of executive officers as of 31 December 2023

Name	Position	Direct ownership (units)	Indirect ownership (units)	Direct and indirect (units)	Ownership (%)
Gellért Zoltán Jászai	Chairman of the Board of Directors	0	156 517 530	156 517 530	52.34%
Béla Zsolt Tóth	Member of the Board of Directors	752 200	0	752 200	0.25%
László Blénessy	Member of the Board of Directors	611 265	0	611 265	0.20%
Pedro Vargas Santos David	Member of the Board of Directors	0	19 258 398	19 258 398	6.44%

4.4. Authorised signatories of the Report

In accordance with the resolutions adopted by the Extraordinary General Meeting of the Group held on 21 January 2013, the Chairman of the Board of Directors is authorised to sign the report, either individually or by the joint signature of two members of the Board of Directors.

4.5. Election and removal of officials

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

4.6. Powers of officials

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

4.7. Amendment of the Articles of Association

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

5. The basis of preparation of the balance sheet

i) Acceptance and declaration

The interim condensed consolidated financial statements for the year that ended on 31 December 2023 were approved by the Board of Directors on 29 February 2024. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS comprise 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 million forints, unless otherwise indicated. The financial year is the same as the calendar year.

The report is an unaudited set of consolidated financial statements for the period ending 31 December 2023.

ii) The basis of preparation of the report (Statement of compliance)

The material accounting policies of the Group have not changed in their material elements compared to those presented in the consolidated report as of 31 December 2022. The accounting policies have been consistently applied to the periods presented in these consolidated financial statements. This flash report should be read in conjunction with the annual consolidated financial statements for the year that ended on 31 December 2022.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for assets and liabilities presented at fair value, which are financial instruments at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

iii) Going concern

The financial statements have been prepared on a going concern basis. This means that they have been prepared on the basis that the Group will continue in operation for the foreseeable future, without the management having any intention of winding up the financial entity or significantly reducing its activities.

iv) Material accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and a number of 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 underlying assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

6. Restatement of previous year financial information

On 15 November 2022, 4iG Plc acquired a 75% stake in BRISK Group. The impact of the purchase price allocation in accordance with IFRS 3 Business Combinations was not yet included in the financial statements for the fourth quarter of 2022, but at the time of publication of this condensed interim financial report the measurement period for the purchase price allocation had already ended, so the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity for 2022 have been restated to reflect the resulting impact.

Consolidated income statement

	2022	2022	2022
	Modified	Purchase price allocation modification	Published
Net sales revenue	277 421		277 421
Other operating income	27 568		27 568
Revenue and other operating income	304 989		304 989
Goods and services sold	-93 466		-93 466
Operating expenses	-55 980	21	-56 001
Staff costs	-57 326		-57 326
Other operating expenses	-24 142		-24 142
Total operating costs	-230 914	21	-230 935
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	74 075	21	74 054
Depreciation and amortisation	-74 845	-18	-74 827
Profit before interest and taxes (EBIT)	-770	3	-773
Financial income	22 935	24	22 911
Financial expenses	-37 395	-10	-37 385
Profit and loss before tax	-15 230	17	-15 247
Income taxes	-3 586	-1	-3 585
Profit or loss after tax	-18 816	16	-18 832
Other comprehensive income	10 071		10 071
Total comprehensive income	-8 745	16	-8 761
Profit or loss after tax attributable to:			
Owners of the company	-20 873	11	-20 884
Non-controlling interest	2 057	5	2 052
Total comprehensive income attributable to:			
Owners of the company	-11 288	11	-11 299
Non-controlling interest	2 543	5	2 538

Impact on the consolidated statement of financial position

	31/12/2022	31/12/2022	31/12/2022
	Modified	Purchase price allocation modification	Published
ASSETS			
Non-current assets			
Property, plant and equipment	281 690		281 690
Intangible assets	62 094	933	61 161
Customer relationship	62 101	1 185	60 916
Rights-of-use of assets	43 937		43 937
Contract assets	2 232		2 232
Deferred tax assets	282	-84	366
Goodwill	164 331	-321	164 652
Other investments and other non-current assets	1 168		1 168
Total non-current assets	617 835	1 713	616 122
Current assets			
Cash and cash equivalents	45 961		45 961
Trade receivables	58 910		58 910
Other receivables, other accrued and deferred assets	18 918	-484	19 402
Securities	118		118
Inventories	10 727		10 727
Assets held for sale	190 271		190 271
Total current assets	324 905	-484	325 389
Total assets	942 740	1 229	941 511
EQUITY AND LIABILITIES			
Equity			
Share capital	5 981		5 981
Treasury shares	-922		-922
Capital reserve	133 492		133 492
Retained earnings	47 181	11	47 170
Accumulated other comprehensive income	9 722		9 722
Total equity attributable to the owners of the Company	195 454	11	195 443
Non-controlling interest	102 222	111	102 111
Total equity	297 676	122	297 554
Non-current liabilities			
Provisions – non-current	4 888		4 888
Non-current loans, borrowings, bonds	424 320		424 320
Lease liabilities – non-current	34 522		34 522
Deferred tax liabilities	14 232	7	14 225
Other non-current liabilities	10 766	1 100	9 666
Total non-current liabilities	488 728	1 107	487 621

Impact on the consolidated statement of financial position (continued)

	31/12/2022	31/12/2022	31/12/2022
	Modified	Purchase price allocation modification	Published
Current liabilities			
Trade payables	45 839		45 839
Current loans, borrowings, bonds	7 713		7 713
Dividends payable to owners	8		8
Provisions – current	4 674		4 674
Liabilities related to assets held for sale	23 349		23 349
Lease liabilities – current	9 055		9 055
Other current liabilities and accruals	65 698		65 698
Total current liabilities	156 336	0	156 336
Total equity and liabilities	942 740	1 229	941 511

Impact on the consolidated statement of cash flow

	<u>31/12/2022</u>	<u>31/12/2022</u>	<u>31/12/2022</u>
	Modified	Purchase price allocation modification	Published
Cash flows from operating activities			
Profit or loss after tax	-18 815	17	-18 832
<i>Adjustments:</i>			
Depreciation and amortisation for the year	74 845	18	74 827
Impairment	4 064		4 064
Provisions	2 427		2 427
Income taxes	3 585		3 585
Interest rates	22 707	-35	22 742
Other non-cash items	-8 478		-8 478
Foreign exchange rate differences	-9 954		-9 954
Profit and loss of associates	27		27
Income tax paid	-4 002		-4 002
Changes in working capital			
Changes in trade receivables	-907		-907
Changes in inventories	-586		-586
Changes in suppliers	8 416		8 416
Changes in finance leasing (current)	-1 299		-1 299
Changes in other receivables and other liabilities	-14 739		-14 739
Net cash flows from operating activities	57 291	0	57 291
Net cash flows from investing activities	-280 245	0	-280 245
Net cash flows from financing activities	2 281	0	2 281
Foreign exchange rate differences	104		104
Net changes in cash and cash equivalents	-220 569	0	-220 569
Cash and cash equivalents at the beginning of the year	266 530		266 530
Cash and cash equivalents at the end of the period	45 961		45 961

7. Subsidiaries included in the consolidation

Name of subsidiary	Majority owner	Date of inclusion in consolidation	Way of acquiring it	Indirect ownership
4iG Albánia Kft.	"ANTENNA HUNGÁRIA" Zrt.	23/02/2022	incorporated	76.78%
ACE Network Zrt.	4iG Nyrt. (Plc)	04/14/2021	acquisition	70.00%
Albania Telecom Invest AD	"ANTENNA HUNGÁRIA" Zrt.	21/03/2022	acquisition	76,78%
"ANTENNA HUNGÁRIA" Zrt.	4iG Nyrt.	31/03/2022	cont. in kind	76.78%
AH EGY Zrt.	"ANTENNA HUNGÁRIA" Zrt.	02/08/2023	incorporated	76.78%
AH KETTŐ Zrt.	"ANTENNA HUNGÁRIA" Zrt.	02/08/2023	incorporated	76.78%
BRISK Digital Group Kft.	4iG Nyrt.	15/11/2022	acquisition	75.00%
BRISK Digital Hungary Kft.	BRISK Digital Group Kft.	15/11/2022	acquisition	75.00%
BRISK Digital International Ltd.	BRISK Digital Group Kft.	15/11/2022	acquisition	75.00%
CarpathiaSat Zrt.	4iG Nyrt.	17/08/2020	incorporated	84.78%
"Digitális Átállásért" Nonprofit Kft.	"ANTENNA HUNGÁRIA" Zrt.	31/03/2022	cont. in kind	76.78%
DIGI Távközlési és Szolgáltató Kft.	"ANTENNA HUNGÁRIA" Zrt.	03/01/2022	acquisition	76.78%
DTSM Ltd.	4iG Nyrt.	07/12/2020	acquisition	100.00%
Humansoft Service Kft.	4iG Nyrt.	17/04/2019	incorporated	100.00%
Hungaro DigiTel Kft.	Portuguese Telecommunication Investments Kft.	12/05/2021	acquisition	94.20%
INNObyte Zrt.	4iG Nyrt.	14/10/2020	acquisition	100.00%
INNOWARE Kft.	INNObyte Zrt.	14/10/2020	acquisition	100.00%
Invitech ICT Services Kft.	"ANTENNA HUNGÁRIA" Zrt.	30/09/2021	acquisition	76.78%
InviTechnocom Kft.	Invitech ICT Services Kft.	30/09/2021	acquisition	76.78%
ONE Crna Gora d.o.o.	"ANTENNA HUNGÁRIA" Zrt.	21/12/2021	acquisition	76.78%
ONE Albania sh.a.	Albania Telecom Invest AD	21/03/2022	acquisition	73.92%
Poli Computer PC Kft.	4iG Nyrt.	01/06/2021	acquisition	100.00%
Portuguese Telecommunication Investments Kft.	4iG Nyrt.	12/05/2021	acquisition	100.00%
Rheinmetall 4iG Digital Services Kft.	4iG Nyrt.	16/11/2022	incorporated	51.00%
Soft Media Europe srl.	BRISK Digital International Kft.	15/11/2022	acquisition	49.50%
Veritas Consulting Kft.	4iG Nyrt.	10/09/2019	acquisition	100.00%
Vodafone Magyarország Távközlési Zrt.	"ANTENNA HUNGÁRIA" Zrt.	31/01/2023	acquisition	54.13%

The merger of ONE Telecommunications sh.a. and ALBtelecom sh.a. was completed on 1 January 2023, and they will continue to operate as one company, ONE Albania sh.a.

As of 1 January 2023, the companies of the DIGI Group (Invitel Zrt., DIGI Infrastruktúra Kft., i-TV Zrt.) were merged into DIGI Távközlési és Szolgáltató Kft. and will continue their activities as the legal successor named DIGI Távközlési és Szolgáltató Kft.

On 31 January 2023, "ANTENNA HUNGÁRIA" Zrt. acquired 51% of Vodafone Magyarország Távközlési Zrt. and on 20 March 2023, it acquired 35,476,749 Series A ordinary shares of with a nominal value of HUF 500 each, representing 19.5% of the share capital of Vodafone Magyarország Távközlési Zrt. owned by Corvinus Zrt. As a result of the transaction "ANTENNA HUNGÁRIA" Zrt. increased its direct majority shareholding in Vodafone Magyarország Távközlési Zrt. to 70.5%.

On 31 May 2023, "ANTENNA HUNGÁRIA" Zrt. sold its 100% owned Antenna Hungária Innovációs Kft.

On 31 May 2023, MIS Omega Mobilhálózat Kft. was established as a wholly-owned subsidiary of "ANTENNA HUNGÁRIA" Zrt., which was sold on 30 June 2023.

On 2 August 2023, "ANTENNA HUNGÁRIA" Zrt. established two Hungarian subsidiaries under the names of AH EGY Zrt. and AH KETTŐ Zrt.

8. Events after the balance sheet date

On 17 January 2024, 4iG Plc withdrew the non-binding debt settlement proposal sent to Space Communications Ltd, a 20% minority shareholder, on 22 November 2023 and prepared and sent to Spacecom a new non-binding debt settlement proposal replacing the previous one.

On 1 February 2024, 4iG Plc and Telecom Egypt signed a non-binding preliminary agreement for the implementation of the planned high-capacity submarine data cable investment between Egypt and Albania, following the Memorandum of Understanding signed last October. The agreement also sets out the commercial terms and practical steps for the investment. The parties will establish a joint project company for the construction of the project, which will also handle the commercial aspects of the project.

On 5 February 2024, 4iG Plc and the Government of Albania signed a non-binding Memorandum of Understanding for the construction of a new high-capacity submarine data cable link between Egypt and Albania, opening a new data gateway to Europe. Thus, following a non-binding letter of intent signed with Telecom Egypt in Budapest on 1 February, the Albanian government has also confirmed its commitment to investing in an intercontinental submarine data cable system between Egypt and Albania.

On 14 February 2024, 4iG Plc announced that László Blénessy, General Deputy GCEO for Technology and Network, has successfully completed the integration of the areas assigned to him, therefore his future role and responsibilities will be transformed. He resigns from his position as CEO of "ANTENNA HUNGARIA" Zrt. and from his position as operational manager in 4iG, thus the position of General Deputy GCEO for Technology and Network will cease to exist in the top management of 4iG. As a member of the Board of Directors in 4iG and as an advisor to the CEO, he continues to support the transformation of the technological and digital areas.

On 21 February 2024, 4iG Plc announced that it will establish a new holding company called 4iG Space and Technology Private Limited Company, whose main markets are space and satellite development, manufacturing of drones and anti-drone systems, and the digitalisation of the defence. Once established, 4iG will transfer the shares of its space and technology companies to its wholly owned subsidiary, 4iG Space and Technology Plc. Simultaneously with the establishment of 4iG Space and Technology Plc, 4iG will enter into a non-binding Term Sheet to acquire the 45% shares of REMRED Technology Development Ltd, which will be transferred to the 4iG Space and Technology Plc by way of a capital increase following the establishment of the Company.

9. Statement

The Issuer declares that the unaudited Report gives a true and fair view of the development and performance of the Company on the basis of the information available to the Issuer at the time of publication and that the data and statements contained therein are true and fair and do not omit any facts 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 is liable for damages caused by the non-disclosure or misleading content of regulated information.

I accept responsibility for the figures in this Report for the fourth quarter of 2023 and for the accuracy of the analyses and conclusions.

Budapest, 29 February 2024

Gellért Zoltán Jászai
Chairman of the Board of Directors

Péter Krisztián Fekete
CEO



4iG NYRT.

BUDAPEST, KRISZTINA KÖRÚT 39.

TEL: +36 1 270 7600

WEB: WWW.4IG.HU