



# STANDALONE

financial report **2023**

# 4iG

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The Standalone Financial Statements were approved by the Board of Directors of the Company by written decision on the 08<sup>th</sup> day of the 4<sup>th</sup> month in 2024 by Board Resolution No. 1/2024 (IV.8.).

# 4iG PLC

## STANDALONE FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL FINANCIAL  
REPORTING STANDARDS  
31 DECEMBER 2023

## Comprehensive statement of income

	Notes	2023	2022 Modified*
Net sales revenue	3	75 911	70 379
Other operating income	4	276	305
<b>Total net sales revenue and other income</b>		<b>76 187</b>	<b>70 684</b>
Capitalised value of own produced assets	5	805	703
Material costs	6	-61 080	-57 949
Staff costs	7	-18 488	-12 934
Other operating expenses	8	-531	-13 572
<i>of which impairment</i>		-68	-224
<b>Total operating costs</b>		<b>-80 099</b>	<b>-84 455</b>
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>-3 107</b>	<b>-13 068</b>
Depreciation and amortisation	9	-6 024	-2 727
<b>Profit Before Interest and Tax (EBIT)</b>		<b>-9 131</b>	<b>-15 795</b>
Financial income	10	18 561	104 483
Financial expenses	10	-27 666	-30 860
<b>Profit or loss before tax</b>		<b>-18 236</b>	<b>57 828</b>
Income taxes	11	-525	-491
<b>Profit or loss after tax</b>		<b>-18 761</b>	<b>57 337</b>
Other comprehensive income to be recognised in the consolidated income statement in the following period:	12	-1 955	0
<i>Net gain/loss of associates other comprehensive income</i>			
Other comprehensive income not reversed in the comprehensive statement of income for the following period:	12	0	-1 109
<i>Net gain/loss on equity instruments at fair value through other comprehensive income</i>			
<b>Other comprehensive income</b>	12	<b>-1 955</b>	<b>-1 109</b>
<b>Total comprehensive income</b>	13	<b>-20 716</b>	<b>56 228</b>
<i>Of which: result of discontinuing activity</i>			
<b>Earnings per share (HUF)</b>	14		
Base		-62.7	206.3
Diluted		-63.4	207.1

\*Due to a change in Accounting Policies in this annual statement, the restatement of the statement of comprehensive income and statement of financial position for 2022 is presented in Section 2.3.



## Statement of financial position

	Notes	31/12/2023	31/12/2022 Modified*
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	14 965	2 120
Other intangible assets	16	5 573	3 622
Rights of use of assets	17	27 621	11 543
Deferred tax asset	18	9	48
Goodwill	19	411	411
Shares	20	552 669	552 189
Other non-current assets	21	20 128	19 385
<b>Total non-current assets</b>		<b>621 376</b>	<b>589 318</b>
<b>Current assets</b>			
Cash and cash equivalents	22	7 407	10 584
Trade receivables	23	20 919	19 753
Other current financial assets	24	7 929	7 574
Other current non-financial assets	25	8 396	5 275
Inventories	26	2 485	1 913
<b>Total current assets</b>		<b>47 136</b>	<b>45 099</b>
<b>Total assets</b>		<b>668 512</b>	<b>634 417</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity capital</b>			
Share capital	27	5 981	5 981
Treasury shares	28	-3 199	-921
Capital reserve	29	133 493	133 493
Retained earnings	30	42 191	60 952
Accumulated other comprehensive income	31	-3 064	-1 109
<b>Total equity</b>		<b>175 402</b>	<b>198 396</b>
<b>Non-current liabilities</b>			
Non-current loans, borrowings, bonds	33	418 875	395 150
Finance lease liabilities – non-current	34	26 491	10 312
Other non-current liabilities	35	0	1 466
<b>Total non-current liabilities</b>		<b>445 366</b>	<b>406 928</b>
<b>Current liabilities</b>			
Trade payables	36	24 512	14 711
Current loans, borrowings, bonds	37	4 555	2
ESOP obligation	38	624	0
Dividends payable to owners	39	8	8
Provisions – current	32	152	99
Finance lease liabilities – current	34	1 928	1 310
Other current financial liabilities	40	3 460	2 727
Other current non-financial liabilities	41	12 505	10 236
<b>Total current liabilities</b>		<b>47 744</b>	<b>29 093</b>
<b>Total equity and liabilities</b>		<b>668 512</b>	<b>634 417</b>

\*Due to a change in Accounting Policies in this annual statement, the restatement of the statement of comprehensive income and statement of financial position for 2022 is presented in Section 2.3.

## Statement of changes in equity

	Notes	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated other comprehensive income	Total equity
<b>Balance on 1 January 2022</b>		<b>2 064</b>	<b>-246</b>	<b>3 869</b>	<b>6 884</b>	<b>0</b>	<b>12 571</b>
Accounting policy changes					-4		-4
<b>Modified balance on 1 January 2022</b>		<b>2 064</b>	<b>-246</b>	<b>3 869</b>	<b>6 880</b>	<b>0</b>	<b>12 567</b>
Issue of share capital		3 917		129 624			133 541
Treasury shares			-751				-751
Sale of treasury shares (share swap)			76		319		395
Dividend allocation, payment					-2 853		-2 853
Profit after tax					57 337		57 337
Other comprehensive income						-1 109	-1 109
<b>Balance on 31 December 2022</b>		<b>5 981</b>	<b>-921</b>	<b>133 493</b>	<b>60 952</b>	<b>-1 109</b>	<b>198 396</b>
Purchase of treasury shares	28		-2 278				-2 278
Profit after tax					-18 761		-18 761
Other comprehensive income	12					-1 955	-1 955
<b>Balance on 31 December 2023</b>		<b>5 981</b>	<b>-3 199</b>	<b>133 493</b>	<b>42 191</b>	<b>-3 064</b>	<b>175 402</b>

## Statement of cash flows

	Notes	31/12/2023	31/12/2022 Modified
<b>Cash flow from operating activities</b>			
Profit after tax		-18 762	56 228
<i>Adjustments:</i>			
Depreciation and amortisation for the year	9	6 024	2 727
Impairment	8	114	227
Provisions	39	53	44
Income taxes	11	530	491
Other financial income/(expenses)		9 262	-67 982
Other non-cash items		0	0
Foreign exchange rate differences		2 104	4 574
Gain/(loss) on sale of non-current assets		-34	0
<i>Changes in working capital</i>			
Changes in trade receivables	26	-2 037	-5 694
Changes in inventories	31	-693	-532
Changes in trade payables	43	7 301	-1 945
Changes in financial lease (current)	41	567	376
Changes in other receivables and payables		1 724	-1 909
Income tax paid		-307	-288
<b>Net cash flow from operating activities</b>		<b>5 943</b>	<b>-22 831</b>
<b>Cash flow from investment activities</b>			
Sale/(purchase) of property, plant, equipment	16	-11 962	-1 270
Sale/(purchase) of intangible assets	18	-3 353	-3 000
Sale/(purchase) of securities	30	-107	-101
Sale/(purchase) of other investments		2 077	627
Net cash flow from acquisition of subsidiaries		-1 923	-299 956
Dividends and interest received on investments		12 743	18 177
<b>Net cash flow from investment activities</b>		<b>-6 679</b>	<b>-285 521</b>
<b>Cash flow from financing activities</b>			
Issue/(repayment) of bonds	40	0	-17 258
Withdrawal/(repayment) of loans and borrowings	40	0	0
Financial lease withdrawal/(repayment)	41	-1 555	-1 555
Repurchased and issued treasury shares		111 641	111 641
Interests paid	10	-17 783	-17 783
Capital increase/(decrease)		0	111 650
Dividends paid		0	-2 960
<b>Net cash flow from financing activities</b>		<b>-1 062</b>	<b>68 729</b>
Foreign exchange rate differences		-1 308	42
<b>Net change in cash and cash equivalents</b>		<b>-3 178</b>	<b>-239 582</b>
Cash and cash equivalents at the beginning of the year	25	10 584	250 166
<b>Cash and cash equivalents at the end of the period</b>		<b>7 407</b>	<b>10 584</b>

## 1. General section

### 1.1. Presentation of the Group

4iG Nyilvánosan Működő Részvénytársaság (hereinafter referred to as 4iG Plc) is a company registered in Hungary (registered office: 1013 Budapest, Krisztina krt. 39.), 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 4iG's (hereinafter referred to as "the Company") are the provision of full 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 support for banking data services, the development and operation of document and case management systems.

### 1.2. The basis of preparation of the financial statements

#### *i) Approval and declaration*

The financial statements were approved by the Board of Directors on 8 April 2024. The 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 are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements are presented in Hungarian Forints, rounded to millions of Forints, unless otherwise indicated.

The report contains audited financial statements for the period ending 31 December 2023.

#### *ii) The basis of preparation of the statements (Statement of compliance)*

The financial statements have been prepared under the historical cost convention, 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) Going concern*

The financial statements have been prepared on a going concern basis. This means that they have been prepared on the assumption that the Company will continue in operation for the foreseeable future without management's intention to wind up the entity or significantly reduce its level of activity.

*iv) Material accounting estimates and assumptions*

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and 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. Estimation uncertainties are disclosed in the relevant notes.

Estimates and baseline assumptions are regularly reviewed. The impact of the revision on the financial statements is described in Section 2.3 and in the relevant notes. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the current year, or in the period of the revision and future periods if the revision affects both current and future years.

*v) Disclosure of the approval of financial statements*

On 8 April 2024, the Company's Board of Directors approved the presentation of the financial statements to the Annual General Meeting of Shareholders. The General Meeting is entitled to approve the financial statements, before which it may submit requests for amendments. The controlling shareholders are also present on the Board of Directors that approves the financial statements, so the likelihood of the General Meeting of Shareholders requesting amendments is low.

## 2. Material accounting policy information and other explanatory information

The following are the material accounting policies applied in the preparation of the financial statements. These accounting policies have been consistently applied to the periods presented in these financial statements.

The main accounting principles applied in the preparation of the financial statements are the following:

### 2.1. Material accounting policy information and other explanatory information

#### 2.1.1. Reporting currency and foreign currency balances

In view of the substance and circumstances of the underlying economic events, the functional currency of the Company is the Hungarian forint.

Foreign exchange transactions denominated in currencies other than HUF are initially recorded at the exchange rate prevailing on the date of the transaction. Receivables and liabilities denominated in foreign currencies are translated into HUF at the commercial foreign exchange selling rate of Raiffeisen Bank on the balance sheet date (day T+2). The resulting exchange rate differences are recognised in the income statement under financial income and expenses.

The financial statements are presented in Hungarian forints (HUF), rounded to the nearest million, unless otherwise indicated.

Foreign currency transactions are recorded in the functional currency using the exchange rate between the reporting currency and the foreign currency at the date of the transaction for the amount in the foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the balance sheet date. Foreign currency items measured at fair value are translated at the exchange rate at the date when the fair value was determined. Exchange differences on trade receivables and loans are included in financial income or expenses.

#### 2.1.2. Total revenue

The Company recognises its revenue in accordance with IFRS 15.

Under IFRS 15, revenue is recognised when the goods or services are delivered to the customer at the agreed price. Each separately identifiable related good or service is accounted for separately and any discount is allocated to the appropriate elements of the arrangement. If the consideration changes, the minimum value should be recognised if the probability of recovery does not involve significant risk. Costs incurred to obtain a sales contract are capitalised and amortised over the period of the contract as the related benefits are received by the Company.

Net sales revenue comprise amounts invoiced for the delivery of goods or the rendering of services during the financial year. Net sales revenue is recognised when the amount of revenue is determinable, and it is probable that the consideration will be received by the Company. Sales revenue comprise the invoiced amounts net of value added tax and discounts.

### **Performance obligations**

The Company fulfils its sales revenue obligations as set out in the contract. When the contract is entered into, the Company must determine what goods or services it has promised to deliver to the customer, i.e. what performance obligation it has assumed. The Company may recognise revenue when it has fulfilled its performance obligation by delivering the promised goods or rendering the promised services. Performance is deemed to have occurred when the customer has obtained control of the asset (service).

### **Transaction price determination**

When the contract is performed, the Company shall recognise the revenue associated with the performance, which is the transaction price allocated to the performance obligation. The transaction price is the amount the Company expects to receive in exchange for the sale of goods or services.

### **Main types of income**

A significant portion of the Company's revenue is derived from product sales, where revenue is recognised when control of the product is transferred to the customer.

IT projects account for another significant proportion of revenue. Where the Company transfers control of the service on an ongoing basis, subject to the conditions set out in the Standard, revenue from the sale of services is also recognised on an ongoing basis in accordance with the methods set out in the Standard, depending on the nature of the service. The Company's projects and the way in which they are delivered may vary from project to project (hourly, fixed fee, in-house, subcontracted, etc.). Where the output can be measured reliably, the Company prefers to use the output method, but for some projects this method is not applicable, in which case the input method is used. Wherever possible, the stage of completion of projects is determined in proportion to the services provided, with the assistance of the Company's and the customer's experts.

Buyers generally pay their invoices within 30 days, although this can be longer for large, reliable customers, and new customers can pay in advance. The Company does not act as an agent. Defective products are accepted for return, repair or replacement under the manufacturer's warranty. The Company recognises as an asset the incremental costs incurred in entering into customer contracts when it expects to recover those costs.

For contracts with a significant payment element, the Company considers the time value of money in the calculation of revenue.

### 2.1.3. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Accumulated depreciation comprises the amortisation charge recognised for the cost of continuing use and operation of the assets and the impairment charge recognised for an impairment loss on an asset due to an unforeseen and significant loss or damage caused by an unforeseen event.

The cost of an item of property, plant and equipment includes the cost of its acquisition and, in the case of an investment in own-account enterprises, the cost of materials and labour and other direct costs incurred. Interest recognised on borrowings for capital expenditure on property, plant, and equipment increases the cost of the asset until the asset is ready for its intended use.

The carrying amount of property, plant, and equipment shall be reviewed at specified intervals to determine whether the carrying amount does not exceed the fair value of the asset, in which case a write-down to fair value shall be recognised. The fair market value of the asset is the higher of the selling price and the value in use of the asset. Value in use is the discounted value of the future cash flows generated by the asset.

The discount rate is the corporate pre-tax interest rate, taking into account the time value of money and the impact of other risk factors associated with the asset. If no future cash flows can be attributed to the asset in isolation, the cash flows of the entity of which the asset is a part are used as the basis. Any impairment loss or write-down so determined is recognised in the income statement.

The cost of repair and maintenance of property, plant, and equipment is charged to maintenance expenditure. Capital additions and renovations are capitalised, while the cost and accumulated depreciation of assets sold or written down to zero when no longer in use are derecognised. Any resulting gain or loss is included in the profit or loss for the year.

The Company depreciates the value of its assets over the useful lives of the assets using the straight-line method. The useful lives by asset group are as follows:

Land and buildings:	less than 30–50 years;
Machinery and equipment:	less than 3–7 years;
Vehicles:	less than 5 years;
Assets with an individual value below HUF 200 thousand:	written off immediately.



The depreciation of property, plant, and equipment and software used in R&D activities takes place over 2-10 years.

At the discretion of the Company's management, if the useful life is longer than the periods described above, the depreciation rate is determined on an individual basis.

The Company has no property, plant, and equipment with indefinite useful lives.

Useful lives and depreciation methods are reviewed at least annually based on the actual economic benefit derived from the asset. If necessary, an adjustment is made to the current year's profit or loss.

#### 2.1.4. Intangible assets

Intangible assets acquired individually are recorded at cost, and those acquired in a business combination are recorded at fair value at the date of acquisition. They are recognised when there is evidence that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably.

After initial recognition, the cost model is used for intangible assets. The useful lives of these assets are finite or indefinite. Assets with finite useful lives are amortised on a straight-line basis using the best estimate of their useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. Internally generated intangible assets, other than development costs, are not capitalised but charged to the income statement in the year in which they are incurred. Intangible assets are tested for impairment either individually or annually at the level of the income generating unit.

In-house developed intellectual products are written off in 2-10 years.

The acquisition costs of trademarks, licences, industrial property and software are capitalised and amortised on a straight-line basis over their estimated useful lives, i.e. 2-7 years.

#### 2.1.5. Impairment of assets

At the end of each reporting period, the Company assesses whether there has been any change in the carrying amount of assets that may be impaired. If so, the Company estimates the expected recoverable amount of the asset. The expected recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The Company recognises an impairment loss in the income statement when the expected recoverable amount of an asset is less than its carrying amount. The Company makes the necessary calculations based on appropriate discounting of long-term future cash flow projections.

The Company may recognise an impairment loss on financial assets measured at amortised cost and at fair value through other comprehensive income.

The impairment loss is recognised in the income statement and reduces the carrying amount of the corresponding financial asset; for financial assets at fair value through other comprehensive income, the impairment loss is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset at fair value through other comprehensive income.

#### 2.1.6. Investments in associates and jointly controlled entities

Associates are companies in which 4iG has significant influence but no control over the financial and operating rules. Significant influence is understood to mean the power to participate in the financial and operating policy decisions of the investees but does not constitute control or joint control over those policies.

A jointly controlled entity is a type of joint arrangement in which the parties to the arrangement have joint control over the net assets of the joint venture. Joint control is a contractual sharing of control over an arrangement that exists only when decisions about the relevant activities are unanimously agreed by the parties sharing control.

The Company accounts for its investments in associates and jointly controlled entities using the equity method. Under the equity method, investments in associates or jointly controlled entities are accounted for at cost. The carrying amount of the investments is adjusted for changes since the date of acquisition, which the Company accounts for in proportion to its share of the net assets. Goodwill relating to associates or jointly controlled entities is included in the carrying amount of the investment and is not tested separately for impairment.

The excess of the net fair value of the identifiable assets and liabilities of the acquired investment over the cost of the acquisition is included as income in proportion to the interest in the associate or jointly controlled entity when determining the Company's share of the results of the associate or jointly controlled entity in the period in which the associate or jointly controlled entity is acquired.

The Company records its investments in associates and jointly controlled entities at fair value through other comprehensive income.

### 2.1.7. Investment in equity instruments

The Company presents investments in equity instruments of another entity as financial assets under other investments. An equity instrument is any contract that represents a residual interest in the assets of an entity after deducting all of its liabilities. The cost of a non-current financial asset is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the date of acquisition and includes transaction costs. The Company measures all equity investments in other investments at fair value through profit or loss (FVPL) after initial recognition, unless the Company's management has determined at initial recognition that an equity investment is irrevocably designated as at FVPL. Gains and losses on equity investments measured at FVPL are included in the statement of comprehensive income in the item other operating income.

### 2.1.8. Inventories

After depreciation of slow-moving and obsolete inventories, inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to complete the sale.

In determining the inventory valuation method to be applied to decreases in inventories, the same method should be applied to inventories of the same nature, but a different method may be necessary because of their different uses and purposes.

### 2.1.9. Receivables

Receivables are stated at nominal value less an appropriate allowance for estimated losses. An estimate of doubtful debts is made based on a complete review of the outstanding amounts at year-end.

The Company reports advances to suppliers, security deposits for rentals, receivables from the state budget (including tax and contribution receivables) under other current non-financial assets. The Company reports advances to suppliers net of VAT under other receivables. Prepaid and deferred assets include both accruals for income and accruals for costs and expenses. Prepaid income includes the portion of revenue recognised in accordance with IFRS 15 Revenue from Contracts with Customers that is earned in the current period but not invoiced until the following period, and the amount of government grants accrued in proportion to the costs incurred in the period, in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, based on the intensity of the grant.

Other current financial assets include cash and cash equivalents lent for short-term purposes, accruals for interest on loans, guarantees given, receivables from employees, securities and contract assets.

#### 2.1.10. Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts with banks, short-term deposits and short-term liquid investments that are readily convertible into a predeterminable amount of cash.

#### 2.1.11. Share capital

Ordinary shares are recorded by the Company as equity. Incidental costs directly attributable to the issue of new ordinary shares are shown as a deduction from equity.

#### 2.1.12. Financial assets

Financial assets within the scope of IFRS 9 fall into three measurement categories: those measured at amortised cost on initial recognition, those measured at fair value through other comprehensive income (FVOCI) on initial recognition, and those measured at fair value through profit or loss (FVPL) on initial recognition.

After initial recognition, financial assets held for trading are measured at fair value through profit or loss (FVPL). Unrealised foreign exchange gains and losses on trading securities are recognised as other income (expense).

Other non-current investments classified as held-to-maturity, such as certain bonds, are carried at amortised cost after initial recognition. The amortised cost is calculated by taking into account the discount or premium at acquisition over the period to maturity. For investments carried at amortised cost, any gain or loss arising on derecognition or impairment of the investment or during the amortisation period is recognised as income.

For investments traded on a stock exchange, the market value is determined on the basis of the official exchange rate published at the balance sheet date. For unlisted or unquoted securities, the market value is the market value of a similar or substitute financial investment, where this method is not applicable, the market value is determined on the basis of the estimated future cash flows of the asset to which the investment relates.

Investments in securities are sold at the settlement date price and initially at the purchase price. Short-term investments that include securities held for trading purposes are stated at fair market value at the next reporting date and are valued at the quoted market price at the balance sheet date. Unrealised gains and losses are included in the income statement.

Financial assets are derecognised when the Company no longer has control over the contractual rights to the financial asset, which is usually when the asset is sold or when the cash flows associated with the asset are transferred to a third party.

The Company assesses at each reporting date whether an impairment loss should be recognised for a financial asset or group of assets. If circumstances arise for an asset carried at amortised cost that require an impairment loss to be recognised, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the amount of the asset's future cash flows discounted at the original effective interest rate. The impairment loss is recognised in the income statement. If the amount of the impairment loss subsequently reverses, it is reversed, but only to the extent that the carrying amount of the asset does not exceed its amortised cost at the balance sheet date.

### **Credit losses on financial assets**

Based on changes in credit risk, the impairment should be reviewed at each reporting date and an assessment made as to whether the impairment should be recognised up to the amount of the lifetime expected credit loss or the 12-months expected credit loss. If it is not possible to assess at the level of the individual financial asset whether its credit risk has increased significantly, it should be assessed on a group basis.

The simplified and the general approaches are used for the assessment and recognition of impairment.

#### *1. A simplified approach*

All financial instruments valued using the simplified approach are valued at the lifetime expected credit loss. The simplified approach is used for trade receivables, contract assets.

#### *2. General approach*

The expected credit loss model classifies financial instruments into three groups based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess the elevated credit risk. The increase in credit risk from the initial recognition is reflected in the reclassification of financial instruments between baskets.

Based on the expected credit loss model, impairment can be divided into three categories: impairment calculated on the basis of expected credit loss over 12 months, impairment calculated on the basis of expected credit loss over the life of the loan and impairment calculated using the effective interest rate method.

The general approach is applied to other financial receivables and loans granted.

### **2.1.13. Financial liabilities**

The Company's statement of financial position includes the following financial liabilities: trade payables and other current liabilities, loans, borrowings, bank overdrafts and forward transactions. Their recognition and measurement in the financial statements is disclosed in the relevant sections of the notes to the financial statements as follows.

The Company measures all financial liabilities at fair value upon initial recognition. In the case of borrowings, it also includes transaction costs directly attributable to the acquisition of the financial liability.

Financial liabilities within the scope of IFRS 9 are classified into three measurement categories: those measured at amortised cost on initial recognition, those measured at fair value through other comprehensive income (FVOCI) on initial recognition and those measured at fair value through profit or loss (FVPL) on initial recognition. The classification of each financial liability is determined by the Company on acquisition.

Financial liabilities at fair value through profit or loss are liabilities that the Company has acquired for the purpose of trading or designated at fair value through profit or loss on initial recognition. Financial liabilities held for trading include those liabilities that the Company has acquired primarily for the purpose of generating expected profits from short-term fluctuations in foreign exchange rates. This category also includes forward contracts that do not qualify as effective hedging instruments.

Loans and borrowings are stated at amortised cost using the effective interest method in the statement of financial position. Gains and losses relating to loans and borrowings are included in the statement of income through amortisation using the effective interest method and on derecognition of the financial liability. Amortisation is recognised as a financial expense in the statement of income.

#### 2.1.14. Provisions

The Company recognises provisions for present obligations (legal or constructive) arising from past events that the Company is more likely than not to be required to settle, when the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties specific to the obligation. Where the expected cash flows required to settle the present obligation are used to measure the provision, the carrying amount of the provision is the present value of those cash flows.

Where it is expected that some or all of the expenditure required to settle a provision will be reimbursed by another party, the receivable is recognised as an asset when it is virtually certain that the reimbursement will be received and the amount of the receivable can be reliably measured.

Existing obligations under onerous contracts are recognised as provisions. The Company classifies a contract as onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract.

A restructuring provision is recognised when the Company has a detailed formal plan for the restructuring and, by either starting to implement the plan or announcing the main features of the plan to stakeholders, has created a legitimate expectation that it will carry out the restructuring. A provision for restructuring includes only direct costs incurred in connection with the restructuring that are necessarily incidental to the restructuring and are not related to the continuing operations of the Company.

The Company recognises as a provision the estimated future costs of decommissioning, removal and restoration of the site, which should be included in the cost of an item of property, plant and equipment or a right of use of an item of property, plant and equipment. This legal obligation may be direct, where it requires the dismantling and/or restoration of the site, or indirect, where the regulation requires the remediation of environmental contamination, but this can only be achieved by dismantling the asset.

Even if it is certain and foreseeable that circumstances will arise after a specified period that will probably require the assets to be dismantled and their sites restored, the estimated costs of dismantlement should be capitalised to the asset if it is possible to determine the expected costs of dismantling the asset at the time the asset is capitalised. These future costs should be recognised as a provision until they are incurred. No provision or asset should be recognised for decommissioning costs for which the Company has no legal or constructive obligation.

#### 2.1.15. Taxation

##### 2.1.15.1. Profit taxes

Income taxes comprise current and deferred taxes. They are recognised in profit or loss for the year, except for amounts relating to business combinations or items that are recognised directly in equity or other comprehensive income.

#### **Tax for the current year**

The corporate income tax rate is based on the tax liability determined in accordance with the Corporation and Dividend Tax Act, the Local Business Tax Ordinance and the Innovation Tax Ordinance, modified by deferred tax. The corporate income tax liability includes both current and deferred tax elements.

The tax liability for the current year is determined by the taxable profit for the current year. The taxable profit differs from the profit before tax shown in the accounts because of non-taxable profits and losses and items that are included in the taxable profit of other years. The Company's current tax liability is determined using the tax rate that has been enacted or substantially enacted (if enactment is equivalent to the same as the effective date) by the balance sheet date.

## Deferred tax

Deferred tax arises when there is a timing difference between the recognition of an item in the financial statements and its recognition for tax purposes. Deferred taxes are determined using the liability method. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to taxable income in the years in which the temporary difference is expected to be recovered or settled. The amount of deferred tax liabilities and assets reflects the Company's assessment of the manner in which the tax assets and liabilities will be realised at the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences, tax credits and tax losses only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

At each balance sheet date, the Company considers the amount of unrecognised deferred tax assets and the carrying amount of recognised tax assets. The portion of the unrecognised deferred tax asset that is expected to be recovered through a reduction in future income taxes is recognised in the balance sheet. Conversely, the Company's deferred tax asset is reduced to the extent that it is not expected that taxable profit will be available to recover the amount. Current and deferred tax is charged or credited directly to equity to the extent that it relates to items that have also been charged or credited to equity in the same or a different period, including adjustments to the opening balance of reserves resulting from retrospective changes in accounting policies.

Deferred tax assets and liabilities may be offset if the Company has a legally enforceable right to offset its current tax assets and liabilities with the same taxation authority and the Company intends to settle these assets and liabilities on a net basis.

### 2.1.15.2. Other taxes

The Company recognises environmental product charges and vehicle taxes incurred in the IT sector separately from income taxes under other expenses.

### 2.1.16. Leasing

IFRS 16 Leases requires a lessee to recognise and measure an asset and a liability simultaneously in the balance sheet.



The right to use assets is treated in the same way as other non-financial assets and depreciation is accounted for accordingly. The initial measurement of the lease liability is based on the present value of the lease payments over the lease term, calculated using the implicit interest rate, if that rate can be determined precisely. If this rate is not available or is difficult to determine, the lessee may then use the incremental borrowing rate for discounting.

According to IFRS 16 a lease transaction shall be classified as a financial lease if the lessor basically transfers the entirety of the risks and benefits related to the possession of the subjected asset to the lessee. Otherwise, the said transaction shall be classified as an operating lease. The lessor shall present its financial revenues during the maturity period of the lease transaction resulting a constant periodical rate of return in respect of the net lease investment of the lessor.

The lease fees gained from the operative lease transactions shall be presented by using the linear method or another systematic method. The lessor shall apply a different systematic method if that reflects the decrease of the profit gained from the subjected asset more appropriately.

The Company applies the IFRS 16 standard from 1 January 2019; however, as an exception, the Company accounts for the lease fee paid for the short-term lease (except of vehicles) of low-value assets as an expenditure.

#### 2.1.17. Earnings per share (EPS)

Earnings per share are calculated by considering the Company's profit and loss and the share stock less by the average treasury stock of own shares repurchased in the given reporting period.

Diluted earnings per share are calculated in the same way as earnings per share. However, in this calculation all dilutive shares on the market, the distributable earnings per ordinary share plus the dividends and earnings per convertible share that are eligible for inclusion in the period, adjusted for additional income and expenses arising from the conversion, the weighted average number of shares outstanding plus the weighted average number of additional shares that would be outstanding if all the convertible shares were converted. In addition, the number of shares under a share option plan in effect during the reporting period is included as a deduction from treasury shares if the option exercise conditions specified in the share option plan are met at the reporting date and the treasury shares have not yet been exercised.

#### 2.1.18. Off-balance sheet items

Off-balance sheet liabilities are not included in the annual statement of financial position and in the statement of comprehensive income unless they are acquired upon business combinations. The off-balance sheet items are presented in the notes to the financial statements, except if the possibility of an outflow of the sources of economic benefit is distant and minimal. Off-balance sheet receivables are not included in the annual statement of financial position and in the statement of comprehensive income, but to the extent of the likelihood of the economic benefits, the hereof shall be presented in the notes to the financial statements.

#### 2.1.19. Treasury shares

The acquisition value of the Treasury shares is shown in the balance sheet as a separate line item under capital items, with a negative sign.

#### 2.1.20. Dividends

Dividends payable to shareholders of the Company are recognised as a liability in the financial statements of the Company in the period in which the dividends are approved by the shareholders.

Dividend income is recognised when the Company becomes entitled to the dividend.

#### 2.1.21. Transactions with minority shareholders

In all cases, transactions with minority shareholders take place under normal market conditions.

#### 2.1.22. Transactions with related parties

Related parties of the Company may be individuals or entities that are related to the Company. In the case of an individual or a close relative of an individual, a relationship with the Company exists if the individual:

- exercises control, joint control, or
- has significant influence over the Company;
- is a key management personnel of the reporting entity or one of its parent entities.

An entity is related to the reporting entity if any of the following conditions are met:

- The entity and the reporting entity are part of the same group (i.e. each parent, subsidiary and associate are related).
- One entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- An entity provides a post-employment benefit plan for employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself provides such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by an individual related to the Company or such an individual has a key management position in the entity.
- An entity, or any member of the group of which the entity is a part, provides key management services to the reporting entity or the parent of the reporting entity.

The Company has entered into transactions with related parties on the same terms as transactions with unrelated parties where those terms are reasonable.

### 2.1.23. Employee benefits

Employee benefits are short-term employee benefits (other than termination benefits) that fall due in full within 12 months after the end of the period in which the employee has completed the related service. Examples include bonuses and monthly salaries due within 12 months of the balance sheet date.

### 2.1.24. Share-based payments

#### **Payments in equity instruments**

The cost of equity-settled transactions is determined based on the fair value at the date of grant.

This cost is recognised as an expense in employee benefits expense, with a corresponding increase in equity, over the period in which the service and, where applicable, performance conditions are met (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit and loss account for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

#### **Payments in cash**

The liability is recognised and measured as follows:

- The fair value of the grant at each reporting date between the grant date and the settlement date is determined in accordance with the specific requirements of IFRS 2.

- The liability recognised at each reporting date during the vesting period is the fair value of the benefit under IFRS 2 at that date multiplied by the portion of the vesting period that has expired.
- From the end of the vesting period until settlement, the liability recognised is measured at fair value at the reporting date.

All changes in the liability are recognised in the profit or loss account for the period.

### **Share-based payments, where the counterparty can choose to settle in shares or cash**

If the counterparty has the right to choose settlement in equity or cash, IFRS 2 treats the transaction as a compound instrument for which split accounting applies. The general principle is that the transaction should be separated into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in an equity instrument). After the split, the two components shall be accounted for separately.

The fair value of the liability component is determined at the settlement date. The equity component is the difference between the fair value of the goods or services received (at the date of the service) and the fair value of the liability component.

### **Employee share ownership programme – ESOP**

The Company uses the extension method to value the “ESOP” share-based payments (extension method). Under this method, the parent company (4iG Plc) is in substantially the same position as if it were the direct owner of the shares and therefore accounts for them as equity. There is no difference between the consolidated financial statements of the parent company and the standalone financial statements with respect to the treatment of the related share-based payment arrangement.

#### 2.1.25. Result of financial operations

The financial result includes interest and dividend income, interest and other financial expenses, and realised and unrealised exchange differences.

#### 2.1.26. Government grants

Government grants can be accounted for when it is probable that the grant will be received and the conditions attached to the grant have been met. When the grant is used to offset a cost, it is charged to the income statement in the period in which the offset cost is incurred (other income). If the grant relates to the acquisition of an asset, it is deferred and released to the profit and loss account in equal annual instalments over the useful life of the related asset.

#### 2.1.27. Impairment of uncollectible and disputed debts

The Company recognises an allowance for uncollectible and disputed receivables to cover losses arising from the inability of customers to pay. Estimates used to assess the adequacy of the allowance for uncollectible and disputed receivables are based on the aging of receivables, the creditworthiness of the customer and changes in customer payment patterns.

#### 2.1.28. Depreciation and amortisation

Property, plant and equipment and intangible assets are carried at cost and depreciated on a straight-line basis over their useful lives. The useful lives of assets are determined based on historical experience of similar assets and expected technological developments and changes in wider economic or industry factors. Estimated useful lives are reviewed annually.

#### 2.1.29. Segment information

The Company shall disclose the factors used to identify the segments that the entity reports, including the basis of their operation and the factors considered in determining whether the segments are aggregated. The Company's revenue-generating activities should be allocated to operating segments (considering the same units that management uses to operate the business), which should be aggregated for reporting purposes only if the specified criteria are met. This process may require considerable judgement, because it is not always possible to identify clearly which elements of a 4iG are operating segments under IFRS 8 Operating Segments or which layer of the 4iG's organisational structure represents the level at which those activities are managed.

#### 2.1.30. Events after the balance sheet date

Events that occur after the end of the reporting period that provide additional information about the circumstances at the end of the Company's reporting period (adjusting items) are disclosed. Events after the end of the reporting period that do not change the amounts reported but are material are disclosed in the notes.

#### 2.1.31. Application of new International Financial Reporting Standards and Interpretations

The Company has prepared its financial statements in accordance with the provisions of all standards and interpretations that became effective on 1 January 2023.

The Company has applied the following new and amended IFRS and IFRIC interpretations during the current year. Other than as described below, their application has not had a material impact on the Company's financial statements but has resulted in additional disclosure requirements.

*New and amended standards and interpretations adopted by the EU, effective from 1 January 2023:*

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023) – not relevant for the Company
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" – The definition of Accounting Estimates, Amendments to IAS 1 "Disclosure of Accounting policies" and IFRS Practice Statement 2 "Disclosure of Accounting policies" (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

Improving accounting policy disclosures, better tailoring them and reducing disclosures about general accounting policies; distinguishing changes in accounting estimates from changes in accounting policies.

- Amendments to IAS 12 "Income taxes" – Deferred tax related to assets and liabilities arising from a single transaction 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The 'initial recognition exception' does not apply if the transaction gives rise to the same amount of deductible and taxable temporary differences.
- Amendments to IAS 12 "Income taxes": International Tax Reform – Pillar Two Model Rules (issued 23 May 2023) – The purpose of the amendments is to introduce a mandatory temporary exemption from the requirements of IAS 12 "Income taxes" for the recognition and disclosure of information about deferred tax assets and liabilities arising from the OECD Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements. The temporary exemption applies immediately and retrospectively in accordance with IAS 8, while the targeted disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023.

*Standards and interpretations not yet effective issued by the IASB and adopted by the EU:*

The standards, amendments and interpretations presented below have not been applied in the financial statements as they are not yet effective for the financial year ending 31 December 2023 and the Company has not elected to early adopt them (the list below includes in brackets the dates on which the standards, amendments and interpretations are mandatory for annual periods beginning on or after that date).

The changes are as follows:

- Amendment to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 - Leases - Determination of lease obligations arising from leaseback arrangements (effective for annual periods beginning on or after 1 January 2024)

The above-mentioned standards and amendments are not expected to have a material impact on the Company's results, financial position or financial statements.

*Standards and interpretations not yet effective issued by the IASB but not adopted by the EU:*

The standards, amendments and interpretations presented below have not been applied in these consolidated financial statements as they have not yet been adopted by the EU. Their application and effective date are subject to EU endorsement.

The new standards and amendments to standards are:

- Amendments and additions to IAS 21 - The Effects of Changes in Foreign Exchange Rates to clarify the requirements for the convertibility of foreign currencies and the non-convertibility of foreign currencies.
- Amendments to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures in relation to vendor financing arrangements (reverse factoring).

Other new/amended standards or interpretations are not expected to have a material impact on the Company's financial statements.

## 2.2. Uncertainty factors

The application of the accounting policies described in Section 2.1 requires the use of estimates and assumptions in determining the amounts of certain assets and liabilities at a given date that cannot be clearly identified from other sources. The estimation process involves judgements and relevant factors based on the latest information available. These significant estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and the disclosure of contingent assets and liabilities in the notes. Actual results may differ from those estimates.

Estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.

## 2.3. Adjustment of previous year's financial data

The Company has reviewed the structure of both its statement of comprehensive income and statement of financial position and concluded that it may be necessary to highlight certain line items due to significant transactions or balances on those line items, and has therefore taken the opportunity provided by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to present the effects of these changes retrospectively for both the current and prior periods. The primary financial statements for the current period now present these changes in the new structure and the amendments for the prior period are presented below. The Company believes that these changes will improve the quality and understandability of the financial statements.

*Breakdown of the change in the statement of comprehensive income:*

2022	2022	2022	2022	2022
Modified designation	Modified	Presentation modification	Published	Published designation
Net sales revenue	70 379		70 379	Net sales revenue
Other operating income	305	-703	1 008	Other operating income
<b>Total net sales revenue and other income</b>	<b>70 684</b>	<b>-703</b>	<b>71 387</b>	<b>Total revenue</b>
<b>Capitalised value of own produced assets</b>	<b>703</b>	<b>703</b>		
	0	51 551	-51 551	Goods and services sold
Material costs	-57 949	-51 551	-6 398	Operating expenses
Staff costs	-12 934		-12 934	Staff costs
Other expenses	-13 572		-13 572	Other operating expenses
<i>of which impairment</i>	-224	-224		
<b>Operating costs</b>	<b>-84 455</b>		<b>-84 455</b>	<b>Operating costs</b>
<b>Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b>	<b>-13 068</b>		<b>-13 068</b>	<b>Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b>
Depreciation and amortisation	-2 727		-2 727	Depreciation and amortisation
<b>Profit Before Interest and Tax (EBIT)</b>	<b>-15 795</b>		<b>-15 795</b>	<b>Profit Before Interest and Tax (EBIT)</b>
Financial income	104 483		104 483	Financial income
Financial expenses	-30 860		-30 860	Financial expenses
<b>Profit before tax</b>	<b>57 828</b>		<b>57 828</b>	<b>Profit before tax</b>
Income taxes	-491		-491	Income taxes
<b>Profit after tax</b>	<b>57 337</b>		<b>57 337</b>	<b>Profit after tax</b>
Non-recurring other comprehensive income	0			
<i>Gain/loss on equity instruments at fair value through other comprehensive income</i>	-1 109		-1 109	Other comprehensive income
<b>Total comprehensive income</b>	<b>56 228</b>		<b>56 228</b>	<b>Total comprehensive income</b>



*Breakdown of changes in the statement of financial position:*

<u>31/12/2022</u> Modified designation	<u>31/12/2022</u> Modified	<u>31/12/2022</u> Presentation modification	<u>31/12/2022</u> Published	<u>31/12/2022</u> Published designation
<b>ASSETS</b>				<b>ASSETS</b>
<b>Non-current assets</b>				<b>Non-current assets</b>
Property, plant, equipment	2 120		2 120	Property, plant, equipment
Intangible assets	3 622		3 622	Intangible assets
Right of use of assets	11 543		11 543	Right of use of assets
Deferred tax asset	48		48	Deferred tax asset
Goodwill	411		411	Goodwill
Shares	551 672	521	552 193	Shares
Non-current assets	19 381	-521	19 902	Other investments and other non-current assets
<b>Total non-current assets</b>	<b>589 781</b>	<b>0</b>	<b>589 318</b>	<b>Total non-current assets</b>
<b>Current assets</b>				<b>Current assets</b>
Cash and cash equivalents	10 584		10 584	Cash and cash equivalents
Trade receivables	19 753		19 753	Trade receivables
Other current financial assets	7 574	-5 157	12 731	Other receivables, other prepaid and deferred assets
Other current non-financial assets	5 275	5 275		
	0	-118	118	Securities
Inventories	1 913		1 913	Inventories
<b>Total current assets</b>	<b>44 636</b>	<b>0</b>	<b>45 099</b>	<b>Total current assets</b>
<b>Total assets</b>	<b>634 417</b>	<b>0</b>	<b>634 417</b>	<b>Total assets</b>
<b>EQUITY AND LIABILITIES</b>				<b>EQUITY AND LIABILITIES</b>
<b>Equity</b>				<b>Equity</b>
Share capital	5 981		5 981	Share capital
Treasury shares	-921		-921	Treasury shares
Capital reserve	133 493		133 493	Capital reserve
Retained earnings	60 952		60 952	Retained earnings
Accumulated other comprehensive income	-1 109		-1 109	Accumulated other comprehensive income
<b>Total equity</b>	<b>198 396</b>	<b>0</b>	<b>198 396</b>	<b>Total equity</b>

*Breakdown of changes in the statement of financial position – continued:*

31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Modified designation	Modified	Presentation modification	Published	Published designation
<b>Non-current liabilities</b>				<b>Non-current liabilities</b>
Provisions – non-current	0		0	Provisions – non-current
Non-current loans, borrowings, bonds	395 150	6 521	388 629	Non-current loans, borrowings, bonds
Finance lease liabilities – non-current	10 312		10 312	Finance lease liabilities – non-current
Other non-current liabilities	1 466	-6 521	7 987	Other non-current liabilities
Deferred tax liabilities	0			Deferred tax liabilities
<b>Total non-current liabilities</b>	<b>406 928</b>	<b>0</b>	<b>406 928</b>	<b>Total non-current liabilities</b>
<b>Current liabilities</b>				<b>Current liabilities</b>
Trade payables	14 711		14 711	Trade payables
Current loans, borrowings, bonds	2		2	Current loans, borrowings, bonds
Other current financial liabilities	2 727	-10 236	12 963	Other current liabilities and accruals
Other current non-financial liabilities	10 236	10 236		
Provisions – current	99		99	Provisions – current
Dividends payable to owners	8		8	Dividends payable to owners
Finance lease liabilities - current	1 310		1 310	Finance lease liabilities - current
<b>Total current liabilities</b>	<b>29 093</b>	<b>0</b>	<b>29 093</b>	<b>Total current liabilities</b>
<b>Total equity and liabilities</b>	<b>634 417</b>	<b>0</b>	<b>634 417</b>	<b>Total equity and liabilities</b>

### 3. Net sales revenue

The Company's accounting policy on revenue recognition is set out in Section 2.1.2.

	<b>2023</b>	<b>2022</b>
Domestic sales	1 638	69 349
Export sales	74 273	1 030
<b>Total net sales revenue</b>	<b>75 911</b>	<b>70 379</b>

Breakdown of revenue by partner in the year 2023:

	<b>IT services and trade</b>	<b>Other activities</b>	<b>Total</b>
From external partners	60 751	2 879	63 630
From affiliated companies	8 232	4 049	12 281
<b>Total revenue from contracts with customers</b>	<b>68 983</b>	<b>6 928</b>	<b>75 911</b>

Breakdown of revenue by geographical area in the year 2023:

	<b>IT services and trade</b>	<b>Other activities</b>	<b>Total</b>
Within the EU	74 688	403	75 091
Outside the EU	439	381	820
<b>Total revenue from contracts with customers</b>	<b>75 127</b>	<b>784</b>	<b>75 911</b>

Net revenues from sales to subsidiaries:

	<b>2023</b>	<b>2022</b>
Domestic revenue from affiliated enterprises	11 626	3 400
Export revenue from affiliated enterprises	709	330
<b>Total</b>	<b>12 335</b>	<b>3 730</b>

Main types of income:

- A significant proportion of the Company's sales are product sales, where revenue is recognised when control of the product is transferred to the customer.
- IT projects account for another significant share of revenues. Where the Company transfers control of the service over time, subject to the conditions set out in the standard, it also recognises revenue from the sale of services over time in accordance with the methods set out in the standard, depending on the nature of the service. The determination of the stage of completion assumes significant estimates, for which

the Company performs detailed tests and evaluations. For a description of the contractual assets and liabilities recognised at the balance sheet date, see Section 24 and Section 40.

Breakdown of revenue by main types:

	<b>2023</b>	<b>2022</b>
IT services	39 359	38 716
Hardware and software sales	29 624	30 322
Other activities	6 928	1 341
<b>Total</b>	<b>75 911</b>	<b>70 379</b>

#### 4. Other operating income

The composition of other operating income was as follows:

	<b>2023</b>	<b>2022</b>
Government grants and refunds	131	187
Service cost reimbursement	24	9
Income of intangible and tangible assets sold	0	4
Grant from another company	2	3
Employee reimbursements	59	51
Other public refunds	8	19
Income from penalties and compensations	47	27
Other	5	5
<b>Total</b>	<b>276</b>	<b>305</b>

In 2022, the amount of own work capitalised was also included in other operating income, which for 2023 has been shown as a separate line in the statement of comprehensive income and disclosed in Chapter 5 Capitalised value of own work.

Higher amounts of government grants:

HUF 54 million was accounted for by our Company for project No. 2019-1.1.1-PIACI-KFI-2019-00308.

HUF 77 million is accrued income based on the grant intensity of the R&D grant "Centre for Higher Education and Industry Cooperation - Development of Research Infrastructure" under the GINOP-2.3.4-15-2020-00010 grant.

## 5. Capitalised value of own produced assets

	<u>2023</u>	<u>2022</u>
Capitalised value of own produced assets	805	703
<b>Total</b>	<b>805</b>	<b>703</b>

Own produced assets in 2023 were capitalised by the Company in 2023 for HUF 805 million.

Research projects classified as development at 4iG Plc:

Major research projects classified as development in 2023:

- HUF 385 million *Gondosóra* (Caretaker watch) development,
- HUF 70 million Market KFI (PS),
- HUF 36 million Industry 4.0 product development,
- HUF 90 million DOTO Core,
- HUF 224 million for other product development.

Unfinished improvements at the end of 2023:

- HUF 183 million *Gondosóra* development,
- HUF 78 million HR digitalisation development,
- HUF 79 million SZIN-Application development for elderly dispatch centre,
- HUF 31 million VPN product development,
- HUF 115 million for other product development.

For internally developed software (mainly development projects in progress), the Group has performed a payback calculation at the balance sheet date, which did not require the recognition of an impairment loss, for details see Note 16 *Intangible assets*.

## 6. Material costs

In the current year, the Company changed the presentation of material costs. Tables published for 2022:

<b>Goods and services sold:</b>	<u>2022</u>
Acquisition value of goods sold	-25 618
Acquisition value of services sold	-25 933
<b>Total</b>	<b>-51 551</b>

**Operating expenses:**

	<b>2022</b>
Material costs	-445
Value of services used	-5 740
Value of other services	-213
<b>Total</b>	<b>-6 398</b>

The table for the new presentation:

	<b>2023</b>	<b>2022</b>
Material costs	-564	-445
Acquisition value of goods sold	-24 872	-25 618
Acquisition value of services sold	-28 621	-25 933
Value of services used	-6 785	-5 740
Value of other services	-238	-213
<b>Total</b>	<b>-61 080</b>	<b>-57 949</b>

## 7. Staff costs

	<b>2023</b>	<b>2022</b>
Wages and salaries	-14 578	-10 655
Other payments to personnel	-1 896	-850
Social security costs and similar deductions	-2 014	-1 429
<b>Total</b>	<b>-18 488</b>	<b>-12 934</b>
Average statistical number	946	828

## 8. Other expenses

	<u>2023</u>	<u>2022</u>
Grants from foundations	-75	-26
Fines, penalties and compensations	-216	-13 274
Book value of intangible and tangible assets sold	-34	-3
Inventories scrapped	-121	-33
Taxes, duties, contributions	-12	-7
Write-down of inventories	0	-121
Irrecoverable debt	-4	0
Impairment of receivables	-68	-103
Losses related to damages	0	-1
Other	-1	-4
<b>Total</b>	<b>-531</b>	<b>-13 572</b>

Every year 4iG Plc reviews the turnover of its inventories and, based on the traders' knowledge of the market, it writes off slow-moving stocks and discards inventories that are no longer available.

The Company has included in fines, penalties and damages the technical payments recognised in the prior period in relation to the 2021 acquisitions, i.e. the cost of terminating the option contract on a previously acquired subsidiary is included in this line.

## 9. Depreciation and amortisation

	<u>2023</u>	<u>2022</u>
Depreciation and amortisation	-6 024	-2 727
<b>Total</b>	<b>-6 024</b>	<b>-2 727</b>

The increase in depreciation is mainly due to the depreciation of the excess right of use of assets due to the increase in office rent. Starting from the end of the previous period (October 2022), the Company has gradually moved into the Krisztina Plaza office building, which will also be listed as its headquarters from the reporting period, but it also rents a significant part of this office building to its subsidiaries and recognises this rent in the net sales revenue. The significant increase in the leased area has significantly increased the value of the right of use of asset and hence the depreciation recognised in the current period in relation to this asset (see also the line "Depreciation of right of use of assets under IFRS16" in the table below).

	<b>2023</b>	<b>2022</b>
Depreciation of property, plant, equipment	-1 681	-524
Depreciation of right of use of assets under IFRS 16	-2 940	-1 342
Amortisation of intangible assets	-1 403	-861
<b>Total</b>	<b>-6 024</b>	<b>2 727</b>

The depreciation and amortisation of property, plant, equipment and intangible assets increased significantly compared to the previous period, due to increased depreciation related to the renovation of the new rented property and, mainly, to the depreciation charge recognised in the period for the Caretaker project.

## 10. Financial income and expenses

<b>Financial income</b>	<b>2023</b>	<b>2022</b>
Interest income	2 271	4 859
Foreign exchange gains	2 597	6 992
Dividend income	13 675	2 215
Other	18	90 417
<b>Total</b>	<b>19 561</b>	<b>104 483</b>

In the other financial income line, the Company presented the cumulative gain on reclassification of the companies reclassified to "ANTENNA HUNGÁRIA" Zrt. during 2022.

<b>Financial expenses</b>	<b>2023</b>	<b>2022</b>
Interest paid	-2 374	-375
Interest expense on bonds	-22 419	-22 580
Foreign exchange losses	-2 672	-7 362
Other	-201	-543
<b>Total</b>	<b>-27 666</b>	<b>-30 860</b>

Interest expense on bonds includes the interest expense paid to bondholders on bonds issued.



## 11. Income taxes

Expenses related to income taxes consist of as follows:

	<b>2023</b>	<b>2022</b>
Corporate income tax	0	0
Deferred tax	-44	-80
Local business tax	-423	-357
Innovation contribution	-63	-54
<b>Total</b>	<b>-530</b>	<b>-491</b>

Corporate income tax rate is 9% in the year of 2023 and 2022.

The breakdown of taxes is as follows:

	<b>2023</b>	<b>2022</b>
Profit or loss before tax	-18 236	57 828
Tax liability calculated at the current tax rate is 9%	0	0
Local business tax	-423	-357
Innovation contribution	-63	-54
<b>Total taxes</b>	<b>-486</b>	<b>-411</b>
Permanent differences	-44	-80
<b>Total income taxes</b>	<b>-530</b>	<b>-491</b>

The difference between the corporate income tax calculated and the deferred tax is shown in the permanent differences line.

The general rules for deducting corporate income tax are as follows:

	<b>2023</b>	<b>2022</b>
Profit or loss before tax (IFRS)	-18 236	57 828
Local business tax correction (-)	-423	-357
Correction for innovation contribution (-)	-63	-54
Special IFRS adjustment factors	-641	-641
Adjusted profit or loss before tax	-19 363	56 776
Depreciation according to accounting law (+)	3 019	2 928
Permanent donation	67	25
Expenses accounted for by final fines (+)	19	0
Impairment of receivables recognised in the tax year (+)	17	10
Dividend income	-13 675	-2 215
Depreciation according to tax law (-)	-6 797	-2 843
Corporate Income Tax donation credit (-)	0	-11
Reduction due to R&D expenditure (-)	0	-125
Exchange gains recognised by the taxpayer on the transferred share	0	-77 309
Corporate and dividend tax base	-36 662	-22 764
<b>Corporate and dividend tax (9%)</b>	<b>0</b>	<b>0</b>

## 12. Other comprehensive income

	<b>2023</b>	<b>2022</b>
Net gain/loss on equity instruments at fair value through other comprehensive income	-1 955	-1 109

The loss recognised on equity instruments measured at fair value through other comprehensive income (FVOCI) (HUF 1,955 million on 31 December 2023 and HUF 1,109 million on 31 December 2022) was recognised in the other comprehensive income line in the statement of comprehensive income. The amounts recognised in other comprehensive income may be reclassified to the profit and loss account in the future if certain conditions are met, however, as presented in the Company's statement of comprehensive income, the loss on remeasurement of the equity instrument will not be reclassified to the profit or loss in the future.

### 13. Total comprehensive income

	<u>2023</u>	<u>2022</u>
Profit or loss after tax	-18 671	57 337
Other comprehensive income	-1 955	-1 109
<b>Total comprehensive income</b>	<b>-20 626</b>	<b>56 228</b>

In addition to the equity instrument loss recognised in other comprehensive income, total comprehensive income includes the results of operations, income and expenses from financial operations, depreciation and amortisation expense and income taxes.

### 14. Earnings per share

The calculation of basic earnings per share takes into account the profit or loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares.

	<u>31/12/2023</u>	<u>31/12/2022</u>
Profit or loss attributable to ordinary entity holders of the parent	-18 761	57 337
Weighted average number of ordinary shares outstanding during the period	299 074 974	278 845 038
Diluted average number of shares	296 113 017	278 845 038
<b>Diluted EPS indicator</b>	<b>-63.36</b>	<b>207.11</b>
<b>Earnings per share (basic) EPS – in HUF</b>	<b>-62.73</b>	<b>206.27</b>

The Company held 8,579,685 and 5,359,447 treasury shares as of 31 December 2023 and 31 December 2022, respectively. 4iG Plc has diluted indicators due to the repurchased treasury shares.

## 15. Property, plant, equipment

	Machinery and other equipment	Real estate and related rights	Investments in progress	Total
<b>Gross value</b>				
<b>on 1 January 2022</b>	<b>2 057</b>	<b>640</b>	<b>3</b>	<b>2 700</b>
Additions and reclassification	539	730	1 191	2 460
Disposal and reclassification	-252		-1 193	-1 445
Acquisition	28			28
<b>on 31 December 2022</b>	<b>2 372</b>	<b>1 370</b>	<b>1</b>	<b>3 743</b>
Additions and reclassification	6 092	2 251	6 355	14 698
Disposal and reclassification	- 493	-67	-1	-561
<b>on 31 December 2023</b>	<b>7 971</b>	<b>3 554</b>	<b>6 355</b>	<b>17 880</b>
<b>Accumulated depreciation and impairment</b>				
<b>on 1 January 2022</b>	<b>1 297</b>	<b>29</b>	<b>0</b>	<b>1 326</b>
Additions and reclassification	481	43		524
Disposal and reclassification	-249			-249
Acquisition	22			22
<b>on 31 December 2022</b>	<b>1 551</b>	<b>72</b>	<b>0</b>	<b>1 623</b>
Current year depreciation	1 511	170		1 681
Disposal	-357	-32		-389
<b>on 31 December 2023</b>	<b>2 702</b>	<b>210</b>	<b>0</b>	<b>2 915</b>
<b>Net book value</b>				
<b>on 1 January 2022</b>	<b>760</b>	<b>611</b>	<b>3</b>	<b>1 374</b>
<b>on 31 December 2022</b>	<b>821</b>	<b>1 298</b>	<b>1</b>	<b>2 120</b>
<b>on 31 December 2023</b>	<b>5 266</b>	<b>3 344</b>	<b>6 355</b>	<b>14 965</b>

During 2022, the spreadsheet included separate columns for the categories of machinery and equipment and other equipment. In the current year, these two columns are published together in the above table.

	Machinery and equipment	Other equipment
<b>Net book value</b>		
<b>on 1 January 2022</b>	<b>0</b>	<b>760</b>
<b>on 31 December 2022</b>	<b>0</b>	<b>821</b>
<b>on 31 December 2023</b>	<b>0</b>	<b>5 266</b>

The increase in property, plant, equipment in 2023 is due to acquisitions of HUF 6,092 million (HUF 539 million in 2022) and investments in third-party property of HUF 2,251 million (HUF 730 million in 2022).

The leasehold property involved in the investment is leased by the Company on a long-term basis (15 years). Based on above, the Company gradually started to rent its new headquarters in Krisztina Plaza from October 2022, and the move into this new rented property, as well as the renovations at the Montevideo street 2/c branch and the asset purchases due to the increase in headcount during the period resulted in the majority of the HUF 6,092 million increase in tangible assets in 2023.

At the end of each year, the Company reviews its property, plant, equipment and discards obsolete assets that are unfit for use. In 2023, due to the move to a new office building, a higher proportion of old obsolete assets and assets that could not be moved from the previous lease were discarded, amounting to HUF 560 million gross and HUF 171 million net.

## 16. Other intangible assets

	Concessions and similar rights	Intellectual products	Total
<b>Gross value</b>			
<b>on 1 January 2022</b>	<b>224</b>	<b>3 208</b>	<b>3 432</b>
Additions and reclassification	856	1 299	<b>2 155</b>
Disposal and reclassification	-213	-346	<b>-559</b>
Construction in progress	0	814	<b>814</b>
Acquisition	6	43	<b>49</b>
<b>on 31 December 2022</b>	<b>873</b>	<b>5 018</b>	<b>5 891</b>
Additions and reclassification	1 516	1 838	3 354
Disposal and reclassification		-29	-29
<b>on 31 December 2023</b>	<b>2 389</b>	<b>6 827</b>	<b>9 216</b>
<b>Accumulated depreciation and impairment</b>			
<b>on 1 January 2022</b>	<b>219</b>	<b>1 730</b>	<b>1 949</b>
Current year depreciation	9	852	<b>861</b>
Disposal	-213	-345	<b>-558</b>
Rounding/acquisition	3	14	<b>17</b>
<b>on 31 December 2022</b>	<b>18</b>	<b>2 251</b>	<b>2 269</b>
Current year depreciation	399	1 004	1 403
Disposal		-29	-29
<b>on 31 December 2023</b>	<b>417</b>	<b>3 226</b>	<b>3 643</b>
<b>Net book value</b>			
<b>on 1 January 2022</b>	<b>5</b>	<b>1 478</b>	<b>1 483</b>
<b>on 31 December 2022</b>	<b>855</b>	<b>2 767</b>	<b>3 622</b>
<b>on 31 December 2023</b>	<b>1 972</b>	<b>3 601</b>	<b>5 573</b>

The Company has presented the research projects classified as development in Note 5 *Capitalised value of own produced assets* in 2023 and in Note 4 *Other operating income* at the end of 2022.

The Company has assessed the software produced by the development and determined that it meets the definition of an intangible asset in IAS 38 Sections 8-17 and the recognition criteria in Notes 21-23. On the basis of the identification in accordance with IAS 38, the costs incurred (material and development staff costs) have been classified as development activity and recognised as intellectual products.

Some of these developments (HUF 486 million in 2023, HUF 1,632 million in 2022) are recorded by the Company as development projects in progress. These are not depreciated because they are not ready for use and are subject to impairment tests at the end of each period. Based on the 2023 test, there was no indication of impairment and therefore no impairment was recognised.

#### Individually material intangible assets:

The Company had no individually material internally or by external companies developed intangible assets (with a net value exceeding HUF 1 000 million) in 2023.

## 17. Right of use of assets

	Land and buildings	Machinery, motor vehicles	Total
<b>Gross value</b>			
<b>on 1 January 2023</b>	<b>11 274</b>	<b>2 046</b>	<b>13 320</b>
Increase due to new leasing	17 876	1 251	19 127
Other changes	-1 052	-177	-1 229
<b>on 31 December 2023</b>	<b>28 098</b>	<b>3 120</b>	<b>31 218</b>
<b>Accumulated amortisation</b>			
<b>on 1 January 2023</b>	<b>1 041</b>	<b>736</b>	<b>1 777</b>
Depreciation in the current year	2 157	784	2 941
Other changes	-799	-322	-1 121
<b>on 31 December 2023</b>	<b>2 399</b>	<b>1 198</b>	<b>3 597</b>
<b>Net value</b>			
<b>on 1 January 2023</b>	<b>10 233</b>	<b>1 310</b>	<b>11 543</b>
<b>on 31 December 2023</b>	<b>25 599</b>	<b>1 922</b>	<b>27 621</b>

New leases at Krisztina Plaza and Montevideo street 2/c resulted in a sharp increase in right of use of assets and depreciation.

	<b>2023</b>	<b>2022</b>
<b>Lease-related costs, expenses</b>		
Interest expenditure	-1 275	-305
Expenditure related to short-term leases	0	-2
Expenses related to leases of low-value assets	-55	-3
Variable lease payments	0	0
<b>Total profit and loss</b>	<b>-1 330</b>	<b>-310</b>

## 18. Deferred tax assets and liabilities

In the calculation of deferred tax, the Company compares the tax deductible amount with the carrying amount by asset and liability. If the difference is a temporary difference, i.e. the difference will reverse in the foreseeable future, a deferred tax liability or asset is recognised, as appropriate. When an asset is included, the Group examines the recovery separately.

The Company calculates the deferred tax at a tax rate of 9%.

The Company's corporate tax base for 2023 is HUF -36,619 million, which would have resulted in a deferred tax asset of HUF 3,296 million. With a corporate tax base of HUF -19,851 million in 2022, the deferred tax asset would have been HUF 1,787 million. The deferred tax asset is not presented in the accounts for the current or comparative period because at an individual level the recovery is uncertain in the near future.

The following deductible and taxable differences were identified:

	<b>31/12/2022</b>	<b>Addition</b>	<b>Utilised</b>	<b>31/12/2023</b>
Impairment of receivables	-3	3	0	0
PPE and intangible assets	-10	5	0	-5
Provisions	9	14	-9	14
Accrual of losses	52	-52	0	0
<b>Total deferred tax assets</b>	<b>48</b>	<b>-30</b>	<b>-9</b>	<b>9</b>

	<b>31/12/2021</b>	<b>Addition</b>	<b>Utilised</b>	<b>31/12/2022</b>
Impairment of trade receivables	7	-10	0	-3
PPE and intangible assets	-15	5	0	-10
Provisions	83	9	-83	9
Accrual of losses	0	52	0	52
<b>Total net deferred tax assets</b>	<b>75</b>	<b>56</b>	<b>-83</b>	<b>48</b>

## 19. Goodwill

The recorded FreeSoft goodwill arose on 2 April 2004, when FreeSoft Kft. was acquired under the accounting rules of the time, which was later merged into FreeSoft Rt. (the predecessor of 4iG Plc).

At the Group we show the following goodwill:

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Name of subsidiary</b>		
former FreeSoft Kft.	411	411
<b>Total goodwill</b>	<u>411</u>	<u>411</u>

The Company tests annually whether it identifies any indicators of impairment of goodwill. To assess this, it prepares an annual calculation of the business value of the cash-generating units. No impairment triggering circumstance was identified based on the 2023 valuation. FreeSoft goodwill has been allocated to the IT activities (trading and services) acquired through the acquisition of FreeSoft Kft. as a group cash-generating unit. The valuation of the cash generating unit is calculated based on the present value of future net cash flows (DCF calculation).

The Company's IT activities as a cash-generating unit have expanded significantly in the recent period due to mergers and acquisitions and significant growth in activity. The recoverable amount of the IT activity as an operating segment is reported each year, based on the same principles. Due to the constantly changing factors of the dynamically evolving IT market, the DCF calculation is prepared on a prudent 5-year time horizon. The underlying data used for the year-end 2023 goodwill valuation are as follows:

For the IT segment, the Company used a weighted average cost of capital of 12.92% for the market value calculation, taking into account the risks associated with the Company's growth and the expected capital increases and return expectations associated with the financing. The discount rate used in 2023 is therefore higher than the previous year (11.46%). Compared to 2022, the macroeconomic environment has changed, which although minimal, has increased both the return on invested capital and the return on debt. The growth rates used in the DCF calculation have been determined by management in a historically conservative manner, based on historical data for the next 5 years. The cost planning has taken into account the expected growth rate of the sector and medium-term inflation expectations.

Based on the 2022 valuation, the DCF-based return on the group IT segment as a cash-generating unit:



	<u>IT segment goodwill</u>	<u>Valued at market value</u>
31 December 2022	5 361	50 123

Based on the above calculation, no impairment triggering circumstance has been identified and no impairment is required.

## 20. Subsidiaries

The Company's investments in subsidiaries, associates and joint ventures are shown in the Shares balance sheet line.

On 31 December 2023 and 31 December 2022, the Company had the following **subsidiaries**:

Name of subsidiary	Primary place of activity	Share of ownership	
		31/12/2023	31/12/2022
ACE Network Zrt.	Hungary	70.00%	70.00%
"ANTENNA HUNGÁRIA" Zrt.	Hungary	76.78%	76.78%
BRISK Digital Group Kft.	Hungary	75.00%	75.00%
CarpathiaSat Zrt.	Hungary	51.00%	51.00%
DTSM Ltd.	Hungary	100.00%	100.00%
Humansoft Service Ltd.	Hungary	100.00%	100.00%
INNObyte Zrt.	Hungary	100.00%	100.00%
Poli Computer PC Kft.	Hungary	100.00%	100.00%
Portuguese Telecommunication Investments Kft.	Hungary	100.00%	100.00%
Rheinmetall 4iG Digital Services Kft.	Hungary	51.00%	51.00%
Veritas Consulting Ltd.	Hungary	100.00%	100.00%

The book value of subsidiaries:

	<u>31/12/2023</u>	<u>31/12/2022</u>
ACE Network Zrt.	1 866	1 866
CarpathiaSat Zrt.	0	42
DTSM Ltd.	150	150
Humansoft Service Ltd.	3	3
INNObyte Zrt.	1 614	1 614
"ANTENNA HUNGÁRIA" Zrt.	533 788	533 788
BRISK Digital Group Kft.	6 891	6 891
Rheinmetall 4iG Digital Services Kft.	401	2
Veritas Ltd.	3	3
Poli Computer PC Kft.	2 006	2 006
Portuguese Telecommunication Investments Kft.	5 307	5 307
<b>Total</b>	<b>552 029</b>	<b>551 672</b>

For the measurement of investments in subsidiaries, the Company performs an impairment test each year, taking into account expected cash flows. The measurements and expected cash flows are based on the income generating capacity of each subsidiary in the individual investment reviews. In all cases, the recoverable amount of the investments is higher than the carrying amount of the investments and therefore no impairment was necessary.

On 31 December 2023, the Company had the following **associates**:

Company name	Primary place of activity	Share of ownership	
		31/12/2023	31/12/2022
Rotors&Cams Zrt.	Hungary	24.00%	24.00%
RAC Antidrone Zrt.	Hungary	25.00%	n.d.
Space-Communication Ltd.	Israel	20.00%	9.54%

In addition to the above, the Company has shares of less than 20% in three project companies. The total of these investments will not exceed HUF 1 million in 2022 and 2023.

**Investment in share capital:**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Rotors & Cams Zrt.	1	1
RAC Antidrone Zrt.	1	n.a.
Space-Communication Ltd.	637	515
<b>Total</b>	<b>639</b>	<b>516</b>

**Other investments**

<b>Company name</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Investments in three project companies	1	1
	<b>31/12/2023</b>	<b>31/12/2022</b>
Subsidiaries	552 029	551 672
Associates	639	516
Three project companies	1	1
<b>Total shareholdings</b>	<b>552 669</b>	<b>552 189</b>

Associates are accounted for at fair value through other comprehensive income. Rotors & Cams Zrt. and RAC Antidrone Zrt. are measured at cost due to their significance.

In 2022, the Company acquired 9.538% of the shares of the Israeli listed company Space-Communications Ltd., which it increased to 20% in 2023, becoming an associated company in 2023. The result of the write-down of Space-Communications Ltd. recognised in other comprehensive income was HUF 1,955 million in 2023 and HUF 1,109 million in 2022.

Key data from the financial statements of Rotors & Cams Zrt., an associate on 31 December 2023, prepared in accordance with IFRS principles:

Balance sheet total:	HUF 831 million
Net profit or loss:	HUF -456 million
Profit or loss attributable to 4iG Plc:	HUF -110 million

Key data from the financial statements of RAC Antidrone Zrt., an associate on 31 December 2023, prepared in accordance with IFRS principles:

Balance sheet total:	HUF 5 million
Net profit or loss:	HUF 0 million
Profit or loss attributable to 4iG Plc:	HUF 0 million

Investments in project companies are valued at fair value through profit or loss (FVTPL). During the reporting period, the fair value was equal to the carrying amount of the investments and no revaluation gains or losses were recognised on these investments.

In order to examine cash-generating units, the Company also prepares an analysis of the recoverable amount of cash-generating units at each balance sheet date. The cash-generating units of the 4iG Group are the same as the segments.

The assumptions used for the IT segment are the same as those presented for the goodwill impairment test, except that the discount rate used to calculate the fair value of the telecommunications business was 10.19%.

The estimates used in the DCF calculation are in line with market expectations and the business plans approved during the acquisition. The synergistic effects of the group's dynamic expansion in 2022 and 2023 have also been incorporated into management's expectations (both in terms of expected incremental revenue and cost optimisation). The combined present value of cash flows from 2023-2027 and the residual value, calculated at 3% growth, significantly exceeds the value of the cash generating unit's investments.

	<b>IT segment investment value</b>	<b>Valued at market value</b>
on 31 December 2022	5 361	50 123

	<b>Telecoms segment investment value</b>	<b>Valued at market value</b>
on 31 December 2022	281 872	614 751

## 21. Other non-current assets

The Company discloses the following in the balance sheet line *Other investments and other non-current assets*:

<b>Other non-current assets</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
iCollWare Ltd. top-up payment	117	112
Rotors & Cams Zrt. top-up payment	470	0
Impairment of top-up payments	-112	-112
Non-current part of a loan	19 165	19 106
Liabilities under guarantee	16	35
Deposits	471	241
Loans to employees	1	3
<b>Total</b>	<b>20 128</b>	<b>19 385</b>

The loans granted by the Group during the reporting year were granted entirely to associates.

The most significant item is the redemption of the loan from the previous owner of the Albanian companies, the loan from ONE Albania sh.a. amounted to HUF 13,117 million (final maturity: 19 December 2025) and the loan from Albania Telecom Invest AD. amounted to HUF 4,974 million (final maturity: 2 June 2031) on 1 December 2023.

The repayment of the loans granted to the subsidiaries and associates of the Group is not in doubt and, taking into account the business plans of each member company, as approved by the Board of Directors of the Company, the subsidiaries and associates will be able to meet the payment terms of the loan agreements according to the original schedule.

## 22. Cash and cash equivalents

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cash on hand	4	5
Bank	7 365	10 579
Bound deposits	38	0
<b>Total</b>	<b><u>7 407</u></b>	<b><u>10 584</u></b>

Of the cash and cash equivalents, HUF 783 million (HUF 10,425 million on 31 December 2022) was available to 4iG Plc in foreign currency on 31 December 2023.

Cash and cash equivalents include cash on hand, current accounts with banks, short-term deposits and short-term liquid investments that can be converted into an immediately determinable amount of money.

Restricted funds cover funds on current accounts which have been deposited in security accounts to cover future trade payables or which have been set aside in the current account for a similar purpose.

The Company recognises its cash and cash equivalents at amortised cost and has made an estimate of the expected credit loss on the cash and cash equivalents, on the basis of which it does not consider it appropriate to recognise an impairment loss as it only holds its cash with highly rated, i.e. risk-free, financial institutions.

## 23. Trade receivables

	<u>31/12/2023</u>	<u>31/12/2022</u>
Trade receivables	17 922	18 431
Related trade receivables	3 037	1 371
Impairment of trade receivables	-40	-49
<b>Total</b>	<b><u>20 919</u></b>	<b><u>19 753</u></b>

**Related trade receivables**

	<u>31/12/2023</u>	<u>31/12/2022</u>
ACE Network Zrt.	52	1
"ANTENNA HUNGÁRIA" Zrt.	529	414
CarpathiaSat Zrt.	5	3
DIGI Távközlési és Szolgáltató Kft.	273	451
DTSM Kft.	22	45
Humansoft Service Kft.	15	13
Hungaro DigiTel Kft.	22	0
INNObyte Zrt.	308	8
Invitech ICT Services Kft.	290	72
ONE Albania sh.a.	0	330
Poli Computer PC Kft.	20	21
Rheinmetall 4iG Digital Services Kft.	221	0
Veritas Consulting Kft.	15	13
Vodafone Magyarország Távközlési Zrt.	1 265	0
<b>Total</b>	<b>3 037</b>	<b>1 371</b>

The Company has assessed the need to recognise credit losses on receivables in accordance with the requirements of IFRS 9. In calculating the credit loss for trade receivables and contract assets, the Company has applied the simplified approach (life-of-asset approach), and for other assets, as we have assessed that the credit risk has not increased significantly since initial recognition, the Company has used the 12-month expected credit loss.

Expected credit losses have been assessed on a collective basis for each asset class as follows:

- Trade receivables
- contract assets, loans granted, other receivables

Factors taken into account when measuring credit loss:

- whether the credit risk of the financial instruments has increased significantly since initial recognition:
  - Loans given, contract assets: we consider these financial instruments to be low credit risk, as they are typically not past due at the balance sheet date and the risk of default is negligible.
  - Trade receivables: the overdue stock of more than 30 days is 3%, no significant write-offs have been made in previous years, there are no significant delays, therefore these receivables are also considered low risk,
- impaired financial assets: for the financial assets of customers recognised in the accounts, we have classified as impaired HUF 17 million (HUF 10 million in 2022) in the period under review,
- forward-looking information has also been taken into account when estimating the credit loss (in particular the impact of the war in Ukraine). The Group has no significant outstanding loans in the war-affected segments.

- the Company has recognised a credit loss on trade receivables of HUF 17 million (HUF 10 million in 2022).

*Credit loss and impairment movements:*

	<b>Total impairment of trade receivables</b>
<b>on 31 December 2021</b>	-39
Increase	-10
Decrease	0
<b>on 31 December 2022</b>	<b>-49</b>
Increase	-17
Decrease	26
<b>on 31 December 2023</b>	<b>-40</b>

## 24. Other current financial assets

From 2023 onwards, the Company will present other current assets in the statement of financial position in two main groups, unlike in previous years:

- Other current financial assets
- Other current non-financial assets

Tables originally published on 31 December 2022 for current assets and other accrued and deferred assets:

	<b>31/12/2022</b>
Gross value of other receivables	4 563
Impairment of other receivables	-23
Related current loans and other related receivables	2 468
Accrued and deferred assets	5 723
<b>Total</b>	<b>12 731</b>

The net impaired value of other receivables included the following:

	<u>31/12/2022</u>
Advances payments	1 821
Cash lent for short-term	194
Lease charge deposits	65
Guarantees provided	143
DIGI purchase price receivable	846
Tax receivables	413
Negative balance suppliers	748
Other current receivables	310
<b>Total</b>	<b><u>4 540</u></b>

Based on the new statement of financial position structure, other current financial assets include:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cash lent for short-term	413	217
Impairment of Cash lent for short-term	-75	-23
Guarantees provided	144	143
DIGI purchase price receivable	0	846
Negative balance suppliers	1 237	748
Contract assets	3 214	2 747
Securities	225	118
Other receivables	68	310
Related current loans and other related receivables	2 703	2 468
<b>Total</b>	<b><u>7 929</u></b>	<b><u>7 574</u></b>

Of the HUF 144 million guarantees given, HUF 130 million is performance security for the ongoing project, KTI, HKIR.

In accordance with IFRS 15, the contract asset presented under other current financial assets includes the portions of revenue recognised in 2023 but not invoiced until 2024. In the structure of the statement of financial position for the year 2022, these items have been included in the *Accrued and deferred assets* line.

The movements in the value adjustments recognised in respect of other receivables during the reporting period are shown in the table below:



	<b>Total impairment of other receivables</b>
<b>on 31 December 2021</b>	<b>-23</b>
Increase	0
Decrease	0
<b>on 31 December 2022</b>	<b>-23</b>
Increase	0
Decrease	-52
<b>on 31 December 2023</b>	<b>-75</b>

Cash lent for short term include loans to employees of the Company.

The Company other current financial assets with associates affiliate were as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
ACE Network Zrt..	180	0
BRISK Digital Group Kft.	7	0
CarpathiaSat Zrt.	2	0
DTSM Kft.	41	0
Humansoft Szerviz Kft.	25	0
INNObyte Zrt.	163	593
Invitech ICT Services Kft.	1 593	0
Albania Telecom Invest AD	334	0
One Telecommunications s.h.s	43	0
Poli Computer PC Kft.	178	197
Portuguese Telecommunication Investments Kft.	69	1 650
Veritas Consulting Kft.	68	28
<b>Total</b>	<b>2 703</b>	<b>2 468</b>

The Company measures its securities at fair value through profit or loss.

	<b>31/12/2023</b>	<b>31/12/2022</b>
Investment fund	114	0
Treasury bills	111	118
<b>Total</b>	<b>225</b>	<b>118</b>

The treasury bills and the Erste Bázis Investment Fund were valued on 31 December 2023 at market exchange rates against profit or loss.

The most significant contract assets in 2022 and 2023 were:

**Significant items on 31 December 2023:**

MÁV accrued revenue	272
suIT accrued revenue	219
MEHIB accrued revenue	187
MNB KLIR accrued revenue	177
Sys IT accrued revenue	108
MNB DLT accrued revenue	97
ACI accrued revenue	82

**Significant items on 31 December 2022:**

HKIR accrued revenue	671
MNB DLT accrued revenue	346
Lechner 3D accrued revenue	275
IdomSoft IKIR accrued revenue	229
AH Venus accrued revenue	197
FIFG HPC accrued revenue	188
MNB KLIR accrued revenue	176
GDi APEC accrued revenue	123
TSM accrued revenue	117

## 25. Other current non-financial assets

As described in the previous section, the Group presented other current non-financial assets in a separate line in its statement of financial position in 2023.

	<u>31/12/2023</u>	<u>31/12/2022</u>
Advances granted	3 342	1 821
Income tax receivables	234	413
Lease charge deposits	0	65
Accrued and deferred income	2 369	1 521
Accrued and deferred costs and expenses	2 451	1 455
<b>Total</b>	<b>8 396</b>	<b>5 275</b>

	<u>31/12/2023</u>	<u>31/12/2022</u>
Corporation income and dividend tax	328	399
Local business tax	-66	35
Innovation contribution	-28	-21
<b>Total</b>	<b>234</b>	<b>413</b>

The Group presents advances to suppliers net of VAT.

The accrued and deferred costs and expenses include costs and expenses invoiced before the balance sheet date but charged in 2023. The accruals and deferrals of income include intra-group cost transfer for the year 2023 and bank interest income.

## 26. Inventories

	<u>31/12/2023</u>	<u>31/12/2022</u>
Goods	2 507	2 051
Raw materials	34	39
Write-down of inventories	-56	-177
<b>Total</b>	<b><u>2 485</u></b>	<b><u>1 913</u></b>

Inventories have increased in line with the cyclical nature of the activity, no further write-down has been necessary and the inventories acquired are used for the activity. Each year the Company reviews the marketability of its inventories based on the market knowledge of its dealers, recognises an impairment loss on slow moving inventories and discards obsolete inventories. The carrying amount of inventories is therefore the lower of cost or selling price less cost to sell.

## 27. Share capital

The share capital of the Company remained unchanged in 2023: HUF 5 981 million, the share capital of the Company consists of 299,074,974 ordinary registered shares with a nominal value of HUF 20 each, issued dematerialised. Each share carries 1 vote. There are no shares carrying preferential or other special rights. Repurchased treasury shares are non-voting.

The shares are traded in the Premium Section of the Budapest Stock Exchange, ISIN code: HU0000167788

	<u>31/12/2023</u>	<u>31/12/2022</u>
Opening balance	5 981	2 064
Increase	0	3 917
Decrease	0	0
<b>Closing balance</b>	<b><u>5 981</u></b>	<b><u>5 981</u></b>

## 28. Treasury shares

The cost of treasury shares is the consideration paid for the repurchase of own shares, which reduces equity (the nominal value is also included in this balance sheet line but is not deducted from share capital).

The change in the number of 4iG (treasury) shares held by the Group is shown in the table below:

Treasury shares (number)	31/12/2023	31/12/2022
4iG ESOP Organisation	4 000 000	4 000 000
4iG Plc	4 579 685	1 359 447
<b>Total</b>	<b>8 579 685</b>	<b>5 359 447</b>

The repurchase value of the treasury shares was HUF 3,199 million (HUF 921 million on 31 December 2022), with an average price of HUF 698 per share (HUF 172 per share in 2022). The closing price of the shares was HUF 795 per share (HUF 715 per share on 31 December 2022) and the average price for the year was HUF 784 per share (HUF 775 per share in 2022).

## 29. Capital reserve

	31/12/2023	31/12/2022
Opening balance	133 493	3 869
Growth	0	129 624
Decrease	0	0
<b>Closing balance</b>	<b>133 493</b>	<b>133 493</b>

The capital reserve increased by HUF 75,672 million on 24 January 2022, HUF 32,645 million on 23 February 2022, HUF 8,462 million on 4 March 2022 and HUF 12,845 million on 1 April 2022 as a result of the capital increases in 2022. The capital reserve on 31 December 2022 was HUF 133,493 million, which remained unchanged during 2023.

## 30. Retained earnings

The retained earnings line shows the total of the retained earnings and the profit or loss for the period for the previous years.

	31/12/2023	31/12/2022
Retained earnings	42 191	60 952

### 31. Accumulated other comprehensive income

In accumulated other comprehensive income, the Company reported the difference in the valuation of its 20% interest in Space-Communications Ltd., which was measured at FVOCI in accordance with IFRS 9 Financial Instruments, in 2022 and in the reporting period.

### 32. Provisions

	31/12/2022	Addition	Utilised	31/12/2023
Unused vacation	99	152	-99	152
<b>Total</b>	<b>99</b>	<b>152</b>	<b>-99</b>	<b>152</b>

	31/12/2021	Addition	Utilised	31/12/2022
Unused vacation	55	99	-55	99
<b>Total</b>	<b>55</b>	<b>99</b>	<b>-55</b>	<b>99</b>

On 31 December 2022, the Company set aside HUF 99 million of the provision to cover the unused vacation in 2022. This provision was reversed in 2023. On 31 December 2023, the Company had a provision of HUF 152 million for unused vacation.

	Non-current	Current	Total
Unused vacation	0	152	152
<b>Total</b>	<b>0</b>	<b>152</b>	<b>152</b>

### 33. Long-term loans, borrowings and bonds

	31/12/2023	31/12/2022
Bond debt	388 357	388 629
"ANTENNA HUNGÁRIA" Zrt. loan	20 000	0
DIGI Távközlési és Szolgáltató Kft. loan	2 245	0
Hungaro DigiTel Kft. loan	2 000	0
Invitech ICT Services Kft. deposit	42	0
Loans from One Crna Gora d.o.o.	6 231	6 521
<b>Total</b>	<b>418 875</b>	<b>395 150</b>

On December 2023, 4iG Plc had a bank loan agreement with Raiffeisen Bank with a total amount of HUF 7,120 million, against which it had entered into a contract:

- 1) A multi-currency revolving loan of HUF 620 million, maturing on 30 August 2024,
- 2) A bank overdraft of HUF 500 million, maturing on 30 August 2024,
- 3) A bank guarantee facility of HUF 2,000 million, maturing on 31 August 2028,
- 4) A revolving loan of HUF 4,000 million (under the Baross Gábor Re-industrialisation Loan Programme – “BGH”), maturing on 10 May 2024.

In the reporting period, the bank loan agreement was amended due to the increase in the bank guarantee facility and the BGH revolving loan contracted in the reporting year. As a framework security for the bank loan agreement, a pledge in favour of Raiffeisen Bank is registered in the MOKK (Hungarian Notariat pledge) register for the amount of HUF 10,111 million on the Group’s current receivables and HUF 810 million on its inventories.

The contractual amount of the multi-currency revolving loan and bank overdraft facility is available until maturity, the latter having been drawn down occasionally by the Group during 2023. The Group paid a transaction interest rate (variable rate) fixed at 1-month BUBOR on the drawn down amounts and a commitment fee on the undrawn amounts.

The full amount of the fixed rate BGH revolving credit facility was drawn down at the balance sheet date.

### Bonds issued by 4iG Plc

In order to finance the domestic and foreign share purchases, the Company conducted three successful auctions in the Growth Bond Programme (Hungarian short name: “NKP”) announced by the MNB (National Bank of Hungary) during 2021:

Description	4iG NKP Bond 2031/I	4iG NKP Bond 2031/II	4iG NKP Bond 2031/III
ISIN code	HU0000360276	HU0000361019	HU0000361019
Date of issue	29 March 2021	17 December 2021	27 December 2021
Name value	HUF 15,450 million	HUF 287,750 million	HUF 83,000 million
Deadline	10 years	10 years	10 years
Repayment	After a grace period of 5 years 10% on anniversaries 5-9, 50% on maturity	After a grace period of 5 years 10% on anniversaries 5-9, 50% on maturity	After a grace period of 5 years 10% on anniversaries 5-9, 50% on maturity
Interest payments (per year)	fixed 2.90%	fixed 6.00%	fixed 6.00%

The Company has met its interest payment obligations under the NKP when due in the reporting year.

**Bank guarantees**

The Company uses the bank guarantee facility to secure its performance type commitments (tender, advance payment, performance, warranty) under its contractor agreements with its customers. The volume of bank guarantees issued under the framework contracted with Raiffeisen Bank Zrt. amounted to HUF 329 million at the balance sheet date.

As security for certain performance and warranty guarantees, a total of HUF 38 million was deposited in a dedicated bank account.

The Beneficiaries of the Bank Guarantees did not apply to the issuing Raiffeisen Bank during the reporting year.

Bank guarantees issued on behalf of the Company on 31 December 2023:

Bank	Reference number	Beneficiary	Type	Total	Currency	Date of issue	Expiry date
	IGTE061416	Digitális Kormányzati Ügynökség Zrt.	performance	7 000 000	HUF	09/02/2021	31/03/2024
	IGTE062161	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	HUF	19/07/2021	28/02/2025
	IGTE062162	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	19/07/2021	28/02/2025
	IGTE062447	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	14/09/2021	31/07/2027
	IGTE062448	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	14/09/2021	31/07/2027
	IGTE062449	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	14/09/2021	31/12/2027
	IGTE062485	SYS IT Network Zrt.	performance	85 680 000	HUF	17/09/2021	30/06/2024
	IGTE062490	MÁV FKG Kft.	warranty	14 500 000	HUF	17/09/2021	30/03/2025
	IGTE062491	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	HUF	20/09/2021	22/07/2025
Raiffeisen Bank Zrt.	IGTE062492	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	20/09/2021	22/07/2025
	IGTE062547	MÁV FKG Kft.	Warranty	11 760 333	HUF	29/09/2021	30/09/2024
	IGTE063519	MÁV FKG Kft.	warranty	13 500 000	HUF	14/04/2022	30/01/2026
	IGTE063536	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	02/05/2022	31/12/2024
	IGTE063764	Digitális Kormányzati Ügynökség Zrt.	performance	15 000 000	HUF	13/06/2022	31/01/2025
	IGTE064273	Városliget Zrt.	warranty	19 995 307	HUF	29/09/2022	31/03/2026
	IGTE064474	Digitális Kormányzati Ügynökség Zrt.	performance	7 000 000	HUF	09/11/2022	30/04/2025
	IGTE065119	Kormányzati Informatikai Fejlesztési Ügynökség	good performance	31 385 827	HUF	28/03/2023	30/06/2024
	IGTE066114	Kormányzati Informatikai Fejlesztési Ügynökség	good performance	8 644 930	HUF	03/10/2023	02/10/2025
	IGTE066303	MÁV Zrt.	offer	10 000 000	HUF	03/11/2023	29/03/2024
	IGTE066440	Nemzeti Infokommunikációs Szolgáltató Zrt	performance	14 392 486	HUF	23/11/2023	31/01/2026
		<b>Total</b>		<b>328 858 883</b>			

The Company entered into a master surety agreement with CIG Pannónia Első Magyar Általános Biztosító Zrt. (First Hungarian General Insurance Company Ltd.) at the end of 2022 for the issuance of insurance bonds as an alternative to bank guarantees, issued on behalf of the Company on 31 December 2023:

Insurance provider	Reference number	Beneficiary	Type	Total	Currency	Date of issue	Expiry date
	ACC-22-0051/10/M1	Kormányzati Szoftverlicenc-gazdálkodási Kft.	advance repayment	5 000 000 000	HUF	03/11/2023	01/04/2024
	AKC-22-0051/3	IBI 2002 Ingatlanhasznosító és Szolgáltató Kft.	payment	1 425 448	HUF	01/04/2023	01/04/2024
	AKC-22-0051/4	CSABA CENTER INVEST Kft.	payment	15 059	EUR	01/05/2023	30/04/2024
CIG Pannónia Első Magyar Általános Biztosító Zrt.	AKC-22-0051/5	Retail-Property Ingatlanhasznosító Kft.	payment	10 058.40	EUR	03/05/2023	02/05/2024
	AKC-22-0051/7	T-Szol Tatabánya Szolgáltató Zrt.	payment	1 298 848	HUF	22/05/2023	21/05/2024
	AKC-22-0051/9	Symmetry Arena Ingatlankezelő Kft.	payment	96 514.77	EUR	30/06/2023	30/04/2024
	AKC-22-0051/12	Corvin Plaza Bevásárlóközpont Kft.	payment	32 607.20	EUR	01/09/2023	01/09/2024
	AKC-22-0051/13	Westend Magyarország Zrt	payment	157 108.00	EUR	28/09/2023	02/10/2024
				<b>Total</b>			
			<b>HUF</b>	<b>5 002 724 296</b>	<b>HUF</b>		
			<b>Total EUR</b>	<b>311 347.37</b>	<b>EUR</b>		

In the reporting period, the Company deposited cash collateral with the contractor/customer as security for certain obligations under certain contractor agreements, instead of issuing bank guarantees, amounting to HUF 144 million at the balance sheet date.

#### Maturity analysis of loans:

Lending bank	Type of loan	Credit line	Claimed	Expiry date
4iG Raiffeisen Bank revolving loan	Revolving loan	620	0	30/08/2024
4iG Raiffeisen Bank revolving loan	Revolving loan	4 000	4 000	10/05/2024
4iG Raiffeisen overdraft facility	Current account	500	0	30/08/2024
<b>Total</b>		<b>5 120</b>	<b>4 000</b>	



**34. Lease liabilities**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Lease liabilities – non- current	26 491	10 312
Lease liabilities – current	1 928	1 310
<b>Lease liabilities - total</b>	<b><u>28 419</u></b>	<b><u>11 622</u></b>

	<b>Lease liabilities</b>
<b>Opening obligation</b>	<b>11 622</b>
Addition	26 969
Interest expenditure	1 275
Disposal	-11 447
<b>Closing obligation</b>	<b><u>28 419</u></b>

4iG's total cash outflow from leasing transactions in 2023 was HUF 3,388 million (HUF 1,572 million in 2022).

The Company's lease liabilities mainly arise from the rental of its headquarters and vehicles. The leases are not subject to any residual value guarantee or any extension or termination options with potential cash outflows. The Company is not committed to any leases that have not yet commenced on 31 December 2023.

Lease payments outstanding under IFRS 16:

	<u>Actual fees</u>	<u>Present value of fees</u>
Payable in 2024	3 445	26 491
Payable in 2025-2037	36 096	1 928
<b>Total lease payments</b>	<b><u>39 541</u></b>	<b><u>28 419</u></b>

Cash outflows related to low-value and short-term (excluding motor vehicle) asset leases have been recognised in operating expenses.

### 35. Other non-current liabilities

On 31 December 2022, the related loan to One Crna Gora doo of HUF 6,521 million is presented under other non-current liabilities, which is disclosed in the reporting period under Section 33 *Non-current loans, borrowings and bonds*.

	<u>31/12/2023</u>	<u>31/12/2022</u>
BRISK Digital Group Kft. deferred purchase price	0	1 466
<b>Total</b>	<b>0</b>	<b>1 466</b>

The deferred purchase price of BRISK Digital Group Kft. is a non-current liability related to the acquisition of the subsidiary (the portion due within one year after the balance sheet date is presented in Section 40 *Other current financial liabilities*).

### 36. Trade payables

	<u>31/12/2023</u>	<u>31/12/2022</u>
Trade payables	21 332	12 910
Related trade payables	3 180	1 801
<b>Total</b>	<b>24 512</b>	<b>14 711</b>

The table below details the related trade payables at the balance sheet date.

#### Related trade payables

	<u>31/12/2023</u>	<u>31/12/2022</u>
ACE Network Zrt.	838	828
"ANTENNA HUNGÁRIA" Zrt.	15	0
DIGI Távközlési és Szolgáltató Kft.	138	80
DTSM Kft.	0	40
Innobyte Zrt.	838	675
Invitech ICT Services Kft.	84	24
Poli Computer PC Kft.	63	57
Veritas Consulting Kft.	826	97
Vodafone Magyarország Távközlési Zrt.	378	0
<b>Total</b>	<b>3 180</b>	<b>1 801</b>

### 37. Short-term loans, borrowings and bonds

	<u>31/12/2023</u>	<u>31/12/2022</u>
Other loans payable	0	2
Baross Gábor revolving loan	4 000	0
Interest on loans	555	0
<b>Total</b>	<b><u>4 555</u></b>	<b><u>2</u></b>

For a detailed description of current loans, borrowings and bonds, see Section 33.

### 38. ESOP obligation

The Board of Directors of the Company, acting under the authority of the General Meeting of Shareholders, on 29 April 2020, without holding a meeting, in the framework of a written resolution, pursuant to the authorisation of Government Decree 102/2020 (IV.10.) on different provisions for the operation of associations of persons and property during an emergency, adopted by virtue of Resolution No. 9/2020 (IV.29), the Group approved the launch of the Employee Share Ownership Plan (“ESOP”) and the establishment of an organisation (“ESOP Organisation”), called the 4iG Employee Share Ownership Plan Organisation (abbreviated as 4iG ESOP Organisation), and adopted its Articles of Association (hereinafter “Articles of Association”). The remuneration policy (ESOP I), which was first launched by the Group, has expired and its accounting has not been affected for the year of 2023. In 2023, two remuneration policy performance periods were in progress, as follows.

ESOP II: 4iG Plc has launched a remuneration programme (ESOP II) by General Meeting Resolution No. 17/2021 (IX.30), under which the ESOP organisation subscribed for 4 million 4iG shares. These shares are legally voting shares with dividend rights, but due to the “extension” approach (under which the ESOP entity is not a separate reporting entity under IFRS), they are presented as treasury shares in the standalone accounts. Under the ESOP II, employees may be entitled to share awards at the end of the vesting period by reimbursement of the value of the shares at the date of vesting.

The Company recognises the plan as of the grant date, which is the date on which the material terms and conditions are agreed by the parties and the grant is accepted by the employees (on 26 November 2021 for 1.4 million shares, on 28 January 2022 for 0.9 million shares and 1.7 million shares have not been granted under the plan).

Duration of the scheme: 2 years (expiring on 25 November 2023, in which case the claim date is no later than the date of the legislation for the quarter containing that last date, the performance period has expired and no claims have been made by employees).

Conditions of service: employment with the Company for the duration of the scheme.

Performance condition: the increase in the Company's consolidated EBITDA per share, which the Company expects to meet.

The Company has made estimates of the expected performance of the ESOP II programme at the balance sheet date. As employees participating in the plan will have the opportunity to acquire these shares at the price quoted by the ESOP organization if the conditions are met, which will be higher than the price at the end of 2023, the Company does not expect that participants will exercise their right to purchase shares under the ESOP plan and therefore no expense has been recognised (in 2021, 2022 or 2023).

ESOP III: On 28 April 2023, subject to the resolution of the General Meeting of the Group No. 17/2021 (IX.30) and the resolution of the Board of Directors of the Group as Founder No. 4/2023 (III.26), the Company launched a new Remuneration Policy (hereinafter "ESOP III"). In order to implement the ESOP III, the Company as Founder granted to the ESOP Organisation options to acquire ordinary shares in 4iG Plc. By this action, the Company intends to achieve greater stakeholder engagement.

4iG Plc has recognised a staff cost of HUF 624 million against the ESOP liability for 2023 as a cover for ESOP III costs using the Black-Scholes formula.

### 39. Dividends payable to owners

The Company had a dividend liability of HUF 8 million, for which no claim was received in 2023, and is still a liability.

### 40. Other current financial liabilities

From 2023 onwards, the Company will present other current liabilities in the statement of financial position in two main groups, unlike in previous years:

- Other current financial liabilities
- Other current non-financial liabilities (see Section 41)

Tables originally published on 31 December 2022 for current liabilities and accruals:

	<u>31/12/2022</u>
Tax liabilities and contributions	2 349
Current income tax payable	0
Payroll transfer obligations	2
Advances received from customers	1 460
Advances received from the state budget	297
ACE Network Zrt. contingent purchase price	0
Bond interest	1 230
Dividend advance received from ACE Network Zrt	210
BRISK Digital Group Kft. deferred purchase price	1 495
Grants received, deferred income	48
Accruals and deferred income	3 010
Accrued expenses	2 862
<b>Total</b>	<b><u>12 963</u></b>

Based on the structure of the new statement of financial position, other current financial liabilities include:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Payroll transfer obligations	801	2
Bond interests	1 229	1 230
BRISK Digital Group Kft. deferred purchase price	1 430	1 495
<b>Total</b>	<b><u>3 460</u></b>	<b><u>2 727</u></b>

#### 41. Other current non-financial liabilities

As described in the previous section, the Company will present other current non-financial liabilities in a separate line in its statement of financial position in 2023.

Other current non-financial liabilities include:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Other tax liabilities	540	2 349
Contractual obligations	2 367	1 146
Advances received	0	821
Grants received, deferred income	279	48
Accruals and deferred income	8 039	3 010
Accrued expenses	1 271	2 862
Other	9	0
<b>Total</b>	<b><u>12 505</u></b>	<b><u>10 236</u></b>

Contractual obligations comprise agreed advances received, which are recorded gross by the Company. Deferred income is mainly the part of invoiced annual support fees relating to subsequent periods.

## 42. Segment information

The Board of Directors makes the strategic decisions for the operation of the Company, and therefore the management has based the preparation of these financial statements on the statements prepared for the Board of Directors for the purpose of identifying the segments.

In 2022, the CODM decided to merge the IT commercial and services activities, unlike in fiscal 2021, and from 2021 the Group will only report IT services and commercial (combined) and other activities. The results of these two segments are presented below, down to the level of costs that can be charged to the activities. Segment assets have been allocated in proportion to the depreciation charged to the activities and the segment revenue. There is no reclassification of any activity between segments.

The Company has considered whether entities under a government (including government agencies and similar local, national or international bodies) should be treated as a single customer, with the result that it has determined that it treats such entities as separate customers because they have separate budgets. For the year 2023, the turnover of each customer did not exceed 10% of revenue.

For the year of 2023:

Description	IT services and trade	Other activities	Total
Net sales revenue	69 810	6 101	75 911
<i>Of net sales revenue: inter-segment transfers</i>	0	0	0
Acquisition value of goods sold and services supplied indirectly	-50 978	-2 515	-53 493
<i>Purchases of goods sold and services supplied: transfers between segments</i>	0	0	0
Other operating income	1 060	21	1 081
<b>Coverage 1</b>	<b>19 892</b>	<b>3 607</b>	<b>23 494</b>
Direct costs	-19 063	-13 567	-32 630
<b>Coverage 2</b>	<b>829</b>	<b>-9 960</b>	<b>-9 131</b>
Costs and expenses not directly allocable to segments			0
<b>Operating profit (EBIT)</b>			<b>-9 131</b>
Financial result			-9 105
<b>Profit or loss before tax</b>			<b>-18 236</b>
Total segment assets	30 531	637 981	668 512
<i>Total segment assets: inter-segment transfers</i>			
<b>Segment tools</b>	<b>30 531</b>	<b>637 981</b>	<b>668 512</b>
Assets not allocated to segments			
<b>Total assets</b>			<b>668 512</b>
Total segment liabilities	66 487	426 623	493 110
<i>Of total segment liabilities: inter-segment transfers</i>	0	0	0
<b>Segment liabilities</b>	<b>66 487</b>	<b>426 623</b>	<b>493 110</b>
Liabilities not allocable to segments			0
<b>Total liabilities</b>			<b>493 110</b>

For the year of 2022:

Description	IT services and trade	Other activities	Total
Net sales revenue	71 744	318	72 062
<i>Of net sales revenue: inter-segment transfers</i>	0	0	0
Acquisition value of goods sold and services supplied indirectly	-52 122	-145	-52 267
<i>Purchases of goods sold and services supplied: transfers between segments</i>	0	0	0
Other operating income	0	873	873
<b>Coverage 1</b>	<b>19 621</b>	<b>1 047</b>	<b>20 668</b>
Direct costs	-9 528	-126	-9 654
<b>Coverage 2</b>	<b>10 094</b>	<b>920</b>	<b>11 014</b>
Costs and expenses not directly allocable to segments			-7 708
<b>Operating profit (EBIT)</b>			<b>3 306</b>
Financial result			1 465
<b>Profit or loss before tax</b>			<b>4 771</b>
Total segment assets	32 191	1 161	33 352
<i>Total segment assets: inter-segment transfers</i>	0	0	0
<b>Segment tools</b>	<b>32 191</b>	<b>1 161</b>	<b>33 352</b>
Assets not allocated to segments			421 914
<b>Total assets</b>			<b>455 267</b>
Total segment liabilities	34 380	272	34 652
<i>Of total segment liabilities: inter-segment transfers</i>	0	0	0
<b>Segment liabilities</b>	<b>34 380</b>	<b>272</b>	<b>34 652</b>
Liabilities not allocable to segments			408 041
<b>Total liabilities</b>			<b>442 693</b>



### 43. Risk management

The Company's assets include cash, securities, trade and other receivables and other assets, excluding taxes. The Company's liabilities include loans and borrowings, trade and other payables, excluding taxes and gains and losses arising from the remeasurement of financial liabilities at fair value.

The Company is exposed to the following financial risks:

- credit risk,
- liquidity risk,
- market risk.

This section describes the above risks of the Company, the Company's objectives, policies, process measurement and risk management, and the Company's management capital. The Board has overall responsibility for the establishment, oversight and risk management of the Company.

The Company's risk management policy is designed to identify and investigate the risks faced by the Company and to set up appropriate controls and monitor the risks. The risk management policy and system is reviewed from time to time to reflect changing market conditions and the Group's activities.

#### Capital markets

The Company's policy is to maintain a level of share capital sufficient to maintain investor and creditor confidence and to ensure the development of the Company. The Board of Directors seeks to maintain a policy of taking on higher exposure from borrowings only at higher yields, based on the benefits of a strong capital position and security.

The capital structure of the Company consists of net debt and the Company's equity (the latter includes subscribed capital, reserves and non-controlling interests).

In managing capital, the Company seeks to ensure that the Company can continue its activities while maximising returns to shareholders by optimally balancing debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Group also monitors whether its capital structure complies with local legal requirements.

## Credit risk

Credit risk is the risk that a debtor or counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Financial assets that are exposed to credit risk may be non-current or current borrowings, cash and cash equivalents, trade and other receivables.

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Company's maximum exposure to credit risk on 31 December 2023 and 31 December 2022.

**Credit risk**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Trade receivables	20 919	19 753
Other current financial assets	7 980	7 574
Cash and cash equivalents	7 407	10 584
<b>Total</b>	<b>36 306</b>	<b>37 911</b>

The ageing of trade receivables on 31 December 2023 was as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Not yet due	18 806	17 073
1-30 days expired	703	870
Between 30-90 days overdue	654	509
Between 90-180 days overdue	306	625
Between 180-360 days expired	89	690
Over 360 days	401	36
Impairment	-40	-50
<b>Total</b>	<b>20 919</b>	<b>19 753</b>

The qualification of customers is ongoing. Initially, they will only be served by cash or advance payment. After a longer relationship, it is possible to achieve 8-15-30-60 days payment. The risk of default on our non-overdue trade receivables is considered to be negligible.

The recovery risk of our overdue receivables is constantly monitored and mitigated by the recognition of impairment losses. A significant part of the overdue trade receivables has to be examined together with the suppliers who are paid late, because in case of non-payment by the customer, the related suppliers cannot be paid according to the agreements. The credit loss is limited to the margin, the collateral.

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, both in normal and stressed circumstances, without incurring unacceptable losses or risking the Group's reputation.

The ageing of trade payables on 31 December 2023 was as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Not yet due	22 889	12 486
1-30 days expired	1 504	1 573
Between 30-90 days overdue	69	644
Between 90-180 days overdue	38	0
Between 180-360 days overdue	12	0
Over 360 days	0	8
<b>Total</b>	<b><u>24 512</u></b>	<b><u>14 711</u></b>

## Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the prices of investments in mutual funds, will affect the Company's results or the value of its investments in financial instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimising profit.

## Sensitivity analysis

The Company has determined that its results are materially dependent on two key variables of a financial nature, foreign exchange risk and interest rate risk. Sensitivity tests have been performed for these key variables. The Company seeks to mitigate interest rate risk primarily by tying up its free cash.

The currency exposure of the Company on 31 December 2023 was as follows:

	<u>HUF</u>	<u>Currency</u>	<u>Total</u>
Trade receivables	15 243	5 676	<b>20 919</b>
Supplier advance payments	0	1 237	<b>1 237</b>
Trade payables	19 875	4 637	<b>24 512</b>
Cash and cash equivalents	6 624	783	<b>7 407</b>
Loans and bonds	394 630	0	<b>394 630</b>
<b>Total</b>	<b><u>436 372</u></b>	<b><u>12 333</u></b>	<b><u>448 705</u></b>

The Company uses bank loans to finance its acquisitions, and has raised funds through significant bond issues, which has significantly increased its interest rate risk.

As a consequence of the bond issues in 2021, the cash outflows and interest charges related to bond redemptions in the following years will be significantly higher. The following tables summarise the principal and interest payments on bonds.

Years	4iG NKP bond 2031/I. HU0000360276	4iG NKP Bond 2031/II HU0000361019	Total
2024	0	0	0
2025	0	0	0
2026	1 545	37 075	38 620
2027	1 545	37 075	38 620
2028	1 545	37 075	38 620
2029	1 545	37 075	38 620
2030	1 545	37 075	38 620
2031	7 725	185 375	193 100

Years	4iG NKP bond 2031/I. HU0000360276	4iG NKP Bond 2031/II HU0000361019	Total
2024	448	22 245	22 693
2025	448	22 245	22 693
2026	448	22 245	22 693
2027	403	20 021	20 424
2028	358	17 796	18 154
2029	314	15 572	15 886
2030	269	13 347	13 616
2031	224	11 123	11 347

In line with its previously announced acquisition strategy, the Company plans to use the proceeds from the bonds and the unused proceeds for the previously announced acquisitions in 2023. The cash flow and earnings generating capabilities of the acquired companies will ensure that the Company can meet both its interest and capital obligations from 2026.

## Interest rate sensitivity testing

<b>With current interest rates</b>	<b>31/12/2023</b>
Profit or loss before tax (excluding interest)	4 286
Net interest expense	-22 522
<b>Profit or loss before tax</b>	<b>-18 236</b>
<b>Total assets</b>	<b>668 512</b>

<b>In case of increasing interest rates</b>	<b>31/12/2023</b>
<b>1%</b>	
Profit before tax (excluding interest)	4 286
Net interest expense	-22 747
<b>Profit or loss before tax</b>	<b>-18 461</b>
<i>Change in profit or loss before tax</i>	<i>-225</i>
<i>Change in profit or loss before tax (%)</i>	<i>1.24%</i>
<b>Net assets</b>	<b>668 287</b>
<i>Change in net assets</i>	<i>-225</i>
<i>Change in net assets (%)</i>	<i>-0.03%</i>

<b>5%</b>	
Profit or loss before tax (excluding interest)	4 286
Net interest expense	-23 648
<b>Profit or loss before tax</b>	<b>-19 362</b>
<i>Change in profit or loss before tax</i>	<i>-1 126</i>
<i>Change in profit or loss before tax (%)</i>	<i>6.18%</i>
<b>Net assets</b>	<b>667 386</b>
<i>Change in net assets</i>	<i>-1 126</i>
<i>Change in net assets (%)</i>	<i>-0.17%</i>

<b>10%</b>	
Profit or loss before tax	4 286
Net interest expense	-24 774
<b>Profit or loss before tax</b>	<b>-20 488</b>
<i>Change in profit or loss before tax</i>	<i>-2 252</i>
<i>Change in profit or loss before tax (%)</i>	<i>12.35%</i>
<b>Net assets</b>	<b>666 260</b>
<i>Change in net assets</i>	<i>-2 252</i>
<i>Change in net assets (%)</i>	<i>-0.34%</i>

	<b>31/12/2023</b>
<b>In case of decreasing interest rates</b>	
<b>-1%</b>	
Profit or loss before tax	4 286
Net interest expense	-22 297
<b>Profit or loss before tax</b>	<b>-18 011</b>
<b><i>Change in profit or loss before tax</i></b>	<b>225</b>
<b><i>Change in profit or loss before tax (%)</i></b>	<b>-1.24%</b>
Net assets	668 737
<b><i>Change in net assets</i></b>	<b>225</b>
<b><i>Change in net assets (%)</i></b>	<b>0.03%</b>
<b>-5%</b>	
Profit before tax	4 286
Net interest expense	-21 396
<b>Profit or loss before tax</b>	<b>-17 110</b>
<b><i>Change in profit or loss before tax</i></b>	<b>1 126</b>
<b><i>Change in profit or loss before tax (%)</i></b>	<b>-6.18%</b>
Net assets	669 638
<b><i>Change in net assets</i></b>	<b>1 126</b>
<b><i>Change in net assets (%)</i></b>	<b>0.17%</b>
<b>-10%</b>	
Profit before tax	4 286
Net interest expense	-20 270
<b>Profit or loss before tax</b>	<b>-15 984</b>
<b><i>Change in profit or loss before tax</i></b>	<b>2 252</b>
<b><i>Change in profit or loss before tax (%)</i></b>	<b>-12.35%</b>
Net assets	670 764
<b><i>Change in net assets</i></b>	<b>2 252</b>
<b><i>Change in net assets (%)</i></b>	<b>0.34%</b>

The Company is exposed to significant foreign exchange risk, as a significant proportion of our customers are invoiced in foreign currencies, and therefore we enter into foreign exchange hedging transactions to manage foreign exchange risk. The Company does not apply hedge accounting.

## Exchange rate sensitivity testing

<b>With current exchange rates</b>	<b>31/12/2023</b>
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	7 696
Liabilities denominated in HUF	482 242
Foreign currency liabilities	10 868
<b>Net assets</b>	<b>175 402</b>
<b>Profit or loss before tax</b>	<b>-18 236</b>

<b>On an exchange rate rise</b>	<b>31/12/2023</b>
<b>1%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	7 773
Liabilities denominated in HUF	481 741
Foreign currency liabilities	10 977
<b>Net assets</b>	<b>175 370</b>
<b>Change in net assets</b>	<b>-32</b>
<b>Change in net assets (%)</b>	<b>-0.02%</b>
<b>Profit or loss before tax</b>	<b>-18 268</b>
<b>Change in profit or loss before tax (%)</b>	<b>0.17%</b>

<b>5%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	8 081
Liabilities denominated in HUF	482 242
Foreign currency liabilities	11 412
<b>Net assets</b>	<b>175 243</b>
<b>Change in net assets</b>	<b>-159</b>
<b>Change in net assets (%)</b>	<b>-0.09%</b>
<b>Profit or loss before tax</b>	<b>-18 395</b>
<b>Change in profit or loss before tax (%)</b>	<b>0.87%</b>

<b>10%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	8 465
Liabilities denominated in HUF	482 242
Foreign currency liabilities	11 955
<b>Net assets</b>	<b>175 085</b>
<b>Change in net assets</b>	<b>-317</b>
<b>Change in net assets (%)</b>	<b>-0.18%</b>
<b>Profit or loss before tax</b>	<b>-18 553</b>
<b>Change in profit or loss before tax (%)</b>	<b>1.74%</b>

<b>In case of decreasing exchange rates</b>	<b>31/12/2023</b>
<b>-1%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	7 619
Liabilities denominated in HUF	482 242
Foreign currency liabilities	10 760
<b>Net assets</b>	<b>175 434</b>
<b><i>Change in net assets</i></b>	<b>32</b>
<b><i>Change in net assets (%)</i></b>	<b>0.02%</b>
<b>Profit or loss before tax</b>	<b>-18 204</b>
<b><i>Change in profit before tax (%)</i></b>	<b>-0.17%</b>
<b>-5%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	7 311
Liabilities denominated in HUF	482 242
Foreign currency liabilities	10 325
<b>Net assets</b>	<b>175 561</b>
<b><i>Change in net assets</i></b>	<b>159</b>
<b><i>Change in net assets (%)</i></b>	<b>0.09%</b>
<b>Profit or loss before tax</b>	<b>-18 077</b>
<b><i>Change in profit or loss before tax (%)</i></b>	<b>-0.87%</b>
<b>-10%</b>	
Non-monetary assets and assets denominated in forint	660 816
Foreign currency assets	6 926
Liabilities denominated in HUF	482 242
Foreign currency liabilities	9 781
<b>Net assets</b>	<b>175 719</b>
<b><i>Change in net assets</i></b>	<b>317</b>
<b><i>Change in net assets (%)</i></b>	<b>0.18%</b>
<b>Profit or loss before tax</b>	<b>-17 919</b>
<b><i>Change in profit or loss before tax (%)</i></b>	<b>-1.74%</b>



## 44. Financial instruments

Financial instruments include fixed assets, current assets such as trade receivables, loans granted, advances paid, bank deposits, securities and cash and cash equivalents, as well as loans and borrowings, trade payables, advances received and other financial liabilities. The Company measures financial instruments in accordance with IFRS 9 and presents them in its books accordingly at the end of the period.

31 December 2023	Fair value through profit or loss (FVTPL)	Amortised cost	Fair value through other comprehensive income (FVTOCI)	Total book value
<b>Carrying amount of financial instruments</b>				
<b>Financial assets</b>				
Other financial assets	2		637	639
		19 166		19 166
		962		962
<b>Total fixed assets</b>	<b>2</b>	<b>20 128</b>	<b>637</b>	<b>20 767</b>
Trade receivables		20 919		20 919
Cash and cash equivalents		7 407		7 407
Equity instruments, securities	225			225
Other current financial assets		389		389
		2 703		2 703
		4 663		4 663
<b>Total current financial assets</b>	<b>225</b>	<b>36 030</b>	<b>0</b>	<b>36 255</b>
<b>Total financial assets</b>	<b>227</b>	<b>56 159</b>	<b>637</b>	<b>57 022</b>
<b>Financial liabilities</b>				
Loans (long-term loans, bonds)		418 875		418 875
Financial lease liabilities		26 491		26 491
Other non-current financial liabilities				
<b>Total non-current financial liabilities</b>	<b>0</b>	<b>445 366</b>	<b>0</b>	<b>445 366</b>
Trade and other payables		24 512		24 512
Loans (short-term loans)		4 555		4 555
Deferred payment obligation		1 430		1 430
Dividend liability		8		8
Financial lease liabilities		1 928		1 928
Other current financial liabilities		2 030		2 030
<b>Total current financial liabilities</b>	<b>0</b>	<b>34 463</b>	<b>0</b>	<b>34 463</b>
<b>Total financial liabilities</b>	<b>0</b>	<b>479 829</b>	<b>0</b>	<b>479 829</b>

31 December 2022	Fair value through profit or loss (FVTPL)	Amortised cost	Fair value through other comprehensive income (FVTOCI)	Total book value
<b>Carrying amount of financial instruments</b>				
<b>Financial assets</b>				
Other financial assets	1		515	516
		19 109		19 109
		276		276
<b>Total fixed assets</b>	<b>1</b>	<b>19 385</b>	<b>515</b>	<b>19 901</b>
Trade receivables		19 753		19 753
Cash and cash equivalents		10 584		10 584
Equity instruments, securities	118			118
		194		194
Other current financial assets		209		209
		2 468		2 468
		4 794		4 794
<b>Total current financial assets</b>	<b>118</b>	<b>37 793</b>	<b>0</b>	<b>37 911</b>
<b>Total financial assets</b>	<b>119</b>	<b>57 178</b>	<b>515</b>	<b>57 812</b>
<b>Financial liabilities</b>				
Loans (long-term loans, bonds)		395 150		395 150
Financial lease liabilities		10 312		10 312
Other non-current financial liabilities		1 466		1 466
<b>Total non-current financial liabilities</b>	<b>0</b>	<b>406 928</b>	<b>0</b>	<b>406 928</b>
Trade and other payables		14 712		14 712
Loans (short-term loans)		2		2
Deferred payment obligation		1 495		1 495
Related liabilities		8		8
Financial lease liabilities		1 310		1 310
Other current financial liabilities		1 232		1 232
<b>Total current financial liabilities</b>	<b>0</b>	<b>18 759</b>	<b>0</b>	<b>18 759</b>
<b>Total financial liabilities</b>	<b>0</b>	<b>425 687</b>	<b>0</b>	<b>425 687</b>

The carrying amount of the Company's financial instruments, except for bonds, expresses their fair value. For bonds, the interest rate for 2023 differs from the market rate. The fair value of the bonds calculated at market interest rate at 31 December 2023 is HUF 342,852 million.

**Fair value hierarchy**

	Level 1 Not modified quoted active market price	Level 2 Assessment procedures based on available and monitored market data	Level 3 Assessment procedures based on unavailable and unmonitored data	Total fair value
<b>31/12/2023</b>				
<b>Financial assets</b>				
Equity instruments	637	2		639
Debt securities	225			225
Derivative transactions				0
<b>Total financial assets</b>	<b>862</b>	<b>2</b>	<b>0</b>	<b>864</b>
<b>Financial liabilities</b>				
Derivative transactions	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>31/12/2022</b>				
<b>Financial assets</b>				
Equity instruments	515	1		516
Debt securities	118			118
Derivative transactions				0
<b>Total financial assets</b>	<b>633</b>	<b>1</b>	<b>0</b>	<b>634</b>
<b>Financial liabilities</b>				
Derivative transactions	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 45. Transactions with related parties

Transactions with companies in which key management personnel have other interests were as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Trade receivables	0	1
Trade payables	4	177
Lease obligation	6 187	9 754
	<u>2023</u>	<u>2022</u>
Customer turnover	1	3
Supplier turnover	810	4 156

Transactions with subsidiaries:

### Sales to subsidiaries

	<u>2023</u>	<u>2022</u>
4iG Albánia Kft.	55	0
ACE Network Zrt.	249	17
"ANTENNA HUNGÁRIA" Zrt.	4 648	1 870
CarpathiaSat Zrt.	4	3
DIGI Távközlési és Szolgáltató Kft.	2 365	766
DTSM Kft.	20	41
Humansoft Szerviz Kft.	12	11
Hungaro DigiTel Kft.	364	228
INNObyte Zrt.	252	26
Invitech ICT Services Kft.	1 840	399
INVITEL Zrt.	n.a.	3
ONE Albania (formerly: ONE Telecommunications) sh.a.	510	330
ONE Crna Gora d.o.o.	145	0
Poli Computer PC Kft.	39	23
Rheinmetall 4iG Digital Services Kft.	222	0
Veritas Consulting Kft.	12	16
Vodafone Magyarország Távközlési Zrt.	1 588	n.a.
<b>Total</b>	<b><u>12 325</u></b>	<b><u>3 733</u></b>

**Assets and services purchased from subsidiaries**

	<b>2023</b>	<b>2022</b>
ACE Network Zrt.	-2 382	-1 176
"ANTENNA HUNGÁRIA" Zrt.	-13	-8
DIGI Távközlési és Szolgáltató Kft.	-399	-96
DTSM Kft.	-58	-160
Hungaro DigiTel Kft.	-12	-309
INNObyte Zrt.	-1 470	-2 787
Invitech ICT Services Kft.	-542	-197
Poli Computer PC Kft.	-224	-131
Veritas Consulting Kft.	-683	-289
Vodafone Magyarország Távközlési Zrt.	-331	n.a.
<b>Total</b>	<b>-6 114</b>	<b>-5 153</b>

**Interests received from subsidiaries**

	<b>2023</b>	<b>2022</b>
ACE Network Zrt.	28	0
Albania Telecom Invest AD	417	231
BRISK Digital Group Kft.	6	0
DIGI Távközlési és Szolgáltató Kft.	69	638
CarpathiaSat Zrt.	2	0
INNObyte Zrt.	73	17
ONE Albania (formerly: ONE Telecommunications) sh.a	1 222	231
Portuguese Communication Investments Kft.	9	32
Veritas Consulting Kft.	23	9
<b>Total</b>	<b>1 849</b>	<b>1 158</b>

**Interests paid to subsidiaries**

	<b>2023</b>	<b>2022</b>
ACE Network Zrt.	0	-5
"ANTENNA HUNGÁRIA" Zrt.	-131	0
DIGI Távközlési és Szolgáltató Kft.	-15	0
Hungaro DigiTel Kft.	-282	0
ONE Crna Gora d.o.o.	-457	0
<b>Total</b>	<b>-885</b>	<b>-5</b>

**Dividend received from subsidiaries**

	<b>2023</b>	<b>2022</b>
ACE Network Zrt.	794	368
BRISK Digital Group Kft.	31	0
DTSM Kft.	42	0
Humansoft Szerviz Kft.	25	0
INNObyte Zrt.	72	0
Invitech ICT Services Kft.	11 793	
Poli Computer PC Kft.	178	197
Portuguese Communication Investments Kft.	733	1 650
Veritas Consulting Kft.	7	0
<b>Összesen</b>	<b>13 675</b>	<b>2 215</b>

**46. Remuneration of the Management Board and Supervisory Board**

The remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee of the Company during the reporting 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 a remuneration of HUF 600 000/month each, while the Chairperson 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 Chairperson 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.

In accordance with IAS 24 Related Party Disclosures, the Company has identified the following key management personnel (Chairperson, Chief Executive Officer and members of the Board of Directors) for whom the remuneration paid or payable for employee services during the reporting period is set out below. We believe that the table below is a complete summary of the remuneration paid to key executive officers during the reporting period, in HUF.

	<b>Members of the Board of Directors and senior employees</b>	<b>Members of the Supervisory Board</b>	<b>Total</b>
Short-term employee benefits	1 245 625 650	23 870 000	1 269 495 650
Post-employment benefits	0	0	0
Other long-term benefits	0	0	0
Severance payments	0	0	0
Share-based payments	0	0	0
<b>Total</b>	<b>1 245 625 650</b>	<b>23 870 000</b>	<b>1 269 495 650</b>

## 47. Off-balance sheet items

### 47.1. Contingent liabilities

On 31 December 2023, the legal transactions and litigation of 4iG Plc that were not closed had no negative expected consequences for the Company.

The Company has initiated an order for payment and liquidation proceedings against a defaulting company. The Company has recognised an impairment of 100% on these receivables.

## 48. 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 a new non-binding debt settlement proposal to Spacecom 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 a memorandum of understanding signed last October. The agreement also sets out the business terms and practical steps for the investment. The parties will establish a joint project company for the construction of the project, which will also take on the commercial tasks in the future.

**On 5 February 2024**, 4iG Plc and the Albanian government signed a non-binding Memorandum of Understanding for the implementation of a new submarine high-capacity data cable investment between Egypt and Albania, opening a new data gateway to Europe. Thus, following a non-binding preliminary agreement with Telecom Egypt signed in Budapest on 1 February, the Albanian government has also expressed its commitment to the investment in an intercontinental submarine data cable system between Egypt and Albania.

**On 14 February 2024**, 4iG Plc announced that László Blénessy, Deputy General Manager for Technology, has successfully completed the integration of the areas entrusted to him, and his future role and responsibilities will therefore be redefined. He will step down from his position as CEO of "ANTENNA HUNGÁRIA" Zrt. and from his operational management responsibilities in 4iG, thus ceasing to hold the position of Deputy General Manager for Technology in 4iG's top management but will continue to support the transformation of the technology and digitalisation areas as a member of the 4iG Board of Directors and as Advisor to the President.

**On 21 February 2024**, 4iG Plc announced the establishment of a new holding company, 4iG Űr és Technológiai Zártkörűen Működő Részvénytársaság (Space and Technology Private Limited Company), whose main market areas will be space and satellite development, drone manufacturing and drone defence, and defence digitalisation. Following its establishment, 4iG will transfer the shares of its space and technology companies to its wholly owned subsidiary 4iG Űr és Technológiai Zártkörűen Működő Részvénytársaság. At the same time as the establishment of 4iG Űr és Technológiai Zártkörűen Működő Részvénytársaság, 4iG will enter into a non-binding preliminary agreement with REMRED Technológia Fejlesztő Zrt. (Technology Development Ltd.) which will be transferred to 4iG Űr és Technológiai Zártkörűen Működő Részvénytársaság by way of a capital increase following the formation.

**On 1 March 2024**, 4iG Plc announced that according to a decision of the Board of Directors of "ANTENNA HUNGÁRIA" Zrt., the position of CEO of the Company will be taken over by Gyöngyvér Papp-Gerlei, former Deputy CEO, from László Blénessy, outgoing CEO, effective as of March 1.

**On 4 March 2024**, EDISON Investment Research Limited, one of the world's leading analysts of equity investment opportunities, prepared and published a new 4iG Flash Report.

**On 14 March 2024**, the Transformation Programme launched on 13 November 2023 reached a significant milestone with the decision of "ANTENNA HUNGÁRIA" Zrt. as the sole owner of DIGI Távközlési és Szolgáltató Kft. and Invitech ICT Services Kft. to separate these subsidiaries through a spin-off. In the current phase of the programme, the infrastructure units of DIGI Távközlési és Szolgáltató Kft. and Invitech ICT Services Kft. will be spun off, leaving the commercial and infrastructure divisions to operate as separate companies. The commercial companies will operate under the unchanged names of DIGI Távközlési és Szolgáltató Kft. and Invitech ICT Services Kft., while the infrastructure companies will operate under the names of D-Infrastruktúra Távközlési Kft. and Invitech ICT Infrastructure Kft. The spin-off date has been set by the companies as 30 June 2024, with the first day of operation under the new structure being 1 July 2024.

#### 49. Remuneration of the auditor

The General Meeting of Shareholders, by Resolution 13/2023 (IV.28), re-elects CMT Audit Limited Liability Company from 1 May 2023 until the consolidated financial statements for 2023 are authorised for issue, but no later than 30 April 2024.

Fees for the audit of IFRS standalone financial statements: HUF 10,000,000 + VAT

Fees for the audit of IFRS consolidated financial statements: HUF 20,000,000 + VAT



## 50. Going concern

In the context of the effects of the war in Ukraine, and after considering other market and liquidity risks, the Group has assessed and made estimates as to whether there are material uncertainties that cast doubt on the Group's ability to operate as a going concern and concluded that it is appropriate to assume that it will continue as a going concern for the foreseeable future and that there are no material uncertainties.

## 51. Authorisation to publish financial statements

The financial statements were approved and authorised for issue in this form by the Board of Directors of the Group on 8 April 2024.

## 52. Registered IFRS accountant responsible for preparing the statements

Ferenc Piros  
2097 Pilisborosjenő, Tulipán köz 1.  
Registration number: 145011

## 53. Persons authorised to sign the statement

The Chairperson of the Board of Directors is authorised to sign the Board's statements, either individually or jointly.

## 54. Supplementary data

The Chairperson of the Board of Directors is authorised to sign the Company's statement, either individually or jointly.

### 54.1. General additions

Company name:	4iG Public Limited Company
Company form:	Public limited company
Registered office:	1013 Budapest, Krisztina körút 39.
Premises:	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 formation:	8 January 1995
Transformation date:	2 April 2004
Listing date:	22 September 2004
The Company's website:	<a href="http://www.4ig.hu">www.4ig.hu</a>

4iG Plc is a public limited company listed in the Premium Section of the Budapest Stock Exchange at the time of preparation of this Supplementary Annex.

## 54.2. Share information

Type of shares:	registered ordinary shares, dematerialised
Nominal value of shares:	HUF 20 per share
Number of shares:	299 074 974 shares
ISIN code of the shares:	EN 0000167788
Series of the shares:	"A"
Share serial number:	00000001 – 299074974
Repurchased treasury shares:	4 579 685 shares
Held by 4iG ESOP Organisation:	4,000,000 items

### Other information on shares:

Each share carries the same rights, each share represents 1 vote.

- Each share carries the same rights, each share represents 1 vote.
- The shares are traded in the "PRÉMIUM" 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 stipulated, but shares may only be transferred by debiting or crediting a securities account. In the event of a transfer of shares, the shareholder may only exercise his/her shareholder rights vis-à-vis the Company if the name of the new owner is entered in the share register.
- The share register of the Company is kept by KELER Zrt.
- There are no special management rights.
- We are not aware of any shareholder agreement on management rights.
- Voting rights are not restricted, only the repurchased treasury shares do not carry voting rights.

- 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.
- The elected officers are elected by the General Meeting by simple majority, in accordance with the Articles of Association.
- The operational management of the Company is carried out by the Board of Directors.
- The General Meeting decides on the increase of the share capital on the basis of a proposal from the Board of Directors. The decision of the General Meeting is not required only if the increase of the share capital is made under the authority of the Board of Directors, as authorised by the Articles of Association. At the time the Annual Report is drawn up, the Board of Directors is not authorised to issue new shares.
- There is 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.
- On 14 June 2019, Gellért Jászai, CEO of 4iG Plc, acquired 100% of the shares of KZF Vagyonkezelő Kft. Through other share transactions on the same day, KZF Vagyonkezelő Kft. and thus Gellért Jászai acquired a 32.01% share in 4iG Plc. For the remaining shares, a mandatory tender offer was made, which was open until 28 August 2019.
- The Company's General Meeting of 26 July 2018 decided on a share split, according to which the nominal value of the shares was changed to HUF 100 per share. On 5 October 2018, the shares of 4iG Plc were traded at HUF 100 per share in the standard section of the Budapest Stock Exchange. On 25 April 2019, the Company's General Meeting decided on a new share split, according to which the nominal value of the shares was changed to HUF 20 per share.
- As of 19 June 2019, 4iG shares were reclassified to the Premium category by the Director of the Budapest Stock Exchange.
- In connection with the capital increases decided on 1 June 2021, a total of 5,207,921, i.e. five million two hundred seven thousand nine hundred twenty-one Series A ordinary shares with a nominal value of HUF 20 each, granting the same rights as the shares already listed, were listed on the Budapest Stock Exchange on 1 July 2021.

- In connection with the capital increases decided as of 24 January 2022, a total of 116,417,910 ordinary shares of series A with a nominal value of HUF 20 each, with the same rights as the shares already issued, of 116,417,910 (one hundred sixteen million four hundred seventeen thousand nine hundred ten) were subscribed by the iG COM Private Equity Fund.
- In connection with the capital increases resolved 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) Series A ordinary shares with a par value of HUF 20 each, which confer the same rights as the shares already issued.
- In connection with the capital increase decided on 23 February 2022, a total of 19,761,380 ordinary shares of series A, with a nominal value of HUF 20 each, with the same rights as the shares already issued, were subscribed by Bartolomeu ICT 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, of 9,463,882 shares, or nine million four hundred and sixty-three thousand eight hundred and eighty-two, have been subscribed by Çalik Holding Anonim Sirketi of Turkey.

### 54.3. Major shareholders of the Company on 31 December 2023

	<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 shares	1.53%	0.45%
Owned by 4iG ESOP Organisation	1.34%	1.34%
Free float	13.95%	14.46%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### 54.4. Main activities

Main activity of the Company: 6201 '08 Computer programming

Other activities of the Company according to the Standard Industrial Classification of Economic Activities (TEÁOR):

2620 '08	Computer, peripheral unit manufacturing
2823 '08	Manufacture of office machinery (except computers and peripheral equipment)
3320 '08	Installation of industrial machinery and equipment
4651 '08	Wholesale of computers, peripherals and software
4741 '08	Retail sale of computers, peripherals and software
4690 '08	Wholesale of chemical products
4741 '08	Retail sale of computers, peripherals and software
4742 '08	Retail trade services of telecommunications products
5811 '08	Publishing
5812 '08	Publishing directories, mailing lists
5821 '08	Computer game publishing
5829 '08	Other software publishing
6203 '08	Computer operations
6209 '08	Other information technology services
6311 '08	Data processing, web-hosting service
6312 '08	World Wide Web portal service
6420 '08	Asset management (holding)
6920 '08	Accounting, auditing, tax consultancy
7021 '08	PR communication
7022 '08	Business management, other management consultancy
7219 '08	Other scientific and technical research and development
7490 '08	Other professional, scientific and technical activities n.e.c.
7830 '08	Other human resources supply and management
8532 '08	Vocational secondary education
8551 '08	Sport, recreational training
8552 '08	Cultural training
8559 '08	Other education not elsewhere classified
8560 '08	Activities complementary to education
9511 '08	Computer, -peripherals repair
4110 '08	Organisation of a building project
4312 '08	Site preparation
5819 '08	Other publishing activities
5911 '08	Motion picture, video and television programme production
6202 '08	Information technology consultancy
6820 '08	Renting and operating own or leased real estate
7112 '08	Engineering activities, technical consultancy
7120 '08	Technical inspection, analysis
7311 '08	Advertising agency activities
7733 '08	Office equipment rental (including: computer)
8230 '08	Conference, trade show organisation
9499 '08	Other community, social and cultural activities not elsewhere classified

#### 54.5. Officers in 2023

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

#### 54.6. Data of subsidiaries at the balance sheet date

The Company's subsidiaries are listed in Section 20 in the Notes to the financial statements.

#### 54.7. Consolidated accounts

The consolidated financial statements of the Group are prepared by 4iG Plc in accordance with the international standards IAS-IFRS, for which the subsidiaries provide data. The consolidated accounts are public. They can be found on the websites [www.4ig.hu](http://www.4ig.hu); [www.bet.hu](http://www.bet.hu) and [www.kozzetetelek.hu](http://www.kozzetetelek.hu), as well as in the office of 4iG Plc Krisztina körút 39, 1013 Budapest, Hungary.

#### 54.8. Transition to IFRS

The Company transitioned to IFRS on 1 January 2017.

#### 54.9. Share capital of the Company

The share capital of the Company on 31 December 2023 was HUF 5,981,499,480. The capital registered with the Companies' Court is equal to the share capital under IFRS.

## 54.10. Equity reconciliation

	2022	2023
<b><u>Equity under IFRS (Section 114/B (4) of the Accounting Act)</u></b>		
Share capital	5 981 499 480	5 981 499 480
Repurchased treasury shares	-921 755 565	-3 198 613 601
Reserves	135 998 280 676	191 380 489 760
Profit or loss after tax	57 337 587 371	-18 761 155 641
<b>Equity under IFRS (Section 114/B (4)a) of the Accounting Act)</b>	<b>198 395 611 962</b>	<b>175 402 219 998</b>
<b><u>Equity (Section 114/B (4)a) of the Accounting Act)</u></b>		
Equity under IFRS	198 395 611 962	175 402 219 998
Received top-up payment recognised as liabilities under IFRS	0	0
Provided top-up payment recognised as an asset under IFRS	0	475 064 200
Liquid assets to be allocated to capital reserve if deferred income (IFRS)	0	0
Value of acquired assets if recognised as deferred income (IFRS)	0	0
Capital increase resulting in an equity instrument if it had to be recognised as a receivable from owners (IFRS)	0	0
<b>Total equity (reconciled)</b>	<b>198 395 611 962</b>	<b>175 877 284 198</b>
<b><u>Subscribed capital under IFRS (Section 114/B (4)b) of the Accounting Act)</u></b>		
Registered capital as shown in the Memorandum and Articles of Association (same as the capital registered with the Companies Court)	5 981 499 480	5 981 499 480
Nominal value of repurchased share	0	0
<b>Share capital under IFRS (reconciled)</b>	<b>5 981 499 480</b>	<b>5 981 499 480</b>
<b><u>Capital subscribed but not paid up (Section 114/B (4)c) of the Accounting Act)</u></b>		
Subscribed but unpaid capital	0	0
<b>Total subscribed but unpaid capital (reconciled)</b>	<b>0</b>	<b>0</b>
<b><u>Capital reserve (Section 114/B (4)d) of the Accounting Act)</u></b>		
The sum of all elements of equity that do not meet the IFRS definition of subscribed capital, subscribed but unpaid capital, retained earnings, valuation reserve, profit/loss for the year or committed reserve (this line is adjusted for the cost of treasury shares)	132 571 019 741	130 294 161 705
<b>Capital reserve (reconciled)</b>	<b>132 571 019 741</b>	<b>130 294 161 705</b>

**Retained earnings – (Section 114/B (4)e) of the Accounting Act)**

Accumulated and retained profit after tax from previous years under IFRS (excluding the current year)	3 614 682 034	60 952 269 405
Sums recognised as a credit or charge to accumulated earnings under IFRS		
Sums of received top-up payment that the owner (member) of the enterprise has waived his/her claim to		
Sum of a provided top-up payment recognised as an asset		475 064 200
Sum transferred from share capital or capital reserve to cover losses		
Any sum transferred from other reserves that under IFRS is required or permitted to be transferred		
Related unused development reserve, net of deferred tax (committed reserve)	0	0
<b>Retained earnings (reconciled)</b>	<b>3 614 682 034</b>	<b>61 427 333 605</b>

**Valuation reserve (Section 114/B (4)f) of the Accounting Act)**

Accumulated sum of other comprehensive income in the statement of comprehensive income (±)	0	-1 109 176 664
Sum of other comprehensive income including other comprehensive income for the year in the statement of comprehensive income (±)	-1 109 176 664	-1 955 378 287
<b>Valuation reserve (reconciled)</b>	<b>-1 109 176 664</b>	<b>-3 064 554 951</b>

**Profit or loss after tax (Section 114/B (4)g) of the Accounting Act)**

Profit / loss for the year presented in the profit and loss section of the statement of comprehensive income or in the separate income statement for continuing operations (-)	57 337 587 371	-18 761 155 641
Profit / loss for the year presented in the profit and loss section of the comprehensive income statement or in the separate income statement for discontinued operations		
Items charged against profit or loss under the Accounting Law but against equity under IFRS, in particular: aids, cash permanently transferred or received;	0	0
<b>Profit or loss after tax (Sections 114/A.9 and 114/B (4)g) of the Accounting Act)</b>	<b>57 337 587 371</b>	<b>-18 761 155 641</b>

**Committed reserve (Section 114/B (4)h) of the Accounting Act)**

Received top-up payment recognised as a liability under IFRS	0	0
Unused development reserve less related deferred tax (committed reserve)	0	0
<b>Total committed reserve (reconciled)</b>	<b>0</b>	<b>0</b>



**Reconciliation of the sums of capital registered with the Companies' Court under Section 114/B (5)a) of the Accounting Act and the sums of share capital under IFRS**

Capital registered with the Companies' Court	5 981 499 480	5 981 499 480
Share capital under IFRS	5 981 499 480	5 981 499 480
<b>Difference (nominal value of repurchased treasury shares)</b>	<b>0</b>	<b>0</b>

**Retained earnings available for dividend payments (Section 114/B (5)b) of the Accounting Act)**

Retained earnings from previous years (reconciled)	3 614 682 034	61 427 333 605
Profit or loss after tax for the current year	57 337 587 371	-18 761 155 641
Accumulated capital gains on investment property (adjusted for tax effects)		
<b>Retained earnings available for dividend payments</b>	<b>60 952 269 405</b>	<b>42 666 177 964</b>
Dividends received (receivable) accounted for up to the date of authorisation for publication	0	0
<b>Retained earnings available for dividends + dividends received and payable after the year under review</b>	<b>60 952 269 405</b>	<b>42 666 177 964</b>

**The result of equity reconciliation:**

Share capital	5 981 499 480
Capital reserve	130 294 161 705
Retained earnings	61 427 333 605
Accumulated other comprehensive income	-3 064 554 951
Profit or loss after tax	-18 761 155 641
<b>Total reconciled equity</b>	<b>175 877 284 198</b>

## BUSINESS REPORT

### 1. Summary

2023 was another milestone in the growth of the 4iG Group. On 31 January, the 4iG Group completed the acquisition of a majority shares in Vodafone Magyarország Távközlési Zrt., one of the most significant events in the Hungarian telecommunications sector in the last 30 years. While maintaining its leading position as a systems integrator, the acquisition of Vodafone Magyarország Távközlési Zrt. has transformed the Group into a convergent regional information communications player with a dominant presence in Hungary and the Western Balkans.

On 13 November 2023, 4iG launched its comprehensive transformation programme to achieve optimal conditions, continued business growth and further acquisitions.

In 2023 and beyond, the Group's strategy will continue to focus on capturing synergies and integrating and restructuring its subsidiaries.

On 22 December 2023, Scope Ratings upgraded the Group's credit rating outlook from BB/stable to BB/positive and affirmed the unsecured debt rating at BB-. The upgrade was based on the Group's market penetration in Hungary and the Western Balkans and the positive impact of integration.

#### **Business performance, key events**

In line with the Hungarian government's digitalisation targets, the 4iG Group has committed to invest HUF 150 billion in mobile and fixed networks in Hungary by 2028. As a result, the Group will provide gigabit-capable fixed networks and high-capacity 5G mobile networks to an additional 1.1 million households.

4iG Group completed the legal merger of its Albanian subsidiaries One Telecommunications sh.a. and ALBtelecom sh.a. on 1 January 2023, creating the country's leading converged mobile and wireless telecommunications operator, ONE Albania sh.a..

On 27 July 2023, 4iG Group signed a Memorandum of Understanding with the Montenegrin government, in which both parties confirmed their commitment to accelerate the country's digitalisation. The agreement marks the beginning of a long-term collaboration in which the Group will play a key role in the digitalisation of Montenegro.

The 4iG Group and Telecom Egypt have reached a milestone in the investment of a submarine data cable between Albania and Egypt. The parties launched the project with a Memorandum of Understanding on 4 October 2023 (followed by a Cooperation Agreement on 1 February 2024). The 4iG Group's investment could open a new data gateway to Europe, providing the shortest access to many European cities, including Frankfurt, Budapest and Sofia.

The development will connect 4iG to global data communications networks, accelerating the company's growth and competitiveness.

### **Market positions, impact of the economic environment on the business**

In 2023, the Group significantly expanded and developed its business activities, which will continue after the reporting period in 2024. This includes the restructuring of the space and technology portfolio. The reorganisation of the portfolio aims to increase the Group's competitiveness, efficiency and global market presence in four key strategic areas: aerospace and satellite design and manufacturing, autonomous aircraft design and manufacturing, drone defence and defence industrial digitalisation.

4iG Plc has announced that it has entered into a preliminary agreement to acquire a 45% share in REMRED Technológia Fejlesztő Zrt., in parallel with the formation of the space and technology holding company. Upon successful completion of the acquisition, the 4iG Group's vertically integrated space portfolio will include critical communications infrastructure, earth observation and manufacturing, positioning 4iG as a unique player in the Central and Eastern European market.

### **Headcount, employment policy**

The number of employees continued to increase in 2023; the average statistical headcount was 14% higher than in 2022.

In addition to skilled and qualified employees, the Company's selection practices also target graduates. In sourcing and selecting the right candidates, it is important to ensure that the candidate fits into our corporate culture. The training and mentoring programme offers our employees the opportunity for intensive professional development and to keep their skills and knowledge up to date. Employee retention was a particular focus during the current year, resulting in the development of a multi-element retention programme. 4iG strives to provide its employees with a fair and competitive income compared to the Hungarian labour market. Changes in the labour market and the challenges of technological development, together with the impact of international trends, have shaped our employment solutions.

### **4iG Plc's business vision and vision for the future**

The Group will continue to exploit the synergies created by the structural separation in the coming period, the net present value of which may exceed HUF 400 billion.

The transformation can increase efficiency through more effective operations and create new network, business and operational synergies. The main objectives of the transformation programme are

- creating shareholder value,
- monetising the added value of the domestic and international network and mobile infrastructure,
- developing an efficient and transparent corporate structure,

- maximising business and operational synergies, and
- increasing the Group's profitability, operational efficiency and competitiveness.

In line with the transformation programme announced last November, 4iG Plc is merging its space and technology interests into a separate company, 4iG Space and Technology Ltd. The creation of the new entity will allow complex projects to be carried out more efficiently and will further strengthen the Group's technological capabilities, in order to achieve our common strategic objectives with Rheinmetall.

Going forward, as part of the 4iG Group's transformation programme, separate commercial and infrastructure companies will be created in telecoms to coordinate the IT and systems integration (IT/SI) and aerospace and defence industrial areas. 4iG Plc will accordingly become a holding company to manage and optimise cross-border activities and oversee the implementation of the strategy.

## 2. General information

General information on the Group is set out in Section 54.1 of the Supplementary Notes.

## 3. Share information

The share information of the Group is set out in Section 54.2 of the Supplementary Notes.

## 4. Ownership structure

The ownership structure is described in Section 54.3 of the Supplementary Notes.

## 5. Location and branch information

The Group's locations and branches are described in Section 54.5 of the Supplementary Notes.

## 6. Analysis of the Company's performance

Description	2023	2022	Change in +/- %
<b>Net sales revenue</b>	<b>75 911</b>	<b>70 379</b>	<b>7.86%</b>
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-3 107</b>	<b>-13 068</b>	<b>-76.22%</b>
Operating result (EBIT)	-9 131	-15 795	-42.19%
Profit or loss after tax (PAT)	-18 761	57 337	n/a
<b>Total comprehensive income</b>	<b>-20 716</b>	<b>56 228</b>	<b>n/a</b>
<b>Earnings per share</b>			
EBITDA**	-10,4	-47.0	-77.90%
Net profit (EPS)**	-62,7	206.3	n/a
Diluted EPS indicator**	-63,4	207.1	n/a
Equity capital**	586.5	713.7	-17.83%

\* end of period

\*\* in HUF

## 6.1. Economic results for the year

Breakdown of the Company's export turnover by country in 2023 (in HUF million):

Countries	Total
Albania	563
Ireland	61
Switzerland	69
Germany	444
Netherlands	214
United Kingdom	43
France	3
Romania	6
Belgium	12
Arab Emirates	16
Montenegro	145
Norway	37
Slovenia	18
Egypt	1
Malta	6
<b>Total</b>	<b>1 638</b>

Breakdown of export turnover by region in 2023 (in HUF million):

Regions	Total
European Union	818
Outside the European Union	820
<b>Total</b>	<b>1 638</b>

## 6.2. Financial indicators

	2023	2022
<b>Liquidity ratios</b>		
Liquidity ratio	0.65	1.55
Liquidity quick ratio	0.65	1.54
Dynamic liquidity ratio	-0.13	-0.54
Net working capital rotation speed (rpm)	0.47	1.85
Net working capital	-24 853	16 006
<b>Debt and creditworthiness indicators</b>		
Equity to liabilities ratio	26%	31%
Not own equity to equity ratio	41%	15%
Non-current liabilities to non-current equity and liabilities ratio	240%	205%
Non-current dynamic liquidity ratio	-2%	-4%
Interest coverage ratio	-149%	164%

## 6.3. Liquidity

The liquidity indicators show that the Company has met its current liabilities, with sufficient cash to settle the liabilities by the due dates.

## 6.4. Debt and creditworthiness indicators

The ratio of equity to liabilities was 31% in 2022 and 26% in 2023, as shown in Section 6.2.

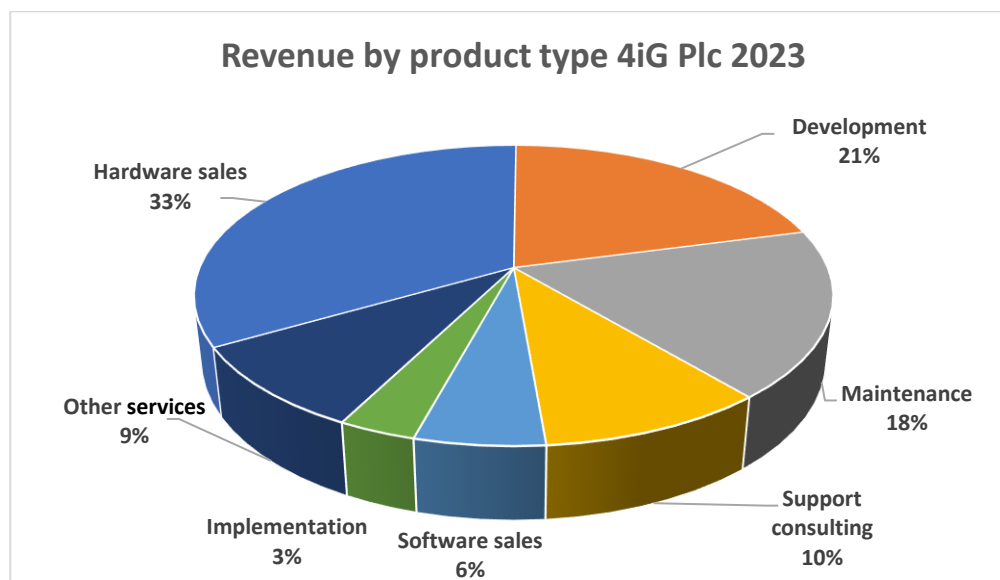
## 6.5. Efficiency indicators

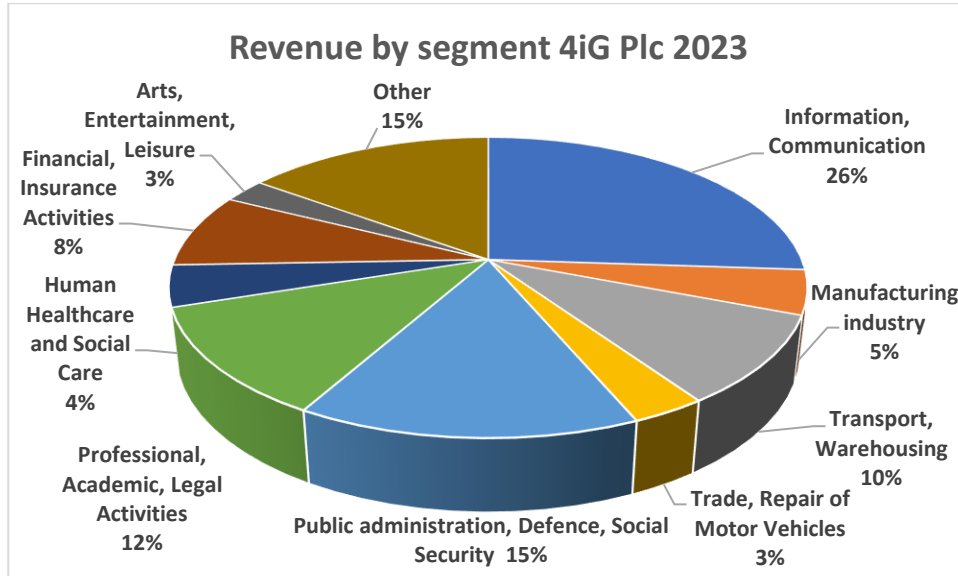
The table below shows the profitability ratios of 4iG for the previous and current period.

	<b>2023</b>	<b>2022</b>
<b>Profitability rates</b>		
Return on assets (ROA) (%)	-2.81%	9.04%
Return on sales (ROS) (%)	-24.71%	81.47%
Rotation speed of assets (rpm)	110.97	232.64
Rotation speed of trade receivables (rpm)	3.73	3.77
Average collection time for trade receivables (days)	96.44	95.60
Rotation speed of inventories (rpms)	34.52	41.21
Average storage time for inventories (days)	10.43	8.74
Return on tangible assets (rpm)	8.89	40.00
Ratio of personnel costs to value added (%)	82%	69%
Value added (million HUF)	22 417	18 829

## 6.6. Evolution of business relations

The composition of 2023 revenue by revenue type and market segment is shown in the following charts:





### 6.7. Employment trends, employment policy

In addition to skilled and qualified employees, the Company's selection practices also target young graduates. The training system and career development programme provide opportunities for intensive professional development. The aim is to build and maintain a workforce that can perform the expected tasks to the highest standards while maintaining efficiency. 4iG strives to provide its employees with a fair and competitive income compared to the Hungarian labour market.

	<u>2023</u>	<u>2022</u>
Average statistical number	946 persons	828 persons

### 6.8. Capacity utilisation

The availability of tools and software, as well as the utilisation of high value-added labour, has continued to improve in recent years. We remain committed to using available, highly skilled in-house resources for development projects rather than subcontractors, and to further improve capacity utilisation by exploiting synergies from new acquisitions.

### 6.9. Innovation, research, and development

Thanks to the explosion in biotechnology and information technology and the impact of the Covid-19 epidemic, bioinformatics research has become even more important in recent years. Both diagnostic and therapeutic approaches have become molecular-based.



The Company has continued its two ongoing R&D projects in this field: on the one hand, the implementation of the project "Medical diagnostic tool supporting the evaluation of genetic results", which won the tender of the National Research and Development and Innovation Office in 2020, and on the other hand, it is still a member of the consortium that started its work before 2021 and in which several research topics are being implemented under the leadership of the University of Pécs.

The Company's leading role in information technology can be further strengthened through forward-looking cloud development projects aimed at introducing state-of-the-art cloud and broadband computing technologies to European service providers. The innovation will contribute to the development of computing capabilities, software and data sharing tools to facilitate energy efficient and reliable cloud and edge-based distributed computing technologies and the provision and production of related services. The importance of the project is best demonstrated by the fact that the 4iG Cloud Innovation Project has been identified by the European Commission as an Important Project of Common European Interest (IPCEI).

## 7. Material changes after the balance sheet date

Material events after the balance sheet date are described in Section 48 of the Notes to the financial statements.

## 8. Globalisation, concentration

There is a clear global trend towards globalisation and concentration within industries. This trend has been further accelerated by the coronavirus epidemic. As Hungary's largest IT systems integrator, the Company's goal remains to become a major player in international markets by exploiting the synergies and cooperation opportunities within the Company.

## 9. Accelerating technological change

Technological change requires companies to adapt to extraordinary changes. This is particularly true for players in the IT market, where technological progress is much faster than in a traditional industry such as construction. Keeping up with change and remaining competitive requires continuous training, effective management of the knowledge accumulated within the Group and appropriate internal communication.

It is essential that the technologies used are carefully chosen to ensure that the Group is always ahead of its competitors, but using mature, stable technology that can be applied in practice. The 4iG Group listens to the needs of its customers, suppliers and other business partners. It continuously monitors, evaluates and improves its products, services, technology solutions and business processes to deliver quality, safety and innovative solutions throughout the value chain.

## 10. Funding

In order to finance its activities on an ongoing basis, the Company provides its customers with predictable services, which, in addition to one-off transactions, provide an increasing amount of recurring revenue. The Company's objective is to further increase the proportion of recurring revenues as a percentage of total revenues in order to cover as much of its fixed costs as possible. In addition, the Group will continue to pay particular attention to the pre-screening and monitoring of its customers' solvency in order to reduce the financial risks associated with normal business operations.

## 11. The Company's acquisition efforts

The identification of potential acquisition targets and the analysis of business opportunities is the responsibility of a separate strategic organisation within 4iG. An important criterion in the selection of targets is that the Company should acquire an interest in a business that will give it a technological or other market advantage over its competitors, or that will add new skills to 4iG. The Company will only consider targets that fit its strategic objectives and help to achieve them. 4iG plans to continue to grow both domestically and internationally.

## 12. Risky projects

In its operations, the Company seeks to minimise the business risks arising from its projects and only enters into collaborations that do not damage its professional reputation and social standing.

4iG Plc conducts its business in a manner that complies at all times with the law and the highest ethical standards, regulations and practices in the industry. A Code of Ethics has been issued and the Company is committed to upholding it.

## 13. Corporate governance statement

The Company is a public company listed on the Budapest Stock Exchange and its ordinary shares are admitted to trading on the regulated market operated by the Budapest Stock Exchange. In 2023, the Budapest Stock Exchange published its Corporate Governance Recommendations (Recommendations), which contain recommendations and suggestions regarding the corporate governance practices of companies listed on the Budapest Stock Exchange.

The Recommendations are available on the website of the Budapest Stock Exchange:  
<https://www.bet.hu/Kibocsatok/Ajanlasok-kibocsatoknak/Felelos-tarsasagiranyitas>

The Company will make an annual declaration of compliance with the Corporate Governance Recommendations of the Budapest Stock Exchange, which will be published both on the website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) and on the website of the Company after approval by the General Meeting. The statement shall describe and explain any deviations from the recommendations and the main features of the Company's internal control and risk management systems in the context of the preparation of the financial statements.

#### 14. The risk of war in Ukraine

The widespread and severe economic impact of the war in Ukraine was also felt in the IT and ICT sector. 4iG's resilience enabled it to respond quickly and effectively to market challenges, enabling the Company to maintain its growth momentum in its key strategic areas in 2023.

# NON-FINANCIAL REPORT FOR THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

## 1. Our mission, our approach

4iG Plc, a majority-owned Hungarian company based in Budapest, Hungary, is a leading group of companies in the telecommunications, IT and aerospace markets of Hungary and the Western Balkans region, and one of the leading companies in the knowledge-based, digital economy. Listed on the Budapest Stock Exchange, the Group has become a key player in the region's digital transformation thanks to its fresh and innovative approach and its position as the leading IT systems integrator and telecommunications market player in Hungary. This is underpinned by a solid foundation of cross-border expertise, knowledge and capital strength. Thanks to its dynamic expansion strategy, 4iG is emerging as a leading consumer and business telecoms operator in Hungary and the Western Balkans. The Group's transformation programme, launched in autumn 2023, will make it a more competitive and efficient service provider for its customers.

4iG's competitiveness stems from the fact that its operations are based on a stable, predictable, large corporate foundation, but also incorporate an agile, innovative, start-up approach. As a listed company, its operations are transparent and its financial and operational results are public. The information and communications technology (ICT) market has accelerated dramatically, and technology has become a key building block of business. The Group is adapting its portfolio to market trends and expanding its pool of professionals: combining traditional and innovative elements to shape the future of the domestic ICT market and digital business. Its vision goes beyond telecommunications, IT and space services: it is based on partnerships based on joint innovation. Its technology solutions are adapted to the rhythm and business objectives of its customers, whether they are products that can be launched almost immediately, services that can be specified, or the result of a unique, customised development.

## 2. Our competences

Thanks to its nearly 30-year history, the 4iG Group has developed a complex business portfolio that includes services that can meet basic ICT needs as well as innovative, future-proof solutions. The Group is also at the forefront of international ICT trends, having built strong telecom-IT convergence and synergies through acquisitions in recent years. The Group views its customers' engagements as a value chain, enabling it to serve their telecom, IT and aerospace needs equally. The portfolio is broad, ranging from consulting to design, implementation and operations.

The 4iG Group offers its customers a wide range of residential and business telecommunications services, complemented by system integration solutions. A significant part of the Group's revenues, almost 90 % of EBITDA, is already generated by the telecommunications segment. The telecommunications portfolio is consolidated in "ANTENNA HUNGÁRIA" Zrt., in which the Hungarian State holds a 23.22% share. The transactions carried out in the last two years (the acquisition of Vodafone Magyarország Távközlési Zrt., Invitech ICT Services Kft., DIGI Távközlési és Szolgáltató Kft, "ANTENNA HUNGÁRIA" Zrt.), the Group has become the second largest telecommunications operator in Hungary, while the acquisition of ONE Crna Gora d.o.o. from Montenegro and ONE Albania sh.a. from Albania has made it the dominant telecommunications operator in the Western Balkans.

4iG's diversified telecom and IT portfolio gives the Group a significant competitive advantage over traditional telecom companies. The Group stands out in the Hungarian and international market due to its unique expertise. The Group's telecommunications services are supported by a significant infrastructure. The Group provides high quality services to its residential (B2C) and business (B2B) customers with a total of 32.5 thousand kilometres of optical network, 4,275 transmission towers, base stations and repeater stations.

4iG's IT division primarily provides standard and customised solutions to medium and large enterprises. These include high availability, monolithic infrastructure systems and business applications that include the design and supply of hardware, software, licensing requirements, implementation and integration into the customer's system environment. Since its inception, 4iG has been a DELL cooperation partner and is certified as a distributor and integrator by several of the world's leading technology companies such as Cisco, HPE, Lenovo, Oracle, SAP, Symantec, etc. In addition to software, hardware and network infrastructure solutions, the Group focuses on custom software development, cybersecurity and industry-specific solutions such as Industry 4.0-based technologies and custom software development. 4iG colleagues are constantly working to create timeless and future-proof solutions. The Group has significant expertise and experience in innovative target areas such as blockchain, artificial intelligence, machine learning and geospatial computing, and is constantly exploring new applications for these technologies. The 4iG Group has significant IT support capacity and competence of high international quality.

The Group's portfolio is unique in that, in addition to the above, it also provides its partners with high-level services in the fields of drone technology and satellite broadcasting.

### 3. Commercial approach

The 4iG Group is committed to an appropriate mix of ongoing, operational, support and project work. The Group aims to provide other services related to project delivery, such as operational and cyber protection, where possible. The Group's extensive client base includes small and medium sized companies in the domestic competitive sector, large corporates and international multinationals, as well as a significant number of public sector companies. Our business strategy is multi-dimensional. It seeks to retain existing clients and effectively serve their business and operational needs and growth opportunities, while continually seeking opportunities to expand our client base. This approach is at the heart of the Group's management objective: to ensure, together with its partners, the sustainability of continued growth.

### 4. Market presence

The 4iG Group has become one of the major players in the Hungarian telecommunications and IT sector. The Group's growth benefits smaller players in the market through cooperation opportunities and is supported by organic opportunities as well as acquisitions. The Company's transparent, reliable operations and the high quality of the solutions it provides have a strong customer loyalty effect, which is a model for competitors to follow. The Company's domestic track record and competencies provide a solid foundation for successful acquisitions and expansion projects abroad. Through acquisitions and subsequent integration in recent years, the Group has become a converged fixed telecommunications operator and has exceeded the critical customer base that underpins its return on investment. The 4iG Group now has a broad portfolio of technology-based info-communications services and a diversified customer base across the residential, business and government sectors.

### 5. Knowledge- and people-centredness

The customer is at the heart of our business and fair and accurate customer service is a prerequisite for our operations. To this end, we continuously train our professionals to ensure that we are able to meet our customers' needs, regardless of the IT/telco/space and technology segment, using the latest, most reliable technologies and with short response times. At the same time, we never forget that behind every technical need there is a human being. The three key ingredients for business success are the alignment of technology, process and people, which is why we place as much emphasis on training our customers as we do on training our colleagues. To mitigate risk, we regularly run security awareness training and consultancy workshops to help you work more effectively digitally. Providing a great place to work is important to us, and we support a healthy work-life balance. As part of our wellbeing programme, our colleagues can take part in a variety of events that emphasise team building as well as health promotion.

4iG Plc offers employees a wide range of career opportunities, from trainee to expert and management level. Through our Padawan programme we are open to career starters who can bring their thinking, new ideas and creativity to make our teams and business more dynamic. We have launched 4iG Group-level projects such as our international mentoring programme, which we are running with 50 mentors and mentees. Mentoring also supports the organisation's diversity objectives: where possible, mentor-mentee pairs should come from different companies, even different countries. Through our own development, we all contribute to the success of our clients and our company.

## 6. Ethics and anticorruption compliance

The 4iG Group operates a compliance programme aimed at creating a value-driven culture. The 4iG Group's business extends across many countries and the Group recognises and analyses the differences in legislation, regulation and practice in each country while operating the Group in a legal and ethical manner. The compliance programme operated by the 4iG Group includes anti-corruption, ethics, whistleblowing compliance and conflict of interest management compliance. The 4iG Plc's compliance programme is ensured by creating an appropriate regulatory environment, training our employees in anti-corruption and compliance, creating a value-conscious corporate culture, ensuring transparency in decision-making processes, screening and qualification of business partners and internal audits. The 4iG Group is committed to respecting human rights in all its activities, as reflected in the Group Code of Ethics and Business Conduct and the Code of Ethics for Business Partners and expects respect for these rights in its business relationships, including ensuring fair working conditions for employees. Enforcement of these standards is also a high priority in our due diligence of business partners. The Group is committed to transparency and fairness in its processes and therefore pays particular attention to ensuring that the Group's internal processes, ethics and conflict of interest policies are in line with international standards. The 4iG Group Code of Ethics and Business Conduct states as a matter of policy that the 4iG Group will not tolerate any form of corruption (including bribery, kickbacks, payoffs, extortion, abuse of power for personal gain, influence peddling, undue advantage and gifts given with the intent to influence), whether in the competitive (private) sector or in the public or community sector.

The 4iG Group strictly prohibits its employees and any person acting on behalf of or on behalf of the 4iG Group from offering, giving, soliciting, accepting or receiving any unlawful advantage. Employees and other persons acting on behalf of or for the account of the 4iG Group must never offer or give (or permit the offer or giving) of money or other benefits for the purpose of exercising (or even the appearance of exercising) undue influence over any official or providing (or giving the appearance of providing) an undue business advantage.



In order to operate effective controls to manage corruption-related risks, 4iG Plc introduced an anti-corruption management system in 2020 and, as a result of the adequacy of the controls in place, was among the first Hungarian companies to obtain MSZ ISO 37001:2019 certification in December 2020. In the years 2021, 2022 and 2023, 4iG Plc maintained its MSZ ISO 37001:2019 certificate compliance following a successful surveillance audit, which was conducted by an independent external certification body. In 2022, another member company of the 4iG Group, ACE Network Zrt., also obtained MSZ ISO 37001:2019 certification and in 2023, following a successful surveillance audit, maintained MSZ ISO 37001:2019 certification compliance with the assistance of the 4iG Group Compliance function. Prior to the implementation of the Anti-Corruption Management System, the 4iG Group has identified and assessed in detail the corruption risks in its operations and determined that in particular in the relationship with suppliers, customers and other business partners, a higher than low risk of corruption can be identified. Subsequently, we reviewed the scope of corruption risks annually and, where necessary, reassessed corruption risks. Based on the current 4iG Group Anti-Corruption Policy (available as Anti-Corruption and Anti-Bribery Policy on [compliance.4ig.com](https://compliance.4ig.com)), cooperation with officials, acquisitions, group-wide operations and chain sales were identified as the key corruption risks derived from the strategy. In particular, 4iG Plc mitigates corruption risks by creating an appropriate regulatory environment (the 4iG Group has, in addition to the already mentioned Code of Ethics, several other regulatory documents on anti-corruption; e.g. Compliance Function Code, Anti-Corruption and Anti-Bribery Code, Bidding Code, Conflict of Interest Code, Whistleblowing and Whistleblower Protection Code, Ethics Committee Procedures), by training our employees in anti-corruption and ethics, by operating an anonymous whistleblowing system, by operating an independent Ethics Committee and by operating the compliance controls described above.

## 7. Quality management

Our Integrated Management System has been developed with industry best practices, standards and norms in mind. It is regularly reviewed and improved to ensure efficient internal operations and customer satisfaction. Our standards-based management systems (ISO 9001, ISO 14001, ISO 37001, ISO 50001, ISO/IEC 20000-1, ISO/IEC 27001, ISO/IEC 19770-1) have been implemented to provide a set of requirements for the continuous monitoring, maintenance and improvement of all our business processes. The establishment and maintenance of standard management systems is a long-term strategic decision for our company.

Our guiding principles are customer focus and providing the highest possible level of service. We pay particular attention to ensuring and maintaining customer satisfaction, fully investigating incoming customer complaints and determining the appropriate action to be taken, thereby ensuring a high level of customer satisfaction.



We regularly measure customer satisfaction and use the results to develop our quality management system according to MSZ EN ISO 9001:2015. In this context, the 4iG Group is not satisfied with simply implementing ISO standards, but continuously defines metrics to measure the effectiveness of its management systems and evaluates them to ensure continuous improvement. In the operation of its integrated management system (Quality, Environmental and Information Security Management System), the 4iG Group continuously monitors key financial and non-financial indicators, from which the achievement of the objectives set according to the various ISO standards is assessed and monitored along the PDCA cycle. It ensures, through regular internal audits, the achievement of the policies and improvement targets set, compliance with the relevant instructions and regulations, and the implementation of the action plans defined in previous audits. Each year, the effective functioning of the management systems is reviewed by an external independent certification body every three-year certification cycle. The 4iG Group is committed to being part of, contributing to and improving the community and environment in which it operates. Our Group considers it important to stand behind initiatives that set an example and create value. Whether it's culture or sport, science and innovation, or current social issues. At the same time, all sponsored and supported individuals and organisations are expected to act in accordance with the ethical values and principles of the 4iG Group.

## 8. Environment and energy management

The 4iG Group is committed to preventing environmental damage and hazards and reducing health, safety and environmental risks arising from its operations. The Group is a service provider, does not distribute or store environmentally hazardous substances and is committed to complying with environmental regulations. The Group has an environmental management system and an energy management system for all its sites in accordance with MSZ EN ISO 14001:2015 and MSZ EN ISO 50001:2019. The careful use of natural resources and energy is a key element of our Group's environmental strategy, and our long-term goal is to develop and apply technical solutions and processes that lead to material and energy savings, while reducing environmental impact and environmental risks.

Our Group complies with all relevant technological regulations in all its activities and in the design of the working environment, the focus on people and the environment, the use of recycled materials, the introduction of technologies and procedures to reduce waste emissions are priorities; all our products comply with the RoHS directives.

## 9. Sustainability

For the employees of the 4iG Group, sustainability and forward thinking are not a question, but part of our core philosophy. An important building block in shaping our vision for the future is not only to respond to the challenges of the present, but also to consider how we can anticipate what is likely to happen.

We implement our goals for a more sustainable future through specific programmes and summarise our results from time to time in the Corporate Sustainability Report.

The 4iG Group pays particular attention to compliance and sustainability issues, especially with regard to training and the practical application of acquired skills, and accordingly their practical application is reflected in our internal policies and job descriptions.

As a digital company, 4iG's innovative services also contribute to the sustainable operations of our partners and customers. Our Group also offers its partners solutions specifically designed to optimise and reduce energy and other consumption factors, increasing the efficiency of industrial and agricultural production while significantly reducing the carbon footprint of these activities. The exemplary sustainability culture that has been built up in the IT sector in recent years is being extended to the telecommunications companies that have recently joined our Group. We are working to reduce the 4iG Group's paper consumption. We are introducing a post-certification process that will enable us to expect our suppliers to strive for sustainability.

The 4iG Group is committed to ensuring that the overall knowledge of its governing bodies is in line with the organisation's ESG ambitions. To ensure that our managers are up to date with sustainability issues, our senior managers attend a range of compliance, energy management and quality management training courses. And a strong sustainability perspective and skills are a key factor in the selection of members of the Professional Advisory Board, which supports the Board of Directors.

## 10. Information Security Principles of 4iG Plc

4iG Plc and its subsidiaries will at all times exercise the utmost care for the safety of its customers, suppliers and its own employees. The Group views safety as a competitive advantage. It focuses on maintaining the confidence of its partners by developing internal policies, training and development to increase the safety awareness of its employees. The 4iG Group is committed to complying with the guidelines set out in the MSZ ISO/IEC 27001:2014 standard in its operations and in the provision of the services it provides, recognising it as binding on itself. In order to ensure business continuity, 4iG Group takes all necessary information security measures, and all its data management processes are designed in accordance with data protection and information security requirements. In order to ensure the highest possible level of personal data protection, the 4iG Group has a comprehensive set of policies and regulations that cover all aspects of the applicable legislation, and by creating and documenting these, our colleagues work more security consciously and help our partners on the path to awareness.

## 11. Information and stakeholder system

In 2023, the Group and its subsidiaries operated under different but common corporate governance systems. Processes are transparent and follow the needs generated by day-to-day operations as closely as possible to ensure operational flexibility. In 2024, our organisation and associated stakeholder management system will be further refined and aligned with our new strategic vision to ensure maximum support for the achievement of our planned results.

## 12. Policy results

### Anti-corruption policy results

Our Group operates an Ethics and Compliance reporting line, which is publicly available on the 4iG website. We have investigated whistle-blower reports received during the current year and decided on the actions to be taken. A full annual compliance-focused audit was carried out to identify the Group's corruption risks and the controls in place to address these risks. In 2023, 4iG Plc maintained its compliance with the MSZ ISO 37001:2019 certification through a successful surveillance audit. The surveillance audit was conducted by an independent external certification body.

We have ensured that anti-corruption and ethics training has been provided on the above, which resulted in 90% of our employees passing the exam and making anti-corruption declarations at two levels (employees and senior management/management), as required by the standard. In addition, we provide regular compliance training for new employees, which includes an introduction to the core elements of our anti-corruption policy, with a focus on the basic requirements relating to conflicts of interest and gifts. New employees are also required to take an exam that tests their knowledge of our anti-corruption policy, among other things.

Our key anti-corruption indicators:

- full investigation of reports received,
- the conduct annual audits,
- ongoing monitoring of controls,
- training provision and attendance rates.

### Environmental and energy management policy results

4iG Plc pays great attention to environmental protection and communicates its environmental and energy management objectives to its employees and stakeholders through its Environmental and Energy Management Policy, in line with the Environmental and Energy Management Objectives and Programmes.

In the list, processes are broken down into sub-activities through which environmental impacts and energy beneficiaries can be identified and assessed, so that the significant ones can be selected from the many impacts and the Group can focus its resources on them when setting environmental and energy management objectives, plans and programmes. The implementation of the environmental and energy management programmes initiated during the year is continuously monitored, the most important of which were measures to improve energy management performance indicators (reduction of electricity and fuel consumption, measurement of on-site consumption). We have assessed our suppliers against our environmental management system and found them to be in line with our environmental assessment. In the selective collection and storage of waste, particular attention is paid to avoiding the mixing of hazardous and other waste, thus preventing pollution and reducing environmental impact. We familiarise our subcontractors with the basic requirements of our environmental management system.

Our key environmental performance indicators:

- collection of hazardous and non-hazardous waste,
- fuel consumption,
- reducing energy consumption.

### **Information security policy results**

The 4iG Group carries out regular audits to ensure that the objectives set out in the Information Security Policy are being achieved and that the relevant policies and procedures are being followed by the parties concerned. If any non-compliant process or employee behaviour is identified, the necessary action is taken to correct the problem. As part of the 'Welcome Day' for new employees, which was introduced during the reporting year, our employees receive information security training in accordance with our policy as part of their induction training.

## Quality policy results

Based on our vision and mission, we continuously improve our quality management system in line with 4iG's growth and review the adequacy and effectiveness of our processes. We ensure the suitability of our suppliers and subcontractors through certification to take responsibility for quality. Our Group takes particular care to constantly improve the quality and standard of the activities it carries out. To achieve this, we systematically develop the quality approach of our employees and those involved in the company's work, and ensure that the appropriate personal, material and environmental conditions are in place.

Our key indicators:

- completion of the annual audit programme,
- monitoring the effectiveness of corrective actions taken to address nonconformities identified during audits,
- number of follow-up audits,
- achievement of annual quality objectives for the different areas,
- participation rates in trainings.

## STATEMENT

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

Pursuant to Section 57 (1) of the 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 accept responsibility for the figures in this Report for the year 2023 and for the accuracy of the analyses and conclusions.

Budapest, 8 April 2024

Gellért Zoltán Jászai  
Chairman of the Board of Directors

Péter Krisztián Fekete  
Member of the Board of Directors,  
CEO



**4iG NYRT.**

BUDAPEST, KRISZTINA KÖRÚT 39.

TEL: +36 1 270 7600

WEB: [WWW.4IG.HU](http://WWW.4IG.HU)