# CONSOLIDATED

financial report **2023**

4iG

**2023**

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The Consolidated Financial Statements were approved by the Board of Directors of the Company by written decision on the 26 April 2024 by Board Resolution No. 4/2024 (IV.26.).

# EXECUTIVE SUMMARY

The 4iG Group (hereinafter referred to as "4iG", the "Group", the "Company", the "Group of Companies", the "4iG Plc") has reached another milestone in the implementation of its expansion strategy, strengthening itself into a converged regional info-communications group with the completion of the acquisition of Vodafone Magyarország Távközlési Zrt. The Group has a dominant presence in Hungary and the Western Balkans.

4iG's 2023 strategy focused on the exploitation of synergies and the integration and transformation of its subsidiaries, and the Group launched a comprehensive transformation programme to ensure its effective implementation. The Group's transformation will improve its profitability, operational efficiency, and competitiveness. 4iG is implementing a structural separation programme, transforming its telecoms subsidiaries into business-to-business and infrastructure companies, and integrating functions. Through this transformation, 4iG will reorganise its IT systems integration activities into a stand-alone company and consolidate its space and technology interests into a stand-alone company that will better capitalise on the global growth opportunities in the industry. According to preliminary estimates, the structural separation could lead to an increase in the value of the Group by more than HUF 400 billion.

The implementation of the transformation programme will lead to more streamlined operations, which will increase efficiency and enable the exploitation of new network, business and operational synergies. The transformation programme will enable the monetisation of domestic and international network and mobile infrastructure and the full exploitation of business and operational synergies. The creation of an efficient and transparent corporate structure will also increase the Group's ability to generate results, operational efficiency and competitiveness.

In January 2023, Scope Ratings upgraded 4iG Plc's debt rating from B+ to BB- with a stable outlook, recognising the Group's improving market position and financial ratios. In December, Scope Ratings upgraded the outlook on the Group's credit rating from BB- stable to BB- positive and affirmed the unsecured debt rating at BB-. The rating agency attributed the upgrade to the Group's market penetration in Hungary and the Western Balkans and the positive impact of integration. 4iG Plc also won the 2023 Awards of the Budapest Stock Exchange for long-term share price increase and private placement.

**Hungary**

4iG Group completed the acquisition of a majority stake in Vodafone Magyarország Távközlési Zrt. on 31 January 2023. Subsequently, the Group increased its stake in Vodafone Magyarország Távközlési Zrt. from 51% to 70.5% in March. In a share swap transaction with Corvinus Zrt., the Group exchanged all of its shares in Yettel-CETIN for a 19.5% stake in Vodafone Magyarország Távközlési Zrt.

In the agreement with the Hungarian government, the Group committed to invest HUF 150 billion in mobile and fixed infrastructure in Hungary by 2028. In line with Hungary's digitalisation goals, the Group will provide gigabit fixed internet access to an additional 1.1 million households and build and deploy a high capacity 5G mobile network.

In line with 4iG's telecoms integration and monetisation objectives, on 31 May the Group outsourced the active and passive radio equipment, spectrum usage rights and 1800 MHz frequency band licences of DIGI Szolgáltató és Távközlési Kft's mobile network to MIS Omega Mobilhálózat Kft. The Group sold the outsourced infrastructure to Pro-M Zrt. on 30 June.

In June, the world's first jet-powered ProTAR drone was unveiled by Rotors &Cams Zrt., a member of the 4iG Group. The fixed-wing, jet-powered unmanned aerial target system is designed to enhance the military's air defence capabilities. Capable of cruising at speeds of up to 500 km/h, the drone can simulate attack aircraft in realistic conditions. The 4iG Group has also entered the counter-drone market through its subsidiary RAC Antidrone Zrt. The new company offers solutions for airspace surveillance and airspace protection – primarily against autonomous flying devices.

**International expansion**

4iG Group completed the legal merger of its Albanian subsidiaries One Telecommunications sh.a. and ALBtelecom sh.a. on 1 January 2023, creating one of the country's leading converged mobile-wireline telecommunications operators. The Group launched the name ONE Albania sh.a. on 14 March. The successful merger and rebranding programme have significantly improved the operational efficiency and profitability of the Albanian subsidiary.
On 27 July 2023, 4iG Group signed a Memorandum of Understanding with the Montenegrin government to accelerate the digitalisation of Montenegro. Under the agreement, which establishes long-term cooperation, the Group will play a key role in the digitalisation of Montenegro, supported by ONE Crna Gora d.o.o.'s 5G developments.
In October 2023, 4iG Group signed a preliminary agreement with Telecom Egypt for the deployment of a high-capacity fibre-optic cable between Albania and Egypt. The submarine link, which will be implemented under an open access model, could provide a transit route alternative to the existing Mediterranean routes to major Western European hubs such as Frankfurt and a number of Eastern European access points. Following the MoU, the partners have also agreed the commercial terms of the data cable investment and the formation of a joint venture company in which 4iG will hold a 70% share. The commitment of the Hungarian, Egyptian and Albanian governments to the development is a sign of the high priority given to the project.

## Financial performance

The Group's 2023 consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) was significantly impacted by the acquisition of Vodafone Magyarország Távközlési Zrt. and the domestic and international acquisitions completed in 2022. As a result, 4iG Group achieved a net sales revenue of HUF 594.5 billion and EBITDA (earnings before interest, tax, depreciation and amortisation) of HUF 200.6 billion in 2023. The EBITDA margin was above 33% typical for the telecommunications segment.
The profit after tax normalized with the non-cash purchase price allocation impact amounted to HUF 5.7 billion, that was HUF 33.1 billion higher than the loss after tax presented in the statement of total comprehensive income (HUF -27.4 billion). In 2023 the telecommunications division accounted for 86% of the Group's net sales revenue and the IT division for 14%, making the Group the leader in the domestic IT and system integration market segment.
The successful implementation of the transformation and the resulting increase in the value of the Company by more than HUF 400 billion, the high cash position (HUF 53.2 billion) and the excellent operating cash flow (HUF 187.8 billion) presented in the consolidated statement of financial position will ensure the Group's continuing successful operation in the future.

The Company's scope adjusted debt as of 31 December 2023 is HUF 920.5 billion.

Data in millions of HUF, unless otherwise indicated

## Capital market performance

| | 2023 | 2022 | Change +/- % |
|---|---|---|---|
| | | **Modified*** | |
| **Net sales revenue** | **594 510** | **277 421** | **114.30%** |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | **200 564** | **74 074** | **170.67%** |
| Operating result (EBIT) | 29 895 | -771 | **n/a** |
| Profit or loss after tax (PAT) | -27 382 | -18 818 | **41.91%** |
| **Total comprehensive income** | **-26 175** | **-8 747** | **191.48%** |
| | | | |
| **Data per share (in HUF)** | | | |
| EBITDA | 687.87 | 265.65 | **158.94%** |
| Net profit (EPS) | -93.91 | -67.49 | **39.15%** |
| Highest EPS indicator | -92.52 | -67.49 | **37.09%** |
| Equity | 1 240.52 | 1 067.11 | **16.25%** |

* The comparative figures of the consolidated statement of comprehensive income are restated figures. The restatements have been made in accordance with Section 2.37. ‘Restatement of previous year financial information’.

# 4iG PLC
# CONSOLIDATED FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS
31 DECEMBER 2023

Data in millions of HUF, unless otherwise indicated

# Consolidated statement of comprehensive income

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | | Modified* |
| Net sales revenue | 3 | 594 510 | 277 421 |
| Other operating income | 4 | 26 628 | 20 173 |
| **Total net sales revenue and other income** | | **621 138** | **297 594** |
| **Capitalised value of own produced assets** | 5 | **15 835** | **6 747** |
| Material costs | 6 | -293 530 | -149 447 |
| Staff costs | 7 | -95 570 | -57 326 |
| Other expenses | 8 | -47 309 | -23 494 |
| *of which impairment* | | *-8 357* | *-4 949* |
| **Operating costs** | | **-436 409** | **-230 267** |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | | **200 564** | **74 074** |
| Depreciation and amortisation | 9 | -170 669 | -74 845 |
| **Profit before financial operations (EBIT)** | | **29 895** | **-771** |
| Financial income | 10 | 25 814 | 22 934 |
| Financial expenses | 10 | -72 907 | -37 368 |
| Profit or loss of associates | 12 | -1 637 | -27 |
| **Profit or loss before tax** | | **-18 835** | **-15 232** |
| Income taxes | 11 | -8 547 | -3 586 |
| **Profit or loss after tax** | | **-27 382** | **-18 818** |
| Other comprehensive income to be recognised in the consolidated income statement in the following period: | | | |
| *Activities arising from currency translation exchange rate differences* | | 1 043 | 11 180 |
| *Net gain/loss of associates other comprehensive income* | | 14 | 0 |
| **Net other comprehensive income to be recognised in the consolidated income statement in the following period:** | | **1 057** | **11 180** |
| Other comprehensive income not reversed in the comprehensive statement of income for the following period: | | | |
| *Net gain/loss on equity instruments at fair value through other comprehensive income* | | 150 | -1 109 |
| **Net other comprehensive income not reversed in the consolidated income statement for the following period:** | | **150** | **-1 109** |
| **Other comprehensive income** | 13 | **1 207** | **10 071** |
| **Total comprehensive income** | 14 | **-26 175** | **-8 747** |
| **Earnings per share (HUF)** | 15 | | |
| Base | | -93.91 | -67.49 |
| Diluted | | -92.52 | -67.49 |

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of comprehensive income (continued)

| | Notes | 2023 | 2022 Modified* |
|---|---|---|---|
| **Profit or loss after tax attributable to:** | | **-27 382** | **-18 818** |
| Owners of the Company | | -30 002 | -20 874 |
| Non-controlling interest | | 2 620 | 2 056 |
| | | | |
| **Total comprehensive income attributable to:** | | **-26 175** | **-8 747** |
| Owners of the Company | | -28 515 | -11 289 |
| Non-controlling interest | | 2 340 | 2 542 |

* The comparative figures of the consolidated statement of comprehensive income, the consolidated statement of financial position and the cash flow statement are restated figures. The restatements have been made in accordance with Section 2.37. 'Restatement of previous year financial information'.

Data in millions of HUF, unless otherwise indicated

# Consolidated statement of financial position

| | Notes | 31/12/2023 | 31/12/2022 Modified* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant, and equipment | 16 | 457 749 | 281 690 |
| Customer relationship | 17 | 173 522 | 62 101 |
| Other intangible assets | 18 | 218 563 | 64 325 |
| Right of use of assets | 19 | 140 984 | 43 937 |
| Deferred tax assets | 20 | 688 | 282 |
| Goodwill | 21 | 277 291 | 164 680 |
| Net investment in leasing | 22 | 752 | 190 |
| Other investments | 23 | 639 | 521 |
| Other non-current assets | 24 | 2 164 | 457 |
| **Total non-current assets** | | **1 272 352** | **618 183** |
| **Current assets** | | | |
| Cash and cash equivalents | 25 | 53 175 | 45 961 |
| Trade receivables | 26 | 125 147 | 58 910 |
| Other current financial assets | 27 | 34 157 | 11 209 |
| Other current non-financial assets | 28 | 22 894 | 7 690 |
| Income tax receivable | 29 | 1 054 | 1 794 |
| Current finance lease receivables | 30 | 563 | 137 |
| Inventories | 31 | 11 870 | 10 727 |
| Investment assets held for sale | 32 | 0 | 190 271 |
| **Total current assets** | | **248 860** | **326 699** |
| **Total assets** | | **1 521 212** | **944 882** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 33 | 5 981 | 5 981 |
| Treasury shares | 34 | -3 199 | -922 |
| Capital reserve | 35 | 133 492 | 133 492 |
| Retained earnings | | -20 993 | 47 181 |
| Reserve for ESOP obligation | 44 | 397 | 0 |
| Accumulated other comprehensive income | 36 | 12 168 | 9 722 |
| **Total equity per parent company** | | **127 846** | **195 454** |
| Non-controlling interest | 37 | 233 858 | 102 105 |
| **Total equity** | | **361 704** | **297 559** |
| **Non-current liabilities** | | | |
| Provisions – non-current | 38 | 5 864 | 4 888 |
| Non-current loans, borrowings, bonds | 39 | 747 681 | 424 320 |
| Lease liabilities – non-current | 40 | 119 081 | 34 522 |
| Deferred tax liability | 20 | 22 350 | 14 233 |
| Other non-current liabilities | 41 | 4 926 | 10 766 |
| **Total non-current liabilities** | | **899 902** | **488 729** |

* The comparative figures of the consolidated statement of comprehensive income, the consolidated statement of financial position and the cash flow statement are restated figures. The restatements have been made in accordance with Section 2.37. ‘Restatement of previous year financial information’.

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of financial position (continued)

| | Notes | 31/12/2023 | 31/12/2022 Modified* |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade payables | 42 | 87 681 | 45 839 |
| Current loans and borrowings | 43 | 12 663 | 7 713 |
| ESOP obligation | 44 | 624 | 0 |
| Dividends payable to owners | 45 | 8 | 8 |
| Provisions – current | 38 | 5 572 | 4 674 |
| Liabilities related to assets held for sale | 32 | 0 | 23 349 |
| Profit tax liability | 29 | 1 812 | 664 |
| Lease liabilities - current | 40 | 24 747 | 9 055 |
| Other current financial liabilities | 46 | 21 035 | 18 770 |
| Other current non-financial liabilities | 47 | 105 464 | 48 522 |
| **Total current liabilities** | | **259 606** | **158 594** |
| **Total liabilities and equity** | | **1 521 212** | **944 882** |

* The comparative figures of the consolidated statement of comprehensive income, the consolidated statement of financial position and the cash flow statement are restated figures. The restatements have been made in accordance with Section 2.37. ‘Restatement of previous year financial information’.

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of changes in equity

| | Notes | Share capital | Treasury share | Capital reserve | Retained earnings | Reserve for ESOP obligation | Accumulated other comprehensive income | Equity attributable to owners of the company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **On 1 January 2022** | | **2 064** | **-246** | **3 869** | **9 791** | **0** | **136** | **15 614** | **1 641** | **17 255** |
| Acquisition - Purchase price allocation change | | | | | -560 | | | **-560** | -18 | **-578** |
| Accounting policy change | | | | | -17 | | | **-17** | | **-17** |
| **Modified balance on 1 January 2022** | | **2 064** | **-246** | **3 869** | **9 214** | **0** | **136** | **15 037** | **1 623** | **16 660** |
| Share issue | | 3 917 | | 129 623 | | | | **133 540** | | **133 540** |
| Purchase of treasury shares | 34 | | -752 | | | | | **-752** | | **-752** |
| Sale of treasury shares (share swap) | | | 76 | | 118 | | | **194** | | **194** |
| Allocation of dividends | | | | | -2 968 | | | **-2 968** | | **-2 968** |
| Profit or loss after tax | | | | | -20 884 | | | **-20 884** | 2 052 | **-18 832** |
| Other comprehensive income | 13 | | | | | | 9 586 | **9 586** | 485 | **10 071** |
| NCI (non-controlling interest) | 37 | | | | 61 690 | | | **61 690** | 97 951 | **159 641** |
| **Balance on 31 December 2022** | | **5 981** | **-922** | **133 492** | **47 170** | **0** | **9 722** | **195 443** | **102 111** | **297 554** |
| **Balance on 1 January 2023** | | **5 981** | **-922** | **133 492** | **47 170** | **0** | **9 722** | **195 443** | **102 111** | **297 554** |
| Acquisition - Purchase price allocation change | | | | | 11 | | | **11** | -6 | **5** |
| **Modified balance on 1 January 2023** | | **5 981** | **-922** | **133 492** | **47 181** | **0** | **9 722** | **195 454** | **102 105** | **297 559** |
| Profit or loss after tax | | | | | -30 002 | | | **-30 002** | 2 620 | **-27 382** |
| Other comprehensive income | 13 | | | | -959 | | 2 446 | **1 487** | -280 | **1 207** |
| Share purchase | 34 | | -2 277 | | | | | **-2 277** | | **-2 277** |
| Separation of share-based payments | 44 | | | | | 397 | | **397** | | **397** |
| NCI (non-controlling interest) | 37 | | | | -37 213 | | | **-37 213** | 129 753 | **92 540** |
| NCI dividend | | | | | | | | **0** | -340 | **-340** |
| **Balance on 31 December 2023** | | **5 981** | **-3 199** | **133 492** | **-20 993** | **397** | **12 168** | **127 846** | **233 858** | **361 704** |

Data in millions of HUF, unless otherwise indicated

# Consolidated cash flow statement

| | Notes | 31/12/2023 | 31/12/2022 Modified* |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit or loss after tax | | **-27 382** | **-18 818** |
| *Adjustments:* | | | |
| Depreciation and amortisation for the current year | 9 | 170 669 | 74 809 |
| Impairment | 8 | 10 913 | 4 064 |
| Provisions | 38 | -3 194 | 2 427 |
| Income taxes | 29 | 8 547 | 3 585 |
| Other financial income/expenses | | 50 743 | 22 746 |
| Other non-cash items | | 0 | 8 478 |
| Foreign exchange rate differences | | -9 275 | -9 954 |
| Profit or loss of associates | 12 | 1 637 | 27 |
| Gain/loss on sale of fixed assets | | -17 494 | 0 |
| *Changes in working capital* | | | |
| Changes in trade receivables | 26 | -19 384 | -907 |
| Changes in inventories | 31 | 2 869 | -586 |
| Changes in trade payables | 42 | 6 942 | 8 416 |
| Changes in financial lease (current) | 40 | -6 837 | -1 299 |
| Changes in other receivables and payables | | 28 920 | -14 739 |
| Income tax paid | | -9 910 | -4 002 |
| ***Net cash flow from operating activities*** | | ***187 764*** | ***57 291*** |
| **Cash flow from investment activities** | | | |
| Sale/purchase of property, plant, equipment | 16 | -48 409 | -15 481 |
| Sale/purchase of intangible assets | 18 | -43 170 | -10 497 |
| Sale/purchase of securities | 27 | -108 | 169 |
| Sale/purchase of other investments | | -2 077 | 422 |
| Net cash flow from acquisition of subsidiaries | | -330 348 | -257 109 |
| Dividends and interest received on investments | | 1 250 | 2 251 |
| ***Net cash flow from investment activities*** | | ***-422 862*** | ***-280 245*** |
| **Cash flow from financing activities** | | | |
| Issue/repayment of bonds | 39 | 0 | -17 258 |
| Withdrawal/repayment of loans and borrowings | 39 | 326 698 | -48 191 |
| Financial lease withdrawal/repayment | 40 | -27 738 | -15 640 |
| Repurchased and issued treasury shares | | -2 277 | -752 |
| Interest paid | 10 | -52 718 | -24 568 |
| Capital increase/decrease | | 381 | 111 650 |
| Dividend paid | | 0 | -2 960 |
| Dividends paid (minority) | | -340 | 0 |
| ***Net cash flow from financing activities*** | | ***244 006*** | ***2 281*** |
| Foreign exchange rate differences | | -1 694 | 104 |
| **Net change in cash and cash equivalents** | | **7 214** | **-220 569** |
| Cash and cash equivalents at the beginning of the year | 25 | 45 961 | 266 530 |
| **Cash and cash equivalents at the end of the period** | | **53 175** | **45 961** |

# 1. General section

## 1.1. About the Group

4iG Public Limited Company is a company registered in Hungary (registered office: Krisztina krt. 39., 1013 Budapest), conducts its business in accordance with the provisions of Hungarian law, maintains its accounting and financial records in accordance with International Financial Reporting Standards (IFRS), and its shares are traded in the "Premium" category of the Budapest Stock Exchange (BSE).

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

The principal activities of the 4iG Group of Companies (hereinafter referred to as "the Company", "the Group" or "the Group of Companies") is 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 consolidated financial statements were approved by the Board of Directors on 26 April 2024. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements are presented in Hungarian forints, rounded to the nearest million forints, unless otherwise indicated.
The report contains audited consolidated financial statements for the period ending 31 December 2023.

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

The financial statement has 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 statement has been prepared on a going concern basis. This means that they have been prepared on the assumption that the Group 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, revenues 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 and whose results 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 note 2.37 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 26 April 2024, the Company's Board of Directors approved the presentation of the consolidated financial statements to the Annual General Meeting of Shareholders. The General Meeting is entitled to approve the financial statements, before which it may submit any 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 requesting amendments is low.

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

The following section describes the material accounting policies applied in the preparation of the consolidated financial statements and the basis of preparation of the consolidated financial statements. Accounting policies have been consistently applied to the periods presented in these consolidated financial statements.

### 2.1. The basis for consolidation

**Subsidiaries**

The consolidated financial statements include 4iG Plc and the subsidiaries under its control. Control generally exists when the Group directly or indirectly holds more than 50% of the voting rights of a company and benefits from its activities through its influence over the financial and operating activities of the Company. The Group controls the 27 companies belonging to the Group, and the data of the subsidiaries are fully consolidated in accordance with the regulations. The subsidiaries included in consolidation on 31 December 2023 are shown in the table below:

Data in millions of HUF, unless otherwise indicated

| Name of subsidiary | Majority owner | Date of inclusion in consolidation | Way of acquiring | Indirect ownership on 31/12/2023 | Indirect ownership on 31/12/2022 |
|---|---|---|---|---|---|
| 4iG Albánia Kft. | "ANTENNA HUNGÁRIA" Zrt. | 23/02/2022 | incorporated | 76.78% | 76.78% |
| ACE Network Zrt. | 4iG Nyrt. | 14/04/2021 | acquisition | 70.00% | 70.00% |
| AH EGY Zrt. | "ANTENNA HUNGÁRIA" Zrt. | 02/08/2023 | incorporated | 76.78% | n/a |
| AH KETTŐ Zrt. | "ANTENNA HUNGÁRIA" Zrt. | 02/08/2022 | incorporated | 76.78% | n/a |
| Albania Telecom Invest AD | "ANTENNA HUNGÁRIA" Zrt. | 21/03/2022 | acquisition | 76.78% | 76.78% |
| ALBtelecom sh.a. | 4iG Albánia Kft. | 04/03/2022 | acquisition | n/a | 61.63% |
| "ANTENNA HUNGÁRIA" Zrt. | 4iG Nyrt. | 31/03/2022 | cont. in kind | 76.78% | 76.78% |
| Antenna Hungária Innovációs Kft. | "ANTENNA HUNGÁRIA" Zrt. | 31/03/2022 | cont. in kind | n/a | 76.78% |
| BRISK Digital Group Kft. | 4iG Nyrt. | 15/11/2022 | acquisition | 75.00% | 75.00% |
| BRISK Digital Hungary Kft. | BRISK Digital Group Kft. | 15/11/2022 | acquisition | 75.00% | 75.00% |
| BRISK Digital International Kft. | BRISK Digital Group Kft. | 15/11/2022 | acquisition | 75.00% | 75.00% |
| CarpathiaSat Zrt. | 4iG Nyrt. | 17/08/2020 | incorporated | 84.78% | 84.78% |
| "Digitális Átállásért" Nonprofit Kft. | "ANTENNA HUNGÁRIA" Zrt. | 31/03/2022 | cont. in kind | 76.78% | 76.78% |
| DIGI Infrastruktúra Kft. | DIGI Távközlési és Szolgáltató Kft. | 03/01/2022 | acquisition | n/a | 76.78% |
| DIGI Távközlési és Szolgáltató Kft. | "ANTENNA HUNGÁRIA" Zrt. | 03/01/2022 | acquisition | 76.78% | 76.78% |
| DTSM Kft. | 4iG Nyrt. | 07/12/2020 | acquisition | 100.00% | 100.00% |
| Humansoft Szerviz Kft. | 4iG Nyrt. | 17/04/2019 | cont. in kind | 100.00% | 100.00% |
| Hungaro DigiTel Kft. | Portuguese Telecommunication Investments Kft. | 12/05/2021 | acquisition | 94.20% | 94.20% |
| INNObyte Zrt. | 4iG Nyrt. | 14/10/2020 | acquisition | 100.00% | 100.00% |
| INNOWARE Kft. | INNObyte Zrt. | 14/10/2020 | acquisition | 100.00% | 100.00% |
| Invitech ICT Services Kft. | "ANTENNA HUNGÁRIA" Zrt. | 30/09/2021 | acquisition | 76.78% | 76.78% |
| InviTechnocom Kft. | Invitech ICT Services Kft. | 30/09/2021 | acquisition | 76.78% | 76.78% |
| INVITEL Zrt. | DIGI Távközlési és Szolgáltató Kft. | 03/01/2022 | acquisition | n/a | 76.78% |
| i-TV Zrt. | INVITEL Zrt. | 03/01/2022 | acquisition | n/a | 76.78% |
| ONE Albania sh.a. | Albania Telecom Invest AD | 21/03/2022 | acquisition | 73.92% | n/a |
| ONE Crna Gora d.o.o. | "ANTENNA HUNGÁRIA" Zrt. | 21/12/2021 | acquisition | 76.78% | 76.78% |
| ONE Telecommunications sh.a. | Albania Telecom Invest AD | 21/03/2022 | acquisition | n/a | 76.70% |
| Poli Computer PC Kft. | 4iG Nyrt. | 01/06/2021 | acquisition | 100.00% | 100.00% |
| Portuguese Telecommunication Investments Kft. | 4iG Nyrt. | 12/05/2021 | acquisition | 100.00% | 100.00% |
| Rheinmetal 4iG Digital Services Kft. | 4iG Nyrt. | 16/11/2022 | incorporated | 51.00% | 51.00% |
| Soft Media Europe srl. | BRISK Digital International Kft. | 15/11/2022 | incorporated | 49.5% | 49.5% |
| Veritas Consulting Kft. | 4iG Nyrt. | 10/09/2019 | acquisition | 100.00% | 100.00% |
| Vodafone Magyarország Távközlési Zrt. | "ANTENNA HUNGÁRIA" Zrt. | 31/01/2023 | acquisition | 54.13% | n/a |

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

As of 1 January 2023, the companies of the DIGI Group (Invitel Zrt., DIGI Infrastruktúra Kft., i-TV Zrt.) were merged into DIGI Távközlési és Szolgáltató Kft. The legal successor entity is DIGI Távközlési és Szolgáltató Kft.

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

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

On 31 May 2023, MIS Omega Mobilhálózat Kft. was established as a 100% subsidiary of "ANTENNA HUNGÁRIA" Zrt., which was sold on 30 June 2023.

On 2 August 2023, AH EGY Zrt. and AH KETTŐ Zrt. were established as a 100% subsidiary of "ANTENNA HUNGÁRIA" Zrt.

Acquisitions are accounted for as business combinations and are accounted for using the purchase method of accounting, which is based on the fair values of assets and liabilities at the date of acquisition, i.e. the date on which control is obtained. The cost of acquisition is the aggregate of the consideration transferred and the non-controlling interest in the acquiree. Companies acquired or disposed of during the current year are included in the consolidated financial statements from the date of the transaction or up to the date of disposal.

Transactions, balances and results between consolidated companies, as well as unrealised gains and losses, are eliminated unless such losses indicate an impairment of the related assets. In preparing the consolidated financial statements, similar transactions and events are accounted for using consistent accounting policies.

The equity and profit or loss attributable to non-controlling interests are presented as separate line items in the balance sheet and profit and loss account. For business combinations, non-controlling interests may be measured either at fair value or at the fair value of the non-controlling interest's share of the net assets of the acquiree. For each business combination, the measurement method is selected on an individual basis. Subsequent to acquisition, the non-controlling interest is the value initially recognised, adjusted for the amount of changes in equity of the acquiree attributable to non-controlling interests. Non-controlling interests also benefit from total comprehensive income for the period, even if this results in a negative balance of their interest.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The Group and non-controlling interests are adjusted for changes in their ownership interests in subsidiaries. The amount by which the minority interests are adjusted and the difference between the consideration received or paid is recognised in equity as equity attributable to the owners of the Company.

Data in millions of HUF, unless otherwise indicated

**Associates**

In addition to the subsidiaries, on 26 January 2021, 4iG Plc signed a share transfer agreement and acquired a 24% stake in Rotors & Cams Zrt. From 2021 onwards the Group will consolidate the results of Rotors & Cams Zrt. using the equity method, both in the profit and loss account and the balance sheet, showing the Group's share in Rotors & Cams Zrt. The Group's share in the profit and loss account of Rotors Cams Group, prepared in accordance with IFRS principles, is included in the profit and loss account of the Group in a single line.
On October 06, 2022, 4iG Plc acquired 9.538% of the shares of Space-Communications Ltd., the operator and developer of AMOS satellite systems. The Company increased its stake in Space-Communications Ltd. from 9.538% to 20% by a capital increase effective as of 21 February 2023. Due to the capital increase the 4iG Plc aquired significant influence in Space-Communications Ltd., therefore from this date the company will be reported as associate.
On 2 October 2023, RAC Antidrone Zrt. was established, in which 4iG Plc holds 25% of the shares.
On 31 December 2023, the associated enterprises are shown in the table below:

| Name of the associate | Date of acquisition | Way of acquiring | Indirect ownership on 31/12/2023 | Indirect ownership on 31/12/2022 |
|---|---|---|---|---|
| RAC Antidrone Zrt. | 02/10/2023 | incorporated | 37% | n/a |
| Rotors & Cams Zrt. | 26/01/2021 | acquisition | 24% | 24% |
| Space-Communications Ltd. | 11/10/2021 | acquisition | 20% | 9.54% |

## 2.2. Reporting currency and foreign currency balances

In view of the substance and circumstances of the underlying economic events, the functional currency of the parent company and the reporting currency of the Group is the Hungarian forint.

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

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. In the statement of comprehensive income, exchange differences arising on the settlement of monetary items, on initial recognition during the reporting period or arising from the use of exchange rates different from those used in previous financial statements are recognised as income or expense in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. 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 income or expenses from financial operations.

Goodwill arising on the acquisition of a foreign entity is translated at the closing exchange rate for the period.

The financial statements of the Group's foreign subsidiaries are translated at year-end exchange rates for balance sheet items and at average exchange rates for income statement items. Translation differences are included in other comprehensive income.

## 2.3. Total operating income

**Net sales revenue**

The Group calculates 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. When the consideration changes, the minimum value is recognised if the probability of recovery does not involve significant risk.

Net sales revenue comprises amounts invoiced on the basis of 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 Group will be able to collect the consideration. Sales revenue comprises the invoiced amounts net of sales taxes and discounts.

**Performance obligations**
The company fulfils its obligations in relation to sales revenue as stipulated in the given contract. When entering into a contract, the Group shall identify which goods or services it has promised to provide to the customer, i.e. what performance obligation it has assumed. The Group recognises sales revenue when it has fulfilled its performance obligations by delivering the promised goods or rendering the promised services. Delivery is deemed to have taken place when the buyer has gained control of the asset (service).

**Transaction price determination**
When a contract is settled, the Group shall recognise the revenue associated with the settlement, which is the transaction price assigned to performance obligation. The transaction price is the amount that the Group expects to receive in exchange for the sale of goods and services.

**Main types of income**
A significant proportion of the Group'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 Group transfers control of the service on an ongoing basis, subject to the conditions set out in the standard, it also recognises revenue from the sale of services on an ongoing basis in accordance with the methods set out in the standard, depending on the nature of the service. The Group's projects and the way in which they are delivered may vary from project to project (hourly, fixed fee, in-house, subcontracted, etc.) Where outputs can be reliably measured, the Group prefers the output method, however, for some projects this method is not applicable, in which case the input method is used. Where possible, the degree of completion of projects is determined in proportion to the services delivered, with the help of the company's and the customer’s experts.

Buyers generally pay their invoices within 30 days, although this may be longer for large, reliable customers, and new customers can pay in advance. The Group does not act as an agent. Defective products will be accepted back, repaired or repaired under the manufacturer's warranty. For contracts with a significant payment component, the Group considers the time value of money when calculating revenue.

**Lease income**

Lease income from operating leases is recognised on a straight-line basis over the lease term.

**Other operating income**

Other operating income is accounted for in accordance with the accounting policy for revenue.

### 2.4. Property, plant, equipment

Property, plant, equipment are stated at cost less accumulated depreciation. Accumulated depreciation includes the depreciation charges recognised for the depreciation of assets incurred in the continuing use and operation of the assets and the depreciation charges recognised for the excess of the depreciation over the depreciation recognised for the impairment of assets 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 cost of repair and maintenance of fixed assets is charged to maintenance expenditure. Capital additions and renovations are capitalised, while the cost and accumulated depreciation of assets sold or written off at zero when no longer in use are written off. Any gain or loss so arising is included in the profit or loss for the year.

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 profit or loss account.

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

| | |
|---|---|
| Real estate: | less than 30-50 years; |
| Machinery and equipment: | less than 3-7 years; |
| Vehicles: | less than 5 years; |

Assets classified as low-value assets are depreciated immediately, i.e. they are recognised as a lump sum when they are put into use. The thresholds used in the classification are those set by the Group companies in accordance with local legislation.
The depreciation of fixed assets and software used in R&D activities takes place over 2-10 years.
At the discretion of the Group's management, if the useful life is longer than the periods described above, the depreciation rate is determined on an individual basis.

Useful lives and depreciation methods are reviewed at least annually on the basis of the actual economic benefits provided by the asset. If necessary, the adjustment is charged against current year profit or loss.

## 2.5. Intangible assets

Intangible assets acquired individually are recorded at cost and intangible assets acquired in a business combination are recorded at fair value at the date of acquisition. They are recognised when the use of the asset is demonstrably expected to result in future economic benefits and its cost 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 using the straight-line method based on 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 are charged to profit or loss in the year in which they are incurred. Intangible assets are reviewed 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.

The Group recognises customer relationship as an identifiable intangible asset in business combinations, which are presented as a separate line in the consolidated statement of financial position. Identified customer relationship are initially recognised at cost and amortised over their expected useful lives.

## 2.6. Business combinations

The acquisition method of accounting is used for business combinations. The cost of an acquisition is the aggregate of the consideration transferred, which is measured by the Company at fair value at the acquisition date, and the non-controlling interests in the acquiree. For business combinations, the Group determines the external owners' interest at the Group's option either at fair value or at the fair value of the net assets of the acquired company attributable to the external owners. Acquisition-related costs are expensed as incurred.

## 2.7. Goodwill

Goodwill is the positive difference between the acquisition cost and the fair value of the identifiable net assets of the acquired subsidiary at the acquisition date. Goodwill is not amortised, but the Group assesses annually whether there are any indications that the carrying amount may not be recoverable. Goodwill is stated at cost less any impairment.

## 2.8. Badwill

Badwill is the negative difference between the purchase value and the fair value of the identified net assets of an acquired subsidiary company upon the day of acquisition. In accordance with the regulations of Sections 3 to 34 of IFRS, Badwill is accounted for as financial profit and loss in the current year.

## 2.9. Impairment of assets

At the end of each reporting period, the Group assesses whether there has been any change in the carrying amount of any assets that might be impaired. If so, the Group 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 Group recognises an impairment loss in profit or loss when the expected recoverable amount of an asset is less than its carrying amount. The Group makes the necessary calculations based on appropriate discounting of long-term future cash flow projections.

For goodwill, the Group tests annually whether goodwill has been impaired.

The return on cash-generating units was determined on the basis of the value in use calculation. The use of estimates is essential for these calculations. In determining the impairment of goodwill, it is necessary to estimate the value in use of the cash-generating units to which the goodwill has been allocated. In calculating value in use, it is essential that management estimates the expected future cash flows of the cash-generating unit and the appropriate discount rate, because the present value can be calculated only on their basis.

The Group may recognise impairment losses on financial assets measured at amortised cost and at fair value through other comprehensive income. The impairment loss is recognised in the profit and loss account 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.

## 2.10. Investment 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 4iG Group accounts for its investments in associates and jointly controlled entities using the equity method. Under the equity method, investments in associates and jointly controlled entities are initially recognised at cost.
The carrying amount of the investments is adjusted for changes in the carrying amount since the acquisition date, which the Group 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 Group's share of the profit or loss of the associate or jointly controlled entity in the period in which the associate or jointly controlled entity is acquired.

### 2.11. 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 Group measures all equity investments in other investments at fair value through profit or loss (FVPL) after initial recognition, unless the Group's management has determined at initial recognition that an equity investment is irrevocably designated as at FVPL. Gains and losses arising on equity investments measured at FVPL are included in the consolidated statement of comprehensive income in the line item *Other operating income*.

### 2.12. Non-current assets held for sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through sale rather than through continuing use in the business. When the Group disposes of a group of assets together with directly associated liabilities in a single transaction (for example, the disposal of a subsidiary or a cash-generating unit), it is classified as held for sale.
The disposal group may be a group of cash-generating units, a single cash-generating unit or part of a cash-generating unit. As soon as the cash flows of an asset or group of assets are expected to arise primarily from sales rather than from continuing use, with less reliance on cash flows from other assets, the disposal group that was part of a cash-generating unit becomes a separate cash-generating unit.

### 2.13. Inventories

Inventories are assets:

- held for the purpose of selling in the ordinary course of business;
- in the process of production for such sales, or

- in the form of materials and products used in the production process or for the provision of services.

After initial recognition, inventories should be measured at the lower of cost and net realisable value, which is the estimated selling price less costs of completion and selling expenses.

In determining the inventory measurement method to be applied to decreases in inventories, the same method shall be applied to inventories of the same nature, but a different method may be necessary because of their different uses and purposes.
Decreases in inventories used in the telecommunications segment are accounted for using the weighted average cost method, while inventories used in the IT segment are accounted for using the individual measurement principle.

### 2.14. Receivables

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

If customers are unable to pay, the Group recognises an allowance for uncollectible and disputed receivables and the resulting losses. Impairment losses recognised for uncollectible and disputed receivables are recognised in the balance sheet and are determined individually. Estimates used to assess the adequacy of the allowance for uncollectible and disputed receivables are based on the ageing of the receivables, the creditworthiness of the customer and changes in the customer's payment patterns, and other information available to the Group (e.g. liquidation, bankruptcy, etc.).

The Group discloses advances to suppliers, short-term loans, rental deposits, receivables from the state budget (including tax and social security receivables) and guarantees given under other receivables and accrued and deferred assets. The Company presents advances to suppliers net of VAT under other receivables. Accrued and deferred assets include both accruals for income and accruals for costs and expenses. Accrued 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 state aid 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.

### 2.15. 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.
The Company prepares its statement of changes in cash and cash equivalents (cash flow) in accordance with the requirements of IFRS 7 Statement of Cash Flows.

### 2.16. Share capital

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

## 2.17. Financial instruments

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 in the balance sheet 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 profit and loss account.

Financial assets are derecognised when the Group 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 Group assesses at each reporting date whether an impairment loss should be recognised for a financial asset or group of assets. If any circumstances arise for assets carried at amortised cost that indicate that an impairment loss should be recognised, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the future cash flows discounted at the original effective interest rate. The impairment loss is recognised in the profit and loss account. If, in the future, the amount of the impairment loss recognised decreases, 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, 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-month 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.
Simplified and 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 provided.

### 2.18. Financial liabilities

The Group's consolidated 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 consolidated financial statements is disclosed in the relevant sections of the notes to the consolidated financial statements as follows.

The Group initially measures all financial liabilities at fair value. In the case of loans, transaction costs that are directly attributable to the acquisition of the financial liability are also taken into account.

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 Group determines the classification of each financial liability on acquisition.
Financial liabilities at fair value through profit or loss are liabilities that the Group has acquired for the purpose of trading or that it has designated as at fair value through profit or loss upon initial recognition. Financial liabilities held for trading are those liabilities that the Group has acquired principally 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.

## 2.19. Provisions

The Group recognises provisions for obligations (legal or constructive) as a result of past events that the Group is likely to have to settle if the amount of the obligation can be measured reliably.

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 provisions, the carrying amount of provisions is the present value of those cash flows.
Where some or all of the expenses required to settle a provision is expected to be reimbursed by another party, the receivable is recognised as an asset when it is virtually certain that the entity will receive reimbursement and the amount of the receivable can be measured reliably.
Existing commitments arising from unfavourable contracts are included as provisions. The Group classifies a contract as an unfavourable contract when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to flow from the contract.

A provision for restructuring is recognised when the Group has prepared a detailed formal plan for the restructuring and, by commencing implementation of the plan or by announcing the main features of the plan to stakeholders, has created a valid expectation that it will be implemented. A restructuring provision includes only direct costs incurred in connection with the restructuring that necessarily accompany the restructuring and are not related to the continuing operations of the entity.

The Group recognises as a provision the estimated future costs of decommissioning, removal and site restoration, which costs shall be included in the cost of an item of property, plant and equipment or an item right-of-use. This legal obligation may be direct, if it requires the dismantling and/or restoration of the site, or indirect, if the regulation requires the remediation of environmental contamination, but this can only be achieved by the dismantling of the tangible assets.
Even if it is certain and foreseeable that, after a specified period of time, circumstances will arise that will probably require the assets to be dismantled and their site restored, the estimated costs of dismantlement should be capitalised to the asset if, at the time the asset is capitalised, it is possible to determine the expected cost of dismantling the asset. These future costs should be recognised as provisions until they are incurred. No provision shall be made for, or capitalised as an asset for, decommissioning for which the Group has no legal or constructive obligation.

## 2.20. Taxation

### 2.20.1.1. Profit taxes

Profit taxes consist of 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 rate of corporate income tax is based on the tax liability determined by Act LXXXI of 1996 on Corporate and Dividend Tax, Act C of 1990 on Local Taxes and Act LXXVI of 2014 on Innovation Levy, 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.

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 consolidated accounts because of non-taxable profits and losses and items that are included in the taxable profit of other years. The Group's current tax liability is determined using the tax rate that has been enacted or substantively enacted (where enactment is equivalent to the enactment date) at the balance sheet date.

**Deferred tax**

Deferred tax arises when there is a timing difference between the recognition of an item in the annual accounts and its recognition under the Tax Act. Deferred tax is determined using the liability method. The deferred tax asset and liability are measured using the tax rates applicable to taxable income for the years in which the timing difference is expected to reverse. The amount of the deferred tax liability and asset reflects the Group's estimate at the balance sheet date of how the tax assets and liabilities will be recovered or settled.

A deferred tax asset is recognised for deductible temporary differences, carry-forward of unused tax losses 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 Group recognises deferred tax assets not recognised in the balance sheet and the carrying amount of recognised tax assets. It recognises the portion of receivables not previously recognised in the balance sheet that is expected to be recoverable through a reduction in future income taxes. Conversely, the Group reduces its deferred tax asset to the extent that no taxable profit is expected to 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 were also charged or credited to equity in the same or a different period, including adjustments to the opening balance of reserves due to retrospective changes in accounting policies.

Deferred tax assets and liabilities may be offset when the company has a legally enforceable right to set off its current tax assets and liabilities against each other and the Group intends to settle these assets and liabilities on a net basis.
In the consolidated financial statements, the current tax assets of one entity in the Group shall be included in the current tax liabilities of another entity in the Group if, and only if, the entities concerned have a legally enforceable right to a single net amount to be paid or received and the entities intent to pay or receive that net amount or to realise the asset and settle the liability simultaneously.

#### 2.20.1.2. Other taxes

The Group presents separately from profit taxes, under other expenses, among others, mainly the extra profit and utility tax in the telecom segment, and the environmental product charge and motor vehicle tax in both the telecom and IT sectors.

### 2.21. 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 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 Corporate Group 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.

### 2.22. Earnings per share (EPS)

Earnings per share are calculated by considering the Group'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.
In addition, the number of shares included in the current stock option program in the relevant period is also taken into account as an item that reduces own shares, in the event that the option exercise conditions defined in the stock option program are met at the time of preparation of the report, and the given own shares have not yet been exercised.

### 2.23. Off-balance sheet items

Off-balance sheet liabilities are not included in the consolidated annual balance sheet and in the profit and loss account 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 consolidated annual balance sheet and in the profit and loss account, but to the extent of the likelihood of the economic benefits, the hereof shall be presented in the notes to the financial statements.

### 2.24. 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.

### 2.25. Dividends

Dividends are recognised in the year in which they are approved by the shareholders.

### 2.26. Transactions with minority owners

In all cases, transactions with minority shareholders take place under normal market conditions. In the event that dividends are paid to both the majority 4iG group subsidiary and the minority shareholder, the amount of dividends paid to the minority shareholder reduces the amount of the non-controlling interest.

### 2.27. Transactions with related parties

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

- exercises control, joint control, or
- has significant influence over the Group;
- 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 Group 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 Group has entered into transactions with related parties on the same terms as transactions with unrelated parties where these terms are reasonable.

### 2.28. 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.

### 2.29. 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 Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit or 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 Group 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.

### 2.30. Result of financial operations

The financial result includes interest and dividend income, interest and other financial expenses, fair value gains and losses on financial instruments and realised and unrealised exchange differences.

The borrowing costs incurred to produce an asset until it is put into service or sold are included in the purchase price of the asset. Borrowing costs include interest and other costs associated with the borrowing and exchange differences incurred up to the amount by which the interest cost is adjusted. Borrowing costs are capitalised as part of the cost of an asset when it is probable that future economic benefits associated with the borrowing will flow to the enterprise and the amount can be measured reliably. Other credit-related costs are expensed as incurred.

### 2.31. 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.

### 2.32. Impairment of goodwill

As described in Section 2.7. of Material accounting policy information, the Group tests annually whether goodwill has been impaired. The recoverable amount of cash-generating units is determined based on value in use calculations.

The use of estimates is essential for these calculations. In determining the impairment of goodwill, it is necessary to estimate the value in use of the cash-generating units to which the goodwill has been allocated. In calculating value in use, it is essential that management estimates the expected future cash flows of the cash-generating unit and the appropriate discount rate, because only from these can the present value be calculated.

### 2.33. 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.

### 2.34. Segment information

The Group 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 Group'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 Reporting Segments or which layer of the 4iG's organisational structure represents the level at which those activities are managed.

### 2.35. Events after the balance sheet day

Events that occur after the end of the reporting period that provide additional information about the circumstances at the end of the Group'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.

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

**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 force 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 Group 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 Group'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).

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

The Group 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 Group believes that these changes will improve the quality and understandability of the financial statements.

The Company believes that the changes occurring in the opening data of 2022 are not considered significant from the point of view of the financial statements, therefore the presentation adjustment for the 1 January 2022 opening balances is disclosed only in the table below.

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of comprehensive income

| 2022 | 2022 | 2022 | 2022 | 2022 | 2022 |
|---|---|---|---|---|---|
| **Modified designation** | **Modified** | **Presentation modification** | **Purchase price allocation** | **Published** | **Published designation** |
| Net sales revenue | 277 421 | | | 277 421 | Net sales revenue |
| Other operating income | 20 173 | -7 395 | | 27 568 | Other operating income |
| **Total net sales revenue and other income** | **297 594** | **-7 395** | **0** | **304 989** | **Total revenue** |
| **Capitalised value of own produced assets** | 6 747 | 6 747 | | | |
| | | 93 466 | | -93 466 | Goods and services sold |
| Material costs | -149 447 | -93 466 | 20 | -56 001 | Operating expenses |
| Staff costs | -57 326 | | | -57 326 | Staff costs |
| Other expenses | -23 494 | 648 | | -24 142 | Other operating expenses |
| *of which impairment* | *-4 949* | *-4 949* | | | |
| **Operating costs** | **-230 267** | **648** | **20** | **-230 935** | **Operating costs** |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | **74 074** | **0** | **20** | **74 054** | **Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)** |
| Depreciation and amortisation | -74 845 | | -18 | -74 827 | Depreciation and amortisation |
| **Profit before financial operations (EBIT)** | **-771** | **0** | **2** | **-773** | **Profit Before Interest and Tax (EBIT)** |
| Financial income | 22 934 | | 23 | 22 911 | Financial income |
| Financial expenses | -37 368 | 27 | -10 | -37 385 | Financial expenses |
| Profit or loss of associates | -27 | -27 | | | |
| **Profit or loss before tax** | **-15 232** | **0** | **15** | **-15 247** | **Profit before tax** |
| Income taxes | -3 586 | | -1 | -3 585 | Income taxes |
| **Profit or loss after tax** | **-18 818** | **0** | **14** | **-18 832** | **Profit after tax** |
| Other comprehensive income to be recognised in the consolidated income statement in the following period: | | | | | |
| *Activities arising from currency translation exchange rate differences* | 8 962 | 11 180 | | | |
| **Net other comprehensive income to be recognised in the consolidated income statement in the following period:** | **8 962** | **11 180** | **0** | | |
| Other comprehensive income not reversed in the comprehensive statement of income for the following period: | | | | | |
| *Net gain/loss on equity instruments at fair value through other comprehensive income* | **1 109** | -1 109 | | | |
| **Net other comprehensive income not reversed in the consolidated income statement for the following period:** | **1 109** | **-1 109** | **0** | | |
| Other comprehensive income | 10 071 | | | 10 071 | Other comprehensive income |
| **Total comprehensive income** | **-8 747** | **0** | **14** | **-8 761** | **Total comprehensive income** |
| **Profit or loss after tax attributable to:** | **-18 818** | | | **-18 832** | **Profit or loss after tax attributable to:** |
| Owners of the Company | -20 874 | | 10 | -20 884 | Owners of the Company |
| Non-controlling interest | 2 056 | | 4 | 2 052 | Non-controlling interest |
| **Total comprehensive income attributable to:** | **-8 747** | | | **-8 761** | **Total comprehensive income attributable to:** |
| Owners of the Company | -11 289 | | 10 | -11 299 | Owners of the Company |
| Non-controlling interest | 2 542 | | 4 | 2 538 | Non-controlling interest |

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of financial position

| 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 |
|---|---|---|---|---|---|
| **Modified designation** | **Modified** | **Presentation modification** | **Purchase price allocatio** | **Published** | **Published designation** |
| **ASSETS** | | | | | **ASSETS** |
| **Non-current assets** | | | | | **Non-current assets** |
| Property, plant, and equipment | 281 690 | | | 281 690 | Property, plant, and equipment |
| Customer relationship | 62 101 | | 1 185 | 60 916 | Customer relationship |
| Other intangible assets | 64 325 | 2 232 | 932 | 61 161 | Other intangible assets |
| Right of use of assets | 43 937 | | | 43 937 | Right of use of assets |
| | 0 | -2 232 | | 2 232 | Contract assets |
| Deferred tax assets | 282 | | -84 | 366 | Deferred tax assets |
| Goodwill | 164 680 | | 28 | 164 652 | Goodwill |
| Net investment in leasing | 190 | 190 | | | |
| Other investments | 521 | 521 | | | |
| Other non-current assets | 457 | -711 | | 1 168 | Other investments and other non-current assets |
| **Total non-current assets** | **618 183** | **0** | **2 061** | **616 122** | **Total non-current assets** |
| **Current assets** | | | | | **Current assets** |
| Cash and cash equivalents | 45 961 | | | 45 961 | Cash and cash equivalents |
| Trade receivables | 58 910 | | | 58 910 | Trade receivables |
| Other current financial assets | 11 209 | -7 709 | -484 | 19 402 | Other receivables, other accrued and deferred assets |
| Other current non-financial assets | 7 690 | 7 690 | 0 | 0 | |
| Income tax receivable | 1 794 | 1 794 | | | |
| | 0 | -118 | | 118 | Securities |
| Current finance lease receivables | 137 | 137 | | | |
| Inventories | 10 727 | | | 10 727 | Inventories |
| Investment assets held for sale | 190 271 | | | 190 271 | Investment assets held for sale |
| **Total current assets** | **326 699** | **1 794** | **-484** | **325 389** | **Total current assets** |
| **Total assets** | **944 882** | **1 794** | **1 577** | **941 511** | **Total assets** |
| **EQUITY AND LIABILITIES** | | | | | **EQUITY AND LIABILITIES** |
| **Equity** | | | | | **Equity** |
| Share capital | 5 981 | | | 5 981 | Share capital |
| Treasury shares | -922 | | | -922 | Treasury shares |
| Capital reserve | 133 492 | | | 133 492 | Capital reserve |
| Retained earnings | 47 181 | | 11 | 47 170 | Retained earnings |
| Accumulated other comprehensive income | 9 722 | | | 9 722 | Accumulated other comprehensive income |
| **Total equity per parent company** | **195 454** | **0** | **11** | **195 443** | **Total equity per parent company** |
| Non-controlling interest | 102 105 | | -6 | 102 111 | Non-controlling interest |
| **Total equity** | **297 559** | **0** | **5** | **297 554** | **Total equity** |
| **Non-current liabilities** | | | | | **Non-current liabilities** |
| Provisions – non-current | 4 888 | | | 4 888 | Provisions – non-current |
| Non-current loans, borrowings, bonds | 424 320 | | | 424 320 | Non-current loans, borrowings, bonds |
| Finance lease liabilities – non-current | 34 522 | | | 34 522 | Finance lease liabilities – non-current |
| Deferred tax liability | 14 233 | | 8 | 14 225 | Deferred tax liability |
| Other non-current liabilities | 10 766 | | 1 100 | 9 666 | Other non-current liabilities |
| **Total non-current liabilities** | **488 729** | **0** | **1 108** | **487 621** | **Total non-current liabilities** |

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of financial position (continued)

| 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 | 31/12/2022 |
|---|---|---|---|---|---|
| **Modified designation** | **Modified** | **Presentation modification** | **Purchase price allocation** | **Published** | **Published designation** |
| **Current liabilities** | | | | | **Current liabilities** |
| Trade payables | 45 839 | | | 45 839 | Trade payables |
| Current loans and borrowings | 7 713 | | | 7 713 | Current loans and borrowings |
| ESOP obligation | 0 | | | 0 | ESOP obligation |
| Dividends payable to owners | 8 | | | 8 | Dividends payable to owners |
| Provisions – current | 4 674 | | | 4 674 | Provisions – current |
| Liabilities related to assets held for sale | 23 349 | | | 23 349 | Liabilities related to assets held for sale |
| Profit tax liability | 664 | 664 | | | |
| Finance lease liabilities - current | 9 055 | | | 9 055 | Finance lease liabilities - current |
| Other current financial liabilities | 18 770 | 18 770 | 0 | 0 | |
| Other current non-financial liabilities | 48 522 | -17 640 | 464 | 65 698 | Other current liabilities and accruals |
| **Total current liabilities** | **158 594** | **1 794** | **464** | **156 336** | **Total current liabilities** |
| **Total liabilities and equity** | **944 882** | **1 794** | **1 577** | **941 511** | **Total liabilities and equity** |

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of financial position

| 01/01/2022 | 01/01/2022 | 01/01/2022 | 01/01/2022 | 01/01/2022 |
|---|---|---|---|---|
| **Modified designation** | **Modified** | **Presentation modification** | **Published** | **Published designation** |
| **ASSETS** | | | | **ASSETS** |
| **Non-current assets** | | | | **Non-current assets** |
| Property, plant, and equipment | 43 189 | | 43 189 | Property, plant, and equipment |
| Customer relationship | 26 907 | | 26 907 | Customer relationship |
| Other intangible assets | 11 532 | 398 | 11 134 | Other intangible assets |
| Right of use of assets | 19 957 | | 19 957 | Right of use of assets |
| | 0 | -398 | 398 | Contract assets |
| Deferred tax assets | 0 | | 0 | Deferred tax assets |
| Goodwill | 85 882 | | 85 882 | Goodwill |
| Net investment in leasing | 0 | 0 | | |
| Other investments | 1 | 1 | | |
| Other non-current assets | 235 | -1 | 236 | Other investments and other non-current assets |
| **Total non-current assets** | **187 703** | **0** | **187 703** | **Total non-current assets** |
| **Current assets** | | | | **Current assets** |
| Cash and cash equivalents | 266 530 | | 266 530 | Cash and cash equivalents |
| Trade receivables | 35 798 | | 35 798 | Trade receivables |
| Other current financial assets | 6 358 | -4 674 | 11 032 | Other receivables, other accrued and deferred assets |
| Other current non-financial assets | 4 691 | 4 691 | 0 | |
| Income tax receivable | 0 | | | |
| | | -17 | 17 | Securities |
| Current finance lease receivables | 0 | | | |
| Inventories | 2 300 | | 2 300 | Inventories |
| Investment assets held for sale | 0 | | 0 | Investment assets held for sale |
| **Total current assets** | **315 677** | **0** | **315 677** | **Total current assets** |
| **Total assets** | **503 380** | **0** | **503 380** | **Total assets** |
| **EQUITY AND LIABILITIES** | | | | **EQUITY AND LIABILITIES** |
| **Equity** | | | | **Equity** |
| Share capital | 2 064 | | 2 064 | Share capital |
| Treasury shares | -246 | | -246 | Treasury shares |
| Capital reserve | 3 869 | | 3 869 | Capital reserve |
| Retained earnings | 9 214 | | 9 214 | Retained earnings |
| Accumulated other comprehensive income | 136 | | 136 | Accumulated other comprehensive income |
| **Total equity per parent company** | **15 037** | **0** | **15 037** | **Total equity per parent company** |
| Non-controlling interest | 1 623 | | 1 623 | Non-controlling interest |
| **Total equity** | **16 660** | **0** | **16 660** | **Total equity** |
| **Non-current liabilities** | | | | **Non-current liabilities** |
| Provisions – non-current | 841 | | 841 | Provisions – non-current |
| Non-current loans, borrowings, bonds | 407 739 | | 407 739 | Non-current loans, borrowings, bonds |
| Finance lease liabilities – non-current | 15 596 | | 15 596 | Finance lease liabilities – non-current |
| Deferred tax liability | 2 734 | | 2 734 | Deferred tax liability |
| Other non-current liabilities | 0 | | 0 | Other non-current liabilities |
| **Total non-current liabilities** | **426 910** | **0** | **426 910** | **Total non-current liabilities** |

Data in millions of HUF, unless otherwise indicated

## Consolidated statement of financial position (continued)

| 01/01/2022 | 01/01/2022 | 01/01/2022 | 01/01/2022 | 01/01/2022 |
|---|---|---|---|---|
| **Modified designation** | **Modified** | **Presentation modification** | **Published** | **Published designation** |
| **Current liabilities** | | | | **Current liabilities** |
| Trade payables | 23 252 | | 23 252 | Trade payables |
| Current loans and borrowings | 0 | | 0 | Current loans and borrowings |
| ESOP obligation | 866 | | 866 | ESOP obligation |
| Dividends payable to owners | 0 | | 0 | Dividends payable to owners |
| Provisions – current | 426 | | 426 | Provisions – current |
| Liabilities related to assets held for sale | 0 | | 0 | Liabilities related to assets held for sale |
| Profit tax liability | 305 | 305 | | |
| Finance lease liabilities - current | 3 784 | | 3 784 | Finance lease liabilities - current |
| Other current financial liabilities | 2 648 | 2 648 | 0 | |
| Other current non-financial liabilities | 28 529 | -2 953 | 31 482 | Other current liabilities and accruals |
| **Total current liabilities** | **59 810** | **0** | **59 810** | **Total current liabilities** |
| **Total liabilities and equity** | **503 380** | **0** | **503 380** | **Total liabilities and equity** |

Data in millions of HUF, unless otherwise indicated

**Consolidated cash flow statement**

| | 31/12/2022 | 31/12/2022 | 31/12/2022 |
|---|---|---|---|
| | **Modified** | **Purchase price allocation** | **Published** |
| **Cash flow from operating activities** | | | |
| Profit or loss after tax | -18 818 | 14 | -18 832 |
| *Adjustments:* | | | |
| Depreciation and amortisation for the current year | 74 809 | -18 | 74 827 |
| Impairment | 4 064 | | 4 064 |
| Provisions | 2 427 | | 2 427 |
| Income taxes | 3 585 | | 3 585 |
| Other financial income/expenses | 22 746 | 4 | 22 742 |
| Other non-cash items | -8 478 | | -8 478 |
| Foreign exchange rate differences | -9 954 | | -9 954 |
| Profit or loss of associates | 27 | | 27 |
| Gain/loss on sale of fixed assets | | | |
| *Changes in working capital* | | | |
| Changes in trade receivables | -907 | | -907 |
| Changes in inventories | -586 | | -586 |
| Changes in trade payables | 8 416 | | 8 416 |
| Changes in financial lease (current) | -1 299 | | -1 299 |
| Changes in other receivables and payables | -14 739 | | -14 739 |
| Income taxes paid | -4 002 | | -4 002 |
| ***Net cash flow from operating activities*** | ***57 291*** | ***0*** | ***57 291*** |
| ***Net cash flow from investment activities*** | ***-280 245*** | ***0*** | ***-280 245*** |
| ***Net cash flow from financing activities*** | ***2 281*** | ***0*** | ***2 281*** |
| Foreign exchange rate differences | 104 | | 104 |
| **Net change in cash and cash equivalents** | **-220 569** | **0** | **-220 569** |
| Cash and cash equivalents at the beginning of the year | 266 530 | | 266 530 |
| **Cash and cash equivalents at the end of the period** | **45 961** | **0** | **45 961** |

Data in millions of HUF, unless otherwise indicated

## 3. Net sales revenue

The Company's accounting policy on revenue recognition is set out in Section 2.1.3.

| | 2023 | 2022 |
|---|---|---|
| Sales revenue from contracts with customers | 583 386 | 271 863 |
| Revenue from leases | 11 124 | 5 558 |
| **Total** | **594 510** | **277 421** |

The significant increase in the Group's revenues is largely the result of the acquisition of Vodafone Magyarország Távközlési Zrt.: in the 11 months since its inclusion in the consolidation, the subsidiary recorded revenues of HUF 276,718 million.
Following the export revenue of HUF 2,243 million in the previous year, the domestic subsidiaries achieved export revenue of HUF 11,457 million in the current year, of which HUF 9,186 million (HUF 1,755 million in 2022) is intra-EU and HUF 2,271 million (HUF 488 million in 2022) is extra-EU revenue. The turnover of the Albanian and Montenegrin subsidiaries was HUF 80,179 million (HUF 62,825 million in 2022).

Main types of income:

- Telecommunications revenue continues to represent a significant proportion of revenue in 2023, after 2022, due to the acquisition of new subsidiaries. The revenue recognition requirements of IFRS 15 mainly affect the revenues of Vodafone Magyarország Távközlési Zrt., DIGI Távközlési és Szolgáltató Kft., "ANTENNA HUNGÁRIA" Zrt. and the Albanian and Montenegrin subsidiaries. In accordance with the standard, the full consideration for the sale of bundled telephones and other telecommunications equipment and services is allocated to the individual bundles.
- A significant part of the IT division's sales are product sales, where revenue is recognised when control of the product is transferred to the customer.
- IT projects represent another significant portion of revenue. Where the Group transfers control of a 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 requires the use of significant estimates, for which the Group performs detailed testing and evaluation. A description of the contractual assets and liabilities recognised at the balance sheet date is given in Notes 27 and 47.

Data in millions of HUF, unless otherwise indicated

## 4. Other operating income

The composition of other operating income was as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Government grants and refunds | 307 | 206 |
| Provisions release | 2 639 | 2 |
| Penalties and compensation | 863 | 264 |
| Profit of intangible assets and tangible assets sold | 0 | 3 648 |
| Reversed write-down of inventories | 0 | 680 |
| Other reversals of impairment losses, unscheduled depreciations | 0 | 132 |
| Other grants | 2 | 7 |
| Other operating income from acquisitions and group restructuring | 0 | 8 478 |
| Other | 22 817 | 6 756 |
| **Total** | **26 628** | **20 173** |

The difference of HUF 6,747 million compared to the HUF 27,568 million in other operating income reported in the accounts on 31 December 2022 is due to the presentation of capitalised value of own produced assets now in a separate income line. Details are given in Chapter 5 Capitalised value of own produced assets.

Within the other category, HUF 17,528 million is the profit on the sale of tangible and intangible assets, rights of use assets and related liabilities sold as a group.

The compensation of "ANTENNA HUNGÁRIA" Zrt. for the HUF 440 million damage caused by a fire involving a truck is included in the compensation.

The higher amounts of government grants: HUF 54 million were charged to the project 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.
HUF 84 million is related to the GINOP-2.2.1-15 "R&D Competitiveness and Excellence Cooperation" call.
In addition, an amount of HUF 91 million is related to network upgrading, which will be released in line with the depreciation of the related assets.

The provision release of HUF 2,639 million was mainly due to a change in the estimate of the provision for asset retirement obligation in the Albanian subsidiary.

The write-back of impairment losses recognised in other income is detailed in Note 8 Other expenses.

Data in millions of HUF, unless otherwise indicated

## 5. Capitalised value of own produced assets

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Changes in own produced inventories | 55 | 0 |
| Capitalised value of own produced assets | 15 780 | 6 747 |
| Capitalised own outputs | **15 835** | **6 747** |

Capitalised own-account output has nearly tripled, due to an increase in own-account investments not used.

## 6. Material costs

In the current year, the Group changed the presentation of material costs. Tables disclosed for 2022:

| **Goods and services sold:** | 2022 |
|---|---|
| Acquisition value of goods sold | -25 663 |
| Acquisition value of services sold | -67 803 |
| **Total** | **-93 466** |

| **Operating expenses:** | 2022 |
|---|---|
| Material costs | -19 580 |
| Value of services used | -31 305 |
| Value of other services | -5 116 |
| **Total** | **-56 001** |

The table for the new presentation:

| | 2023 | 2022 |
|---|---|---|
| Acquisition value of goods sold | -94 848 | -25 643 |
| Acquisition value of services sold | -76 363 | -67 803 |
| Material costs | -28 337 | -19 580 |
| Value of services used | -75 452 | -31 305 |
| Value of other services | -18 530 | -5 116 |
| **Total** | **-293 530** | **-149 447** |

The volume of goods and services sold is determined by the nature of the Group's activities and the need for external resources related to the significant growth of its turnover.

The increase in operating expenses and goods and services sold compared to the comparative period was primarily due to the acquisition of Vodafone Magyarország Távközlési Zrt. on 31 January 2023.

Data in millions of HUF, unless otherwise indicated

## 7. Staff costs

| | 2023 | 2022 |
|---|---|---|
| Wages and salaries | -77 274 | -44 968 |
| Other payments to personnel | -7 495 | -5 786 |
| Social security costs and similar deductions | -10 801 | -6 572 |
| **Total** | **-95 570** | **-57 326** |
| Average statistical number | 8 021 | 6 020 |

## 8. Other expenses

| | 2023 | 2022 |
|---|---|---|
| Grants from foundations | -208 | -85 |
| Penalties and compensations | -1 486 | -13 726 |
| Book value of intangible and tangible assets sold | -2 113 | -201 |
| Scrapping of tangible and intangible fixed assets | -156 | -143 |
| Taxes, duties, contributions | -28 263 | -3 134 |
| Write-down of inventories | -2 494 | 0 |
| Impairment of receivables | -8 357 | -4 949 |
| Losses related to damages | -331 | -8 |
| Assets given without compensation | -98 | -14 |
| Provisioning | 0 | -478 |
| Other | -3 803 | -756 |
| **Total** | **-47 309** | **-23 494** |

Each year the Group reviews the turnover of its inventories and, based on the market knowledge of traders, writes off slow-moving inventories and discards obsolete inventories. In this context, Vodafone Magyarország Távközlési Zrt. recorded HUF 366 million and DIGI Távközlési és Szolgáltató Kft. recorded HUF 2,276 million as expenses.

Vodafone Magyarország Távközlési Zrt. recorded the largest impairment on receivables, amounting to HUF 5,077 million. The remaining amount was mostly recorded by ONE Albania sh.a. and DIGI Távközlési és Szolgáltató Kft.

Penalties and compensations include other technical payments incurred in acquisitions that cannot be recognised as purchase consideration in connection with the transaction in accordance with IFRS 3 standard on Business Combinations, i.e. the cost of terminating an option contract on a previously acquired subsidiary is included in this line.

The largest amount of taxes, duties, contributions is the telecommunications tax of HUF 22,758 million, which is an expense of Vodafone Magyarország Távközlési Zrt. At DIGI Távközlési és Szolgáltató Kft., the utility line tax was HUF 1,924 million, while at Invitech ICT Services Kft. it was HUF 483 million. In addition, DIGI Távközlési és Szolgáltató Kft. recorded HUF 786 million in telecommunications tax and HUF 1,616 million in special tax on the sector as expenses. The sector specific tax was also significant in the case of "ANTENNA HUNGÁRIA" Zrt. where HUF 231 million was recorded as an expense.

Data in millions of HUF, unless otherwise indicated

Impairment movement schedule for the year of 2023:

| | Opening | Increase | Decrease | Decrease due to inventory usage | Cumulative translation adjustment | Closing |
|---|---|---|---|---|---|---|
| Trade receivables | -32 580 | -15 134 | 6 777 | 0 | -270 | -41 207 |
| Other current financial assets | -691 | -119 | 32 | 0 | -34 | -812 |
| Inventories | -3 153 | -3 353 | 859 | 675 | -102 | -5 074 |

## 9. Depreciation and amortisation

The Group's activities are highly asset-intensive due to the expansion of the telecommunications segment.

| | 2023 | 2022 |
|---|---|---|
| Depreciation | -170 669 | -74 845 |
| **Total** | **-170 669** | **-74 845** |

The depreciation line includes the depreciation in the current year of the items recognised as lease assets under IFRS 16, which amounted to HUF 29,748 million in 2023. The surplus depreciation recognised in the reporting year on the fair value difference recognised at the acquisition date on the tangible and intangible assets of companies acquired in recent years amounted to HUF 36,970 million.

## 10. Financial income and expenses

**Financial income**

| | 2023 | 2022 |
|---|---|---|
| Interest income | 4 507 | 5 959 |
| Foreign exchange rate gains | 18 999 | 14 499 |
| Other | 2 308 | 2 476 |
| **Total** | **25 814** | **22 934** |

Data in millions of HUF, unless otherwise indicated

**Financial expenses**

| | 2023 | 2022 |
|---|---|---|
| Interest expense on bonds | -22 419 | -22 580 |
| Other interest expenses | -26 266 | -4 350 |
| Lease interest expense | -11 148 | -3 255 |
| Foreign exchange rate losses | -7 546 | -6 153 |
| Other | -5 528 | -1 030 |
| **Total** | **-72 907** | **-37 368** |

Due to its importance starting from the relevant period, the Company presents the profit or losses of associates separately from the financial expenses in its statement of comprehensive income.
Following financial expenses were published for the year 2022:

| | 2022 |
|---|---|
| **Financial expenses** | |
| Interest expense on bonds | -22 580 |
| Other interest expenses | -7 595 |
| Profit or losses of joint venture | -27 |
| Foreign exchange rate losses | -6 153 |
| Other | -1 030 |
| **Total** | **-37 385** |

Interest income includes interests received from financial institutions in the amount of HUF 4,402 million (HUF 5,571 million in 2022), of which HUF 1,753 million (HUF 0 million in 2022) is interest received from Vodafone Magyarország Távközlési Zrt., HUF 335 million (HUF 2,924 million in 2022) from 4iG Plc and HUF 1,113 million (HUF 2,105 million in 2022) from "ANTENNA HUNGÁRIA" Zrt. Other financial income includes dividends received on the shares of "ANTENNA HUNGÁRIA" Zrt. amounting to HUF 1,250 million (HUF 2,251 million in 2022).
The retrospectively adjusted value for the year 2022 for the BRISK group is recognised over the 1-year measurement period given by IFRS 3 Business Combinations.

Interest expenses on bonds includes the interest expense paid to bondholders on bonds issued. Other interest expense includes interest paid to financial institutions and interest expense recognised in relation to broadcasting rights and obligations of DIGI Távközlési és Szolgáltató Kft., Vodafone Magyarország Távközlési Zrt. and "ANTENNA HUNGÁRIA" Zrt. amounting to HUF 1,685 million (HUF 1,195 million in 2022), HUF 184 million (HUF 0 million in 2022) and HUF 80 million (HUF 0 million in 2022), respectively. Lease interest expense includes interest expense on leases measured in accordance with IFRS 16 Leases of HUF 11,148 million (2022: HUF 3,255 million).

Data in millions of HUF, unless otherwise indicated

## 11. Income taxes

The composition of expenses related to income taxes is as follows:

| | 2023 | 2022 |
|---|---|---|
| Corporate income tax | -2 989 | -2 878 |
| Deferred tax | 1 818 | 1 956 |
| Local business tax | -6 372 | -2 281 |
| Innovation contribution | -1 004 | -382 |
| **Total** | **-8 547** | **-3 585** |

The income tax payable by the Group is the tax recognised in the individual accounts of the subsidiaries and calculated in accordance with the relevant local rules.
The tax rate applied to the deferred tax expense recognised in the income statement was 9% under the current legislation in Hungary, while in Albania and Montenegro it was 15% in both 2023 and 2022, in accordance with the corporate tax rate in force.
The breakdown of taxes is as follows:

| | 2023 | 2022 |
|---|---|---|
| Profit or loss before tax | -18 835 | -15 232 |
| Tax liability calculated at the current tax rate | 1 695 | 1 472 |
| Local business tax | -6 372 | -2 281 |
| Innovation contribution | -1 004 | -382 |
| **Total taxes** | **-5 681** | **-1 191** |
| Permanent differences | -2 866 | -2 394 |
| **Total income taxes** | **-8 547** | **-3 585** |
| **Effective tax rate** | **45%** | **24%** |

The difference between corporate income tax calculated in individual companies and consolidated companies and deferred tax is shown under permanent differences.

## 12. Share in the profit or loss of associates

The share in the profit or loss of associates accounted for using the equity method is presented as the Group's share of the profit or loss of associates' operations.

Data in millions of HUF, unless otherwise indicated

| Company name | Income contribution | Share of ownership |
|---|---|---|
| Space-Communications Ltd. | -1 527 | 20% |
| Rotors and Cams Zrt. | -110 | 24% |
| **on 31 December 2023** | **-1 637** | |

In 2022, the Group acquired 9.538% of the shares of the Israeli listed company Space-Communications Ltd., which it increased to 20% in 2023. Because of this, the Group can have a significant influence over Space-Communication Ltd. and in accordingly present it as an associate in its financial statements since 21 February 2023. Further information about Space-Communications Ltd. can be found in Note 23. Other investments and 36.1 Fair value measurement reserve.

## 13. Other comprehensive income

The Group has recognised the translation adjustments arising from the conversion of the financial statements of foreign subsidiaries into Hungarian forint in accordance with IAS 21, and the loss on equity instruments at fair value through other comprehensive income (FVOCI) in the consolidated statement of comprehensive income in the line other comprehensive income.
As a result of the increase in shareholding in 2023, Space-Communications Ltd. is classified as an associate. The associate's share of other comprehensive income is a profit of HUF 14 million in 2023. Difference from currency translation of subsidiaries is a profit of HUF 1,044 million. Both this other comprehensive income and the translation adjustment will be recognised in the consolidated income statement in subsequent periods and, subject to certain conditions, will be reclassified to profit or loss as other comprehensive income. For further information, see note 36.1.

## 14. Total comprehensive income

Total comprehensive income includes, in addition to other comprehensive income, the results of operating activities, income and expenses from financial operations, depreciation and amortisation expense and income taxes.

## 15. 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.

Data in millions of HUF, unless otherwise indicated

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Profit or loss attributable to ordinary equity holders of the parent | -27 382 | -18 818 |
| Weighted average number of ordinary shares outstanding during the period | 291 574 314 | 278 845 038 |
| Weighted average number of voting shares | 295 949 081 | 278 845 038 |
| **Earnings per share (basic) EPS – in HUF** | **-93.91** | **-67.49** |
| **Diluted EPS indicator – in HUF** | **-92.52** | **-67.49** |

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.

Data in millions of HUF, unless otherwise indicated

## 16. Property, plant, equipment

| | Machinery and other equipment | Real estate and related rights | Telecommunications equipment and devices | Investments in progress | Total |
|---|---|---|---|---|---|
| **Gross value** | | | | | |
| **on 1 January 2022** | **102 875** | **10 874** | **565** | **1 871** | **116 185** |
| Additions and reclassification | 12 378 | 19 154 | 6 257 | 1 142 | **38 931** |
| Disposal and reclassification | -64 383 | -1 007 | -3 944 | -2 300 | **-71 634** |
| Acquisition | 63 483 | 122 865 | 88 554 | 6 513 | **281 415** |
| Cumulative translation adjustment | 1 993 | 10 230 | 22 051 | 581 | **34 855** |
| **on 31 December 2022** | **116 346** | **162 116** | **113 483** | **7 807** | **399 752** |
| Additions and reclassification | 17 371 | 5 102 | 40 354 | 22 918 | 85 745 |
| Disposal and reclassification | -12 204 | -5 638 | -4 418 | -224 | -22 484 |
| Acquisition | 4 873 | 64 288 | 88 469 | 13 193 | 170 823 |
| Cumulative translation adjustment | 315 | 3 314 | 6 426 | -50 | 10 005 |
| **on 31 December 2023** | **126 701** | **229 182** | **244 314** | **43 644** | **643 841** |
| **Accumulated depreciation** | | | | | |
| **on 1 January 2022** | **69 903** | **3 093** | **0** | **0** | **72 996** |
| Current year depreciation | 16 011 | 11 386 | 14 453 | -199 | **41 651** |
| Disposal and reclassification | -19 231 | -388 | -1 499 | -46 | **-21 164** |
| Cumulative translation adjustment | 2 473 | 2 013 | 20 107 | -14 | **24 579** |
| **on 31 December 2022** | **69 156** | **16 104** | **33 061** | **-259** | **118 062** |
| Current year depreciation | 17 443 | 9 441 | 45 887 | 656 | 73 427 |
| Increase and reclassification | 7 117 | 138 | -41 | 19 | 7 233 |
| Decrease and reclassification | -9 634 | -6 430 | -4 322 | 0 | -20 386 |
| Cumulative translation adjustment | 540 | 707 | 6 521 | -12 | 7 756 |
| **on 31 December 2023** | **84 622** | **19 960** | **81 106** | **404** | **186 092** |
| **Net book value** | | | | | |
| **on 1 January 2022** | **32 972** | **7 781** | **565** | **1 871** | **43 189** |
| **on 31 December 2022** | **47 190** | **146 012** | **80 422** | **8 066** | **281 690** |
| **on 31 December 2023** | **42 079** | **209 222** | **163 208** | **43 240** | **457 749** |

Data in millions of HUF, unless otherwise indicated

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 shown together in the above table.

| | Machinery and equipment | Other equipment |
|---|---|---|
| **Net book value** | | |
| **on 1 January 2022** | **31 213** | **1 759** |
| **on 31 December 2022** | **43 217** | **3 973** |
| **on 31 December 2023** | **31 538** | **10 541** |

The increase in property, plant, equipment was primarily due to the consolidation of the assets of Vodafone Magyarország Távközlési Zrt. The effect of the acquisition in the reporting period was HUF 170,823 million for tangible assets.

## 17. Customer relationship

| | 2023.12.31 | 2022.12.31 |
|---|---|---|
| "ANTENNA HUNGÁRIA" Zrt. | 10 706 | 11 398 |
| Brisk Digital Group Kft. | 1 066 | 1 185 |
| DIGI Távközlési és Szolgáltató Kft. | 22 864 | 23 662 |
| Invitech ICT Services Kft. | 17 168 | 18 515 |
| ONE Albania sh.a. | 195 | 211 |
| ONE Crna Gora d.o.o. | 6 330 | 7 130 |
| Vodafone Magyarország Távközlési Zrt. | 115 193 | 0 |
| **Összesen** | **173 522** | **62 101** |

The customer relationship for the financial year ending 31 December 2022 was as follows:

| | 31/12/2022 |
|---|---|
| Customer relationship | 60 916 |

In the reporting period, the Group has identified intangible assets, separated from goodwill under IFRS 3 - Business Combinations, which are recognised as a separate line item in the consolidated statement of financial position and amortised over their identified useful lives (average 15 years) when measuring each business combination. During the reporting period, we identified customer relationship that could be recognised as assets for Vodafone Magyarország Távközlési Zrt. The retrospectively adjusted value as of 31 December 2022 for the BRISK group is recognised over the 1-year measurement period given by IFRS 3 Business Combinations.

Data in millions of HUF, unless otherwise indicated

## 18. Other intangible assets

| | Concessions and similar rights | Intellectual products | Brand name | Broadcasting rights | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| **on 1 January 2022** | **11 405** | **15 689** | **2 051** | **0** | **0** | **29 145** |
| Additions and reclassification | 5 182 | 3 121 | 0 | 14 125 | 2 444 | 24 872 |
| Disposal and reclassification | -18 120 | -9 901 | 0 | 0 | 0 | -28 021 |
| Construction in progress | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition | 32 051 | 12 365 | 5 245 | 5 424 | 0 | 55 085 |
| Cumulative translation adjustment | 5 292 | 8 291 | 0 | 0 | 58 | 13 641 |
| **on 31 December 2022** | **35 810** | **29 565** | **7 296** | **19 549** | **2 502** | **94 722** |
| Purchase price allocation change | | 932 | 0 | 0 | 0 | 932 |
| **on 1 January 2023** | **35 810** | **30 497** | **7 296** | **19 549** | **2 502** | **95 654** |
| Additions and reclassification | 6 678 | 4 856 | 0 | 3 533 | 11 901 | 26 968 |
| Disposal and reclassification | -26 021 | -3 091 | 0 | 0 | -1 012 | -30 124 |
| Construction in progress | 1 300 | 19 738 | 0 | 0 | 0 | 21 038 |
| Acquisition | 110 921 | 47 357 | 0 | 2 273 | 9 796 | 170 347 |
| Cumulative translation adjustment | 1 753 | -76 | 176 | 0 | 98 | 1 951 |
| **on 31 December 2023** | **130 441** | **99 281** | **7 472** | **25 355** | **23 285** | **285 834** |
| **Accumulated depreciation** | | | | | | |
| **on 1 January 2022** | **9 516** | **8 443** | **51** | **0** | **0** | **18 010** |
| Current year depreciation | 6 388 | 3 081 | 1 538 | 5 144 | 265 | 16 416 |
| Disposal and reclassification | -8 717 | -4 891 | 0 | 0 | 0 | -13 608 |
| Cumulative translation adjustment | 2 822 | 7 684 | 0 | 0 | 5 | 10 511 |
| **on 31 December 2022** | **10 009** | **14 317** | **1 589** | **5 144** | **270** | **31 329** |
| Purchase price allocation change | 0 | 0 | 0 | 0 | 0 | **0** |
| **on 1 January 2023** | **10 009** | **14 317** | **1 589** | **5 144** | **270** | **31 329** |
| Current year depreciation | 15 745 | 20 216 | 1 630 | 10 978 | 11 180 | 59 749 |
| Disposal and reclassification | -22 217 | -2 759 | 0 | 0 | -103 | -25 079 |
| Cumulative translation adjustment | 1 173 | 11 | 29 | 0 | 59 | 1 272 |
| **on 31 December 2023** | **4 710** | **31 785** | **3 248** | **16 122** | **11 406** | **67 271** |
| **Net book value** | | | | | | |
| **on 1 January 2022** | **1 889** | **7 246** | **2 000** | **0** | **0** | **11 135** |
| **on 31 December 2022** | **25 801** | **16 180** | **5 707** | **14 405** | **2 232** | **64 325** |
| **on 31 December 2023** | **125 731** | **67 496** | **4 224** | **9 233** | **11 879** | **218 563** |

Data in millions of HUF, unless otherwise indicated

The intangible asset movement schedule disclosed for the financial year ending 31 December 2022 was as follows:

| | Concessions and similar rights | Intellectual products | Brand name | Broadcasting rights | Total |
|---|---|---|---|---|---|
| **Gross value** | | | | | |
| **on 1 January 2022** | **11 405** | **15 689** | **2 051** | **0** | **29 144** |
| Additions and reclassification | 5 182 | 3 121 | 0 | 14 125 | 22 428 |
| Disposal and reclassification | -18 120 | -9 901 | 0 | 0 | -28 021 |
| Construction in progress | 0 | 0 | 0 | 0 | 0 |
| Acquisition | 32 051 | 12 365 | 5 245 | 5 424 | 55 085 |
| Cumulative translation adjustment | 5 292 | 8 291 | 0 | 0 | 13 583 |
| **on 31 December 2022** | **35 810** | **29 563** | **7 296** | **19 549** | **92 219** |
| **Accumulated depreciation** | | | | | |
| **on 1 January 2022** | **9 516** | **8 443** | **51** | **0** | **18 010** |
| Current year depreciation | 6 388 | 3 081 | 1 538 | 5 144 | 16 150 |
| Disposal and reclassification | -8 717 | -4 891 | 0 | 0 | -13 608 |
| Cumulative translation adjustment | 2 822 | 7 684 | 0 | 0 | 10 506 |
| **on 31 December 2022** | **10 009** | **14 316** | **1 589** | **5 144** | **31 058** |
| **Net book value** | | | | | |
| **on 31 December 2022** | **25 801** | **15 247** | **5 707** | **14 406** | **61 161** |

A change in the intangible assets table for the year ended 31 December 2023 is due to the introduction of a new category of other intangible assets has been introduced, which includes capitalised agent commission.
With the acquisition of the BRISK Group on 15 November 2022, a purchase price allocation adjustment of HUF 932 million was made to intellectual property in 2023, retroactive to 2022.

Intangible assets include of broadcasting rights of HUF 9,233 million on 31 December 2023 (31 December 2022: HUF 14,406 million), which arose from the acquisition of DIGI Távközlési és Szolgáltató Kft., "ANTENNA HUNGÁRIA" Zrt. and Vodafone Magyarország Távközlési Zrt. The brand name amount of HUF 4,224 million on 31 December 2023 (HUF 5,707 million as of 31 December 2022) includes the brand names Invitech ICT Services Kft. (HUF 1,590 million) and ONE Albania sh.a. (HUF 2,634 million).
The increase in the net book value of intangible assets was mainly due to the acquisition of Vodafone Magyarország Távközlési Zrt. in 2023.

**Individually significant intangible assets:**

The Group had no individually material internally developed intangible assets in progress (with a gross value exceeding HUF 1,000 million) in 2023. The Group performs an annual year-end present value test for internally developed intangible assets in progress with significant value. For individually significant intangible assets, the Group applied a weighted average cost of capital of 12.92% for the IT Services segment.

Data in millions of HUF, unless otherwise indicated

Due to market demand for software, the return on software developed significantly exceeds the carrying value. The Group has not identified any indication of impairment during the course of the testing.

Individually significant other intangible assets already capitalised:

| Description | Book value | Amortisation period | Final date of amortisation |
|---|---|---|---|
| NC Phase 3 investments | 2 800 | 10 years | 15/07/2032 |
| SW NC Phase 2 Non VPC | 2 663 | 10 years | 29/07/2031 |
| NC Phase 3 investments | 1 142 | 10 years | 31/08/2032 |
| Brand fee for the period of 01/02/23 to 31/01/25 | 4 249 | 2 years | 31/01/2025 |
| Frequency 900MHz | 1 276 | 19 years | 05/11/2033 |
| 2100 MHz frequency extension fee | 8 048 | 15 years | 22/12/2034 |
| LTE frequency | 14 825 | 19 years | 05/11/2033 |
| 3600 MHz bank guarantee, tender fee, auction fee | 6 727 | 20 years | 31/03/2040 |
| 2100 MHz bank guarantee, tender fee, auction fee | 3 588 | 20 years | 31/03/2040 |
| 700 MHz bank guarantee, tender fee, auction fee | 21 764 | 20 years | 05/09/2040 |
| 5G spectrum fee | 45 247 | 20 years | 08/04/2042 |
| **on 31 December 2023** | **112 329** | | |

## 19. Right of use of assets

Table published for 2022:

| | Land and buildings | Machinery, motor vehicles | Telecommunication devices | Total |
|---|---|---|---|---|
| **Right of use of assets** | | | | |
| Gross value | 39 114 | 6 876 | 13 335 | 59 325 |
| Accumulated depreciation | -7 189 | -2 978 | -5 221 | -15 388 |
| **Net value on 31 December 2022** | **31 925** | **3 898** | **8 114** | **43 937** |

During 2023, a more detailed table of the right of use of assets movement table will be presented, as follows. This does not represent change compared to the movement tables for the previous period, but only a more detailed presentation of the categories of movements.

Data in millions of HUF, unless otherwise indicated

| | Land and buildings | Machinery, motor vehicles | Telecommunication devices | Total |
|---|---|---|---|---|
| **Gross value** | | | | |
| **on 1 January 2023** | **39 114** | **6 876** | **13 335** | **59 325** |
| Increase due to new leasing | 30 805 | 6 426 | 5 441 | **42 672** |
| Acquisition | 73 107 | 870 | 6 886 | **80 863** |
| Other changes | 7 572 | -716 | -5 157 | **1 699** |
| **on 31 December 2023** | **150 598** | **13 456** | **20 505** | **184 559** |
| **Accumulated depreciation** | | | | |
| **on 1 January 2023** | **7 189** | **2 978** | **5 221** | **15 388** |
| Depreciation in the current year | 22 623 | 2 820 | 2 744 | **28 187** |
| **on 31 December 2023** | **29 812** | **5 798** | **7 965** | **43 575** |
| **Net value** | | | | |
| **on 1 January 2023** | **31 925** | **3 898** | **8 114** | **43 937** |
| **on 31 December 2023** | **120 786** | **7 658** | **12 540** | **140 984** |

The acquisition of Vodafone Magyarország Távközlési Zrt. is behind the significant increase in the right of use of assets in the balance sheet line. The net value of the right of use of assets at the time of acquisition was HUF 80,863 million.

| | 2023 | 2022 |
|---|---|---|
| **Lease-related costs, expenses** | | |
| Interest expenditure | -11 148 | -3 255 |
| Expenditure related to short-term leases | -55 | -820 |
| Expenses related to leases of low-value assets | -182 | -7 |
| Variable lease transactions | 0 | -12 |
| **Total profit and loss** | **-11 385** | **-4 094** |

In accordance with the requirements of IFRS 16 Leases, the Group initially recognises a right of use of asset as a lease right, taking into account items prepaid on or before the lease term, and capitalises those items in the cost of the asset.

The most significant of the Group's leases are headquarters and other office building leases, leases of space under mobile phone towers, leases of vehicles and, with the growth of the telecommunications segment, leases of other buildings, networks and other telecommunications equipment.

Data in millions of HUF, unless otherwise indicated

## 20. Deferred tax assets and liabilities

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used to calculate taxable profit.
If the difference is a temporary difference, i.e. the difference will be settled within a foreseeable period, then an asset or liability is identified according to its nature. A deferred tax liability is recognised for any taxable temporary difference. A deferred tax asset is identified only to the extent that it is probable that recovery will be achieved within the foreseeable future.

The Group's deferred tax assets and liabilities are measured using the tax rates expected to apply when the asset is settled or realised.

The Group offsets deferred tax assets and liabilities on a company-by-company basis, where the offsetting of current tax assets and liabilities is legally permitted and the deferred tax assets and liabilities relating to corporate income tax are levied by the same taxation authority.

The following deductible and taxable differences were identified:

| | 31/12/2022 | Purchase price allocation | Recognised in P&L | Acquisition | Foreign exchange rate differences | 31/12/2023 |
|---|---|---|---|---|---|---|
| Impairment of receivables, inventories | 59 | 0 | 239 | 1 351 | 0 | 1 649 |
| PPE and intangible assets | -15 491 | 87 | 2 447 | -21 024 | 100 | -33 881 |
| Provisions | 764 | 0 | 129 | 669 | -218 | 1 334 |
| Tax loss carry forward | 408 | 0 | -249 | 5 126 | 0 | 5 285 |
| Other temporary difference | 309 | 5 | -568 | 2 026 | -61 | 1 711 |
| Interest deduction capacity | 0 | 0 | -180 | 2 409 | 0 | 2 229 |
| **Net deferred tax assets** | **-13 951** | **92** | **1 818** | **-9 443** | **-179** | **-21 663** |
| Of which: | | | | | | |
| Deferred tax assets | 282 | | | | | 688 |
| Deferred tax liabilities | -14 233 | | | | | -22 350 |

Data in millions of HUF, unless otherwise indicated

| | 31/12/2021 | Recognised in P&L | Acquisition | Foreign exchange rate differences | 31/12/2022 |
|---|---|---|---|---|---|
| Impairment of receivables, inventories | 77 | -62 | -34 | 78 | 59 |
| PPE and intangible assets | -3 575 | 1 921 | -13 926 | 89 | -15 491 |
| Provisions | 117 | 1 | 555 | 91 | 764 |
| Tax loss carry forward | 643 | -235 | 0 | 0 | 408 |
| Other temporary difference | 4 | 330 | -19 | -6 | 309 |
| **Net deferred tax liabilities** | **-2 734** | **1 955** | **-13 424** | **252** | **-13 951** |
| | | | | | |
| Of which: | | | | | |
| Deferred tax assets | 830 | | | | 282 |
| Deferred tax liabilities | -3 564 | | | | -14 233 |

Recognition of accrued losses recognised in deferred tax assets are accounted for to the extent that it is likely that the resulting tax savings can be realized against future taxable profits. In view of the uncertainty of the return, the Group has losses in the amount of HUF 54,670 million (in 2022: HUF 19,851 million), for which it has not set up a deferred tax asset.

## 21. Goodwill

On 31 January 2023, "ANTENNA HUNGÁRIA" Zrt. was acquired by Vodafone Magyarország Távközlési Zrt. and on 20 March 2023, through a share swap, acquired a further 19.5% of the share capital of Vodafone Magyarország Távközlési Zrt., owned by Corvinus Zrt., thus increasing its direct majority stake to 70.5%.
In addition to the assets, the acquisitions during the reporting year included the purchase of management functions, skilled employees and related processes. The acquisition was identified as a business combination.

The value of the Company's goodwill shown in the segment is as follows:

| Name of the segment | 31/12/2023 | 31/12/2022 | 31/12/2022 |
|---|---|---|---|
| | | Modified | Published |
| IT segment | 6 784 | 6 784 | 6 784 |
| telecom segment | 270 507 | 157 896 | 157 868 |
| **Total goodwill** | **277 291** | **164 680** | **164 652** |

The measurement period for the assets and liabilities of the BRISK group has ended, so the goodwill amounts on 31 December 2022 have been adjusted retrospectively. The prior period adjustments to certain lines in the consolidated statement of financial position are presented in Note 2.37 Adjustment of previous year's financial data.

Data in millions of HUF, unless otherwise indicated

Main data on subsidiaries acquired during the reporting year:

| | Vodafone Magyarország Távközlési Zrt. |
|---|---|
| Date of acquisition | 31/01/2023 |
| Way of acquiring | acquisition |
| Acquisition value | 51% |
| Purchase price | 331 092 |
| | |
| **Fair/IFRS net asset value** | |
| Of which: | |
| Fixed assets | 543 423 |
| Cash | 1 380 |
| Inventories | 6 305 |
| Receivables and accrued and deferred assets | 74 467 |
| Provisions | 5 096 |
| Current and non-current liabilities | 148 246 |
| Accrued and deferred income | 27 973 |
| | |
| Goodwill | 104 520 |
| Non-controlling interest | 217 688 |
| | |
| Net revenue since acquisition date | 276 718 |
| Overall comprehensive income since acquisition date | -6 212 |

Goodwill is the positive difference between the acquisition cost and the fair value of the identifiable net assets of the acquired subsidiary at the acquisition date. Goodwill is not amortized, but the Company assesses annually whether there are any indications that the carrying amount is not recoverable. Goodwill is stated at cost less any impairment.

Based on the 2023 valuation, the DCF-based return on IT segment as a cash-generating unit:

| | Valued at market value |
|---|---|
| 31 December 2023 | **81 550** |

Based on the above calculation, no impairment triggering circumstance has been identified and no impairment is required.
The discount rate used for IT segment is 12.92%.
The discount rate used to calculate the market value of the telecoms business is 10.19%, which is unlike the IT segment lower, than the diversified weighted average cost of capital used in the previous year.

Data in millions of HUF, unless otherwise indicated

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 factored into management's expectations (both in terms of expected incremental revenue and cost optimisation). The combined present value of cash flows from 2024-2028 and the residual value, calculated at 2% growth, is significantly above the carrying value of the cash-generating unit.

| | Telco segment valued at market value |
|---|---|
| 31 December 2023 | **510 021** |

## 22. Net investment in leasing

A sublease, by definition, is a transaction whereby an underlying asset is subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between lessor and lessee ("the head lease") remains in force. The Group classifies subleases as finance or operating leases, as an intermediate lessor, in the same way as it does for any other leases, in accordance with IFRS 16.61.
There are 2 subsidiaries in the group, which have net leasing investments in the books. In the case of Vodafone Magyarország Távközlési Zrt., business premises were subleased, except for 2, all of them are 100% owned by Vodafone Magyarország Távközlési Zrt. The value of net leasing investments at Vodafone Magyarország Távközlési Zrt. on 31 December 2023, is HUF 530 million A ONE Albania sh.a. its books also mainly include business premises among the leased assets, where the value of the net leasing investments is HUF 190 million on 31 December 2022, and HUF 222 million on 31 December 2023.
The net leasing investments are presented as a separate balance sheet line in the statement of financial position from the 2023 financial year. The change regarding the presentation policy is already reflected in the statement of financial position showing the comparative period published in this statement.
Further disclosures related to the presentation policy can be found in chapter 2.37 Modification of previous year's financial data.

## 23. Other investments

The Group discloses the following items in the balance sheet line other investments and other assets held at maturity:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Other investments | 639 | 521 |
| **Total** | **639** | **521** |

The Group had other investments in the following companies on 31 December 2023 and 31 December 2022:

Data in millions of HUF, unless otherwise indicated

| Company name | Investing in share capital | Voting turnout in % |
|---|---|---|
| Rotors & Cams Zrt. | 1 | 24% |
| RAC Antidrone Zrt. | 1 | 25% |
| Space-Communications Ltd. | 637 | 20% |
| **on 31 December 2023** | **639** | |

| Company name | Investing in share capital | Voting turnout in % |
|---|---|---|
| Space-Communications Ltd. | 515 | 9,54% |
| Various other investments | 6 | n/a. |
| **on 31 December 2022** | **521** | |

The Group's 24% interest in Rotors & Cams Zrt., which is influenced based on the voting interest in the associate, is presented in other investments.
Key data from the financial statements of the associate on 31 December 2023, prepared in accordance with IFRS:
Balance sheet total: HUF 831 million
Net loss: HUF -456 million

## 24. Other non-current assets

The breakdown of other non-current assets at the balance sheet date is as follows:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| iCollWare Ltd. top-up payment | 117 | 112 |
| Rotors & Cams Zrt. top-up payment | 470 | 0 |
| Impairment of top-up payments | -117 | -112 |
| Liabilities under guarantee | 28 | 35 |
| Deposits | 686 | 241 |
| Non-current investment fund units, securities | 102 | 102 |
| Other non-current receivables | 878 | 79 |
| **Total** | **2 164** | **457** |

The difference of HUF 190 million compared to the HUF 647 million on the *Other non-current assets* line on 31 December 2022 is due to the fact that net lease investments are shown as a separate balance sheet line.
Other non-current receivables include the accruals from customer contracts over the year, which amounts to HUF 569 million as of 31 December 2023.
The HUF 102 million presented in the non-current investment fund units, securities line is the investment fund of INNObyte Zrt. held as collateral for bank guarantees.

Data in millions of HUF, unless otherwise indicated

## 25. Cash and cash equivalents

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Cash on hand | 806 | 629 |
| Bank | 52 369 | 45 332 |
| **Total** | **53 175** | **45 961** |

Cash and cash equivalents include cash in hand, current accounts with banks, short-term deposits and short-term liquid investments that can be converted into an immediately determinable amount of money.
Of the cash and cash equivalents on 31 December 2023, HUF 3,955 million is classified as restricted cash, which is fully restricted bank deposits. On 31 December 2022, this amount was HUF 494 million.
Restricted cash covers funds on current accounts which have been deposited in security accounts by consolidated enterprises to cover future trade payables or which have been set aside in current accounts for similar purposes.
The Group recognises its cash at amortised cost and has made an estimate of the expected credit loss on its 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.

## 26. Trade receivables

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Trade receivables | 166 354 | 91 490 |
| Impairment of trade receivables | -41 207 | -32 580 |
| **Total** | **125 147** | **58 910** |

The acquisition of Vodafone Magyarország Távközlési Zrt. increased the net trade receivables by HUF 63,220 million on 31 December 2023.

The Group 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 Group 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 Group has used the 12-months expected credit loss.

Data in millions of HUF, unless otherwise indicated

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 15%,
- forward-looking information was also taken into account when estimating the credit loss.
- in relation to trade receivables, the Group recognised an additional credit loss on trade receivables of HUF 7,136 million (HUF 5,379 million on 31 December 2022) in accordance with IFRS 9.

| | **Total impairment of trade receivables** |
|---|---|
| **on 31 December 2021** | **-6 597** |
| Increase | -5 379 |
| Decrease | 430 |
| Acquisition | -18 454 |
| Revaluation | -2 580 |
| **on 31 December 2022** | **-32 580** |
| Increase | -15 134 |
| Decrease | 6 777 |
| Revaluation | -270 |
| **on 31 December 2023** | **-41 207** |

## 27. Other current financial assets

From 2023 onwards, the Group presents other current assets in the balance sheet in two main categories, unlike in previous years:

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

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

Data in millions of HUF, unless otherwise indicated

| | 31/12/2022 |
|---|---|
| Gross value of other receivables | 9 436 |
| Impairment of other receivables | -691 |
| Accrued and deferred assets | 10 657 |
| **Total** | **19 402** |

The net impaired value of other receivables included the following:

| | 31/12/2022 |
|---|---|
| Advance payment | 2 840 |
| Cash lent for short-term purposes | 868 |
| Lease charge deposit | 369 |
| Guarantees provided | 172 |
| Receivables on government budget | 67 |
| Other current receivables | 4 429 |
| **Total** | **8 745** |

In 2023, the amount of contractual assets was highlighted as a separate line under financial assets from the accrued income line (where it was included in the comparative period). In addition, short-term finance lease receivables, previously recorded under other current receivables, are shown as a new line, see chapter 30.

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

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Gross value of cash lent for short term | 1 542 | 869 |
| Impairment of cash lent for short term | -1 | -1 |
| Gross value of contract assets | 7 647 | 6 243 |
| Impairment of contract assets | -35 | 0 |
| Guarantees provided | 160 | 172 |
| Shares and treasury bills | 225 | 118 |
| Gross value of other financial receivables | 25 395 | 4 498 |
| Impairment of other financial receivables | -776 | -690 |
| **Total** | **34 157** | **11 209** |

Cash lent for short term includes a short-term loan of HUF 1,100 million granted to MIS Omega Mobilhálózat Kft., which was spun off from the Group on 30 June 2023 and loans granted to employees of the Group and to other companies.

Contract assets include the part of revenue recognised in accordance with IFRS 15, completed, documented in 2023 but invoiced only in 2024. Where the Group 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.

Data in millions of HUF, unless otherwise indicated

During the reporting period, the Group has included in securities treasury bills of HUF 111 million (31 December 2022: HUF 118 million) and investment fund shares of HUF 114 million (in 2022 the Group did not have any investment fund shares). The Group measures securities at fair value through profit or loss.

Other current receivables include the part of the receivable from "ANTENNA HUNGÁRIA" Zrt. for the sale of MIS Omega Mobilhálózat Kft. to Pro-M Zrt., amounting to HUF 24,375 million, payable within one year. As the time value of money has a significant impact, the uncollected purchase price was recognised at net present value discounted in accordance with International Financial Reporting Standards, which reduced the nominal value of the receivable by HUF 1,080 million. This carrying amount will approximate the nominal value of the receivable in the future and will reach the nominal value at the date of payment.

The Group has also assessed the need to recognise a credit loss on other receivables in accordance with IFRS 9 and does not consider it appropriate to recognise a credit loss on these receivables as they are low credit risk, are not typically past due at the balance sheet date and the risk of default is negligible.

| | **Total impairment of other receivables** |
|---|---|
| **on 31 December 2021** | 0 |
| Increase | 132 |
| Decrease | -714 |
| Acquisition | -85 |
| **on 31 December 2022** | **-691** |
| | |
| Increase | -119 |
| Decrease | 32 |
| Revaluation margin | -34 |
| **on 31 December 2023** | **-812** |

Data in millions of HUF, unless otherwise indicated

## 28. Other current non-financial assets

As described in the previous chapter, the Group presents other current non-financial assets in a separate balance sheet line in 2023.

Other current non-financial assets include:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Other tax assets | 1 686 | 67 |
| Advances granted | 5 414 | 2 840 |
| Lease charge deposit | 678 | 369 |
| Accrued and deferred income | 5 440 | 562 |
| Accrued and deferred costs and expenses | 9 676 | 3 852 |
| **Total** | **22 894** | **7 690** |

Within other tax assets, the largest amount is VAT receivable (HUF 1,425 million on 31 December 2023, with a liability balance at the end of 2022).
The Group recognises advances to suppliers net of VAT.

Accrued and deferred costs and expenses include costs and expenses invoiced before the balance sheet date but charged in 2024. Accrued income includes income due in 2023 that will only be invoiced in the following year(s).

## 29. Income tax receivables and liabilities

The Group considers the following to be profit taxes under IAS 12:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Corporate income and dividend tax receivables(+)/ liabilities(-) | -324 | 1 025 |
| Local business tax receivables(+)/ liabilities(-) | -208 | -9 |
| Innovation contribution receivables(+)/ liabilities(-) | -226 | 114 |
| **Total** | **-758** | 1 130 |
| *from which: receivables* | **1 054** | 1 794 |
| *from which: liabilities* | **-1 812** | -664 |

In the table above, the liability balance is shown with a negative sign.
In the current period, in line with the new presentation, taxes on profits are also shown in a separate balance sheet line under assets and liabilities, whereas in previous periods they were presented under other current receivables or payables, depending on their balances.

Data in millions of HUF, unless otherwise indicated

## 30. Current finance lease receivables

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Current finance lease receivables | 187 | 137 |
| Current finance lease receivables – subleasing | 376 | 0 |
| **Total** | **563** | **137** |

A significant part of the increase in short-term financial leasing receivables was caused by the acquisition of Vodafone Magyarország Távközlési Zrt.

## 31. Inventories

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Work in progress | 0 | 231 |
| Goods | 13 468 | 9 529 |
| Raw materials | 3 476 | 4 117 |
| Refundable packaging | 0 | 4 |
| Write-down of inventories | -5 074 | -3 154 |
| **Total** | **11 870** | **10 727** |

Inventories increased in line with the expansion of activity and the level of inventories in the new subsidiaries. Each year the Group reviews the turnover of its inventories and based on market knowledge, writes down slow-moving inventories and scraps obsolete inventories. The carrying amount of inventories is therefore the lower of cost or selling price less cost to sell. The Group recognises strategic inventories as tangible assets for inventory items with an individual acquisition cost of HUF 5 million.

## 32. Investment assets held for sale and liabilities related to assets held for sale

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Assets held for sale | 0 | 190 271 |
| Liabilities related to assets held for sale | 0 | 23 349 |

As part of its integration and reorganisation processes, the Group has reviewed its assets and has classified assets that do not serve the Group’s interests and future objectives on a sustainable basis as held for sale in relation to DIGI Távközlési és Szolgáltató Kft. Assets held for sale comprise property, plant and equipment, intangible assets and leasehold leases, while liabilities related to assets held for sale mainly represent current and non-current lease obligations related to leasehold leases. The Group did not recognise any depreciation or amortisation on the assets held for sale during the reporting period and they were carried at carrying value in the consolidated statement of financial position (as the fair value less costs to sell exceeded the carrying value of the assets). The transaction closed on 30 June 2023 and the assets and liabilities held for sale were derecognised.

Data in millions of HUF, unless otherwise indicated

On 31 December 2022, the Group also included in assets held for sale its stake in TMT Hungary B.V. and TMT Hungary Infra B.V., which was sold on 20 March 2023 in a share swap and previously recognised in the books of "ANTENNA HUNGÁRIA" Zrt. for HUF 125,700 million. As a result of the share swap, "ANTENNA HUNGÁRIA" Zrt. increased its ownership to 70.5% after the acquisition of 51% of the shares of Vodafone Magyarország Távközlési Zrt. on 31 January 2023.

## 33. Share capital

In 2022, the Group's share capital increased by 4 capital increases to HUF 5,981 million. The share capital according to IFRS is the same as the share capital as recorded by the Company Court. 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 one 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

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Opening value | 5 981 | 2 064 |
| Increase | 0 | 3 917 |
| Decrease | 0 | 0 |
| **Closing value** | **5 981** | **5 981** |

## 34. 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 |
| **Total** | **8 579 685** | **5 359 447** |

The value of the treasury shares is HUF 3,199 million, at an average price of HUF 698 per share. The closing price on the stock exchange for the period was 795 HUF/share, and the average price for the year was 784 HUF/share.

Data in millions of HUF, unless otherwise indicated

## 35. Capital reserve

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Opening value | 133 492 | 3 869 |
| Increase | 0 | 129 623 |
| Decrease | 0 | 0 |
| **Closing value** | **133 492** | **133 492** |

During the year 2023, the value of the capital reserve remained unchanged.

## 36. Accumulated other comprehensive income

### 36.1. Fair value measurement reserve

In 2022, 4iG PLC purchased 9.538% of the shares of the Israeli listed company Space-Communications Ltd., which increased its share to 20% in 2023. The capital instrument was classified as an asset valued at fair value against other comprehensive income at the time of acquisition. As a result of the evaluation, a HUF 1,109 million loss was accounted for in other comprehensive income for the year 2022. Income from capital instruments valued at fair value against other comprehensive income are items that are not subsequently reclassified in the consolidated result. Until the date of becoming an associated enterprise, i.e. until 21 February 2023, the loss accounted for in other comprehensive income was HUF 959 million, which was accounted for against retained earnings.

As a result of the share increase in fiscal year 2023, Space-Communications Ltd. is classified as an associated company consolidated using the equity method. The value of the associated company's share of the other comprehensive income is a HUF 14 million loss in the 2023 financial year. This other comprehensive income is an item to be accounted for in the consolidated profit and loss statement in the following periods, which is classified as other comprehensive income if certain conditions are met.

### 36.2. Foreign exchange rate differences

The Group presents the foreign exchange rate differences arising from the conversion of the balance sheets and profit and loss accounts of foreign subsidiaries in the foreign exchange rate differences on equity. In case of the fulfilment of certain criteria the foreign exchange difference is an item, which needs to be reclassified into the statement of profit or loss.

## 37. Non-controlling interest

Changes in non-controlling interests during the reporting period are shown in the consolidated statement of changes in equity.

Data in millions of HUF, unless otherwise indicated

## 38. Provisions

| | 31/12/2022 | Acquisition | Increase | Utilisation | Cumulative translation adjustments | 31/12/2023 |
|---|---|---|---|---|---|---|
| Unused vacation | 703 | 0 | 844 | -192 | 12 | 1 367 |
| Provisions for legal and other matters | 2 898 | 2 229 | 1 284 | -2 061 | -5 | 4 345 |
| Asset retirement obligations | 5 961 | 2 867 | 331 | -3 605 | 170 | 5 724 |
| **Total** | **9 562** | **5 096** | **2 459** | **-5 858** | **177** | **11 436** |
| *of which* | | | | | | |
| *provisions – non-current* | *4 888* | | | | | *5 864* |
| *provisions – current* | *4 674* | | | | | *5 572* |

The provision for unused vacation amounts to HUF 1,367 million on 31 December 2023 (HUF 703 million on 31 December 2022), of which HUF 844 million is the amount of the provision for 2023.

The provision for legal and other matters typically includes provisions for legal, litigation, penalties, employee benefits on 31 December 2023. With the acquisition of Vodafone Magyarország Távközlési Zrt., a current provision of HUF 2,149 million for legal matters and was recognised at a consolidated level, of which a provision of HUF 942 million for legal matters was utilised in 2023 after the acquisition. The provision of HUF 1,438 million for litigation and penalties of "ANTENNA HUNGÁRIA" Zrt. increased by a further HUF 163 million in 2023. The provision for legal matters of ONE Albania sh.a. amounted to HUF 361 million on 31 December 2023 (HUF 439 million on 31 December 2022). The provision for other employee benefits at consolidated level amounted to HUF 675 million on 31 December 2023 (HUF 573 million on 31 December 2022).

The provision for asset retirements obligation includes the discounted provision for the future restoration of the assets of Vodafone Magyarország Távközlési Zrt. acquired in 2023 and ONE Albania sh.a. and ONE Crna Gora d.o.o. acquired in previous years.

Data in millions of HUF, unless otherwise indicated

## 39. Non-current loans, borrowings, bonds

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **4iG Plc** | | |
| Bonds | 388 357 | 388 630 |
| **ACE Network Zrt.** | | |
| Medium-term USD loan | 108 | 0 |
| **ALBtelecom sh.a.*** | | |
| Italian Government loan | 0 | 309 |
| Raiffeisen Bank Loan | 0 | 41 |
| **"ANTENNA HUNGÁRIA" Zrt.** | | |
| MFB investment loan | 19 352 | 21 712 |
| Vodafone acquisition loans | 324 701 | 0 |
| **INNObyte Zrt.** | | |
| MFB Zrt. GINOP loan | 48 | 81 |
| **ONE Albania sh.a.** | | |
| OTP club loan | 12 739 | 0 |
| Italian Government loan | 72 | 0 |
| **ONE Telecommunications sh.a.*** | | |
| OTP club loan | 0 | 13 547 |
| **Vodafone Magyarország Távközlési Zrt.** | | |
| Corvinus Zrt. medium-term loan | 2 304 | 0 |
| **Total** | **747 681** | **424 320** |

* ONE Telecommunications sh.a. and ALBtelecom sh.a. merged on 1 January 2023 under the name of ONE Albania sh.a.

The above figures represent the amounts drawn down from working capital facilities contracted, the amounts actually drawn down from loans and the bonds issued by the Group and its consolidated subsidiaries. Both the Group and its consolidated subsidiaries have fully and when due complied with all debt service obligations arising from financial commitments.

**4iG Plc**

On 31 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 credit facility contracted in the reporting year.

Data in millions of HUF, unless otherwise indicated

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 Company during 2023. The Company 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 domestic and foreign share purchases during 2021, the Group conducted 3 successful auctions in the Growth Bond Programme (Hungarian short name: "NKP") announced by the MNB (National Bank of Hungary):

| Description | 4iG NKP Bond 2031/I | 4iG NKP Bond 2031/II | 4iG NKP Bond 2031/II |
|---|---|---|---|
| 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 Group has met its interest payment obligations under the NKP when due in the reporting year.

**ACE Network Zrt.**

In November 2021, the company entered into a bank overdraft facility agreement with K&H Bank Zrt. for HUF 250 million at a transaction interest rate fixed at O/N BUBOR (variable interest rate), which is available as a liquidity reserve until 30 July 2025 and had a utilisation rate of 0 at the balance sheet date.

During November 2023, the company entered into short-term and medium-term, non-revolving, variable rate working capital loan agreements with K&H Bank Zrt. for a total amount of USD 1,500,000, which were partially drawn at the balance sheet date.

The above loan agreements were secured by a cash collateral provided by the company and a guarantee by Garantiqa Hitelgarancia Zrt.

**"ANTENNA HUNGÁRIA" Zrt.**

In order to ensure the liquidity of the company, it has an overdraft facility with MKB Bank Nyrt in the amount of HUF 5,000 million, which was zero at the balance sheet date.
The HUF 45,851 million 13-years loan contracted with MFB Magyar Fejlesztési Bank Zrt. maturing in 2020 has a repayment due within one year of HUF 3,126 million at the balance sheet date, and the debt service due in 2023 is on schedule.

In January 2023, the company entered into long-term loan agreements denominated in EUR with Magyar Export-Import Bank Zrt. and MFB Magyar Fejlesztési Bank Zrt. for the acquisition of a majority stake in Vodafone Magyarország Távközlési Zrt. With regard to the grace period, no principal repayment will be due in 2024, only interest payments, at a fixed interest rate (6,54% és 8,19%) for the first five years of the maturity. In addition to the company, Vodafone Magyarország Távközlési Zrt. has been included as a debtor, and the financing banks have registered liens on the assets of the company and the debtor as security for the loans and have stipulated the execution of financial covenants. The Company fulfilled these covenants both on the balance sheet date after the balance sheet date.

**INNObyte Zrt.**

The company entered into a combined loan agreement with MFB Magyar Fejlesztési Bank Zrt. in May 2019 for HUF 121 million maturing on 25 April 2029, which was partially prepaid during the reporting year, so the last repayment is due in May 2027. The loan is secured by a bank guarantee issued by K&H Bank Zrt.

The company's other liabilities arising from its long-term working capital loan agreements with K&H Bank Zrt. during 2021 were repaid in full during the reporting year.

**ONE Albania sh.a.**

On January 1, 2023, the majority-owned Albanian businesses of the Group – ONE Telecommunications sh.a. and ALBtelecom sh.a., were merged by succession under the name ONE Albania sh.a.
The merger of the two legal entities was subject to the prior approval of the financing banks, while maintaining the loans and credits contracted until then.
The available bank overdrafts denominated in euro and Albanian lek were 0 at the balance sheet date.
As security for loans and credits, mortgages on real estate and pledges on receivables and movable property are registered in favour of the financing banks.

Data in millions of HUF, unless otherwise indicated

| Financing ban | Loan type | Frame amount | Actual outstanding | Currency | Interest |
|---|---|---|---|---|---|
| OTP BANK PLC; DSK BANK AD; BANKA OTP ALBANIA SHA | Syndicate loan | 37 000 000 | 34 040 000 | EUR | 3M EURIBOR + 4.25% |
| BANKA OTP ALBANIA SHA | Overdaft | 2 000 000 | 0 | EUR | 12M EURIBOR +3.5% (min 4.2%) |
| Italian Government | bullet term loan | 6 808 761 | 567 396 | EUR | Fix 1% |
| Raiffeisen Bank Albania sh.a. | Project loan | 600 000 | 111 111 | EUR | 12M EURIBOR + 5% (min 5,3%) |
| Raiffeisen Bank Albania sh.a. | Overdaft | 1 650 000 | 0 | EUR | 12M EURIBOR + 5% (min 5,3%) |
| Tirana Bank S.A. | Overdaft | 467 009 854 | 0 | ALL | Yearly T-Bills + 2.5% (min 5.0%) |

**Vodafone Magyarország Távközlési Zrt.**

In January 2023, "ANTENNA HUNGÁRIA" Zrt. and Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") concluded a sales agreement for the acquisition of 100% of the company's shares.
Subsequently, Corvinus provided a loan in two tranches at variable interest rates for a total amount of HUF 6,144 million, with principal repayments at maturity, to finance certain liabilities of the company.

**Bank guarantees**

The Group 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.

Data in millions of HUF, unless otherwise indicated

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

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| Raiffeisen Bank Zrt. | 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 |
| | 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 |
| | | | **Total** | **328 858 883** | | | |

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

Data in millions of HUF, unless otherwise indicated

| Insurance provider | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| CIG Pannónia Első Magyar Általános Biztosító Zrt. | 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 |
| | 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 | 30/06/2024 |
| | 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 |
| | | | **Total HUF** | **5 002 724 296** | | | |
| | | | **Total EUR** | **311 347.37** | | | |

In the reporting period, the Group 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.

Bank guarantees issued on behalf of DIGI Távközlési és Szolgáltató Kft. on 31 December 2023:

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| Citibank Europe Plc. Hungary Branch | 111177 | Budapest Közlekedési Zrt. | payment | 15 181 537 | HUF | 19/12/2016 | 31/12/2025 |
| | 112366 | Yettel Magyarország Zrt. | payment | 17 000 000 | HUF | 24/07/2020 | 31/12/2024 |
| | 113260 | CEE Property-Invest Kft. | payment | 276 042 | EUR | 18/12/2023 | 29/01/2027 |
| | | | **Total HUF** | **32 181 537** | | | |
| | | | **Total EUR** | **276 042** | | | |

As security for the bank guarantees, a total of HUF 32 million was deposited in a bank account earmarked for this purpose.
Bank guarantees issued on behalf of INNObyte Zrt. on 31 December 2023:

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| K&H Bank Zrt. | BUDAGO0014568 | MFB Magyar Fejlesztési Bank Zrt. | payment | 61 000 000 | HUF | 26/01/2021 | 20/10/2024 |
| | BUDAGO0012271 | MFB Magyar Fejlesztési Bank Zrt. | payment | 61 000 000 | HUF | 09/10/2019 | 20/10/2024 |
| | | | **Total HUF** | **122 000 000** | | | |

Data in millions of HUF, unless otherwise indicated

Bank guarantees issued on behalf of Invitech ICT Services Kft. on 31 December 2023:

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| UniCredit Bank Hungary Zrt. | 23010106 | Magyar Posta Takarék | payment | 23 653 505 | HUF | 16/01/2023 | 11/01/2024 |
| | 23010114 | M7 Ceref II Lux | payment | 8 023.75 | EUR | 04/12/2023 | 04/12/2024 |
| | 23010118 | GÉANT Vereniging | payment | 100 000 | EUR | 12/01/2023 | 12/01/2024 |
| | | | **Total HUF** | **23 653 505** | | | |
| | | | **Total EUR** | **108 023.75** | | | |

A total of HUF 24 million and EUR 108 thousand in cash collateral was deposited in the bank account earmarked for this purpose as security for the bank guarantees.

Bank guarantees issued on behalf of Vodafone Magyarország Távközlési Zrt. on 31 December 2023:

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue | Expiry date |
|---|---|---|---|---|---|---|---|
| Citibank Europe Plc. Magyarországi Fióktelepe | 5137621678 | Apple Distribution International Limited | payment | 3 200 000 000 | HUF | 28/07/2023 | 11/07/2024 |
| | | | **Total HUF** | **3 200 000 000** | | | |

Bank guarantees issued on behalf of ONE Albania sh.a. on 31 December 2023:

| Bank | Reference number | Beneficiary | Type | Total | Currency | Date of issue |
|---|---|---|---|---|---|---|
| OTP Bank Albania | AL14 9021 1797 4551 2302 0339 2423 | Tax office | payment | 5 000 000 | ALL | 19/07/2023 |
| | | Tirana East Gate Sh.P.K. | payment | 15 543 | EUR | 19/07/2023 |
| | | Central Bank of Albania | payment | 5 832 | EUR | 19/07/2023 |
| | | Municipality Maliq | payment | 400 000 | ALL | 19/07/2023 |
| | | Praslin Investment Al Shpk | payment | 1 650 | EUR | 19/07/2023 |
| | | Bashkia Mat | payment | 444 000 | ALL | 19/07/2023 |
| | | Bashkia Pagradec | payment | 250 000 | ALL | 19/07/2023 |
| | | Banka E Shqiperise | payment | 396 | USD | 19/07/2023 |
| | | Komuna Kolonje | payment | 382 200 | ALL | 19/07/2023 |
| | | Municipality Vau Dejes | payment | 60 000 | ALL | 19/07/2023 |
| | | | **Total ALL** | **6 536 200** | | |
| | | | **Total EUR** | **23 025** | | |
| | | | **Total USD** | **396** | | |

In addition to the above items, on 31 December 2023, Poli Computer PC Kft. had an overdraft facility of HUF 200 million, of which the unused overdraft amounted to HUF 100 million.

Data in millions of HUF, unless otherwise indicated

## 40. Lease liabilities

The definition of leases has been significantly expanded in accordance with IFRS 16, which became effective from 1 January 2019. From that date, right of use of assets that meet the requirements of the standard shall be included in assets as an asset. In accordance with the classical lease concept, no lease payments are recognised in the balance sheet.

Lease liabilities expanded in accordance with IFRS 16 are presented below:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Lease liabilities – non-current | 119 081 | 34 522 |
| Lease liabilities – current | 24 747 | 9 055 |
| **Lease liabilities – total** | **143 828** | **43 577** |

| | 2023 | 2022 |
|---|---|---|
| Opening obligation | 43 577 | **19 380** |
| Addition from acquisitions | 80 863 | 46 365 |
| Addition | 42 672 | 11 637 |
| Interest expenditure | 11 148 | 3 255 |
| Disposal | -33 351 | -15 093 |
| Revaluation effect | -1 081 | 1 381 |
| Reclassification | 0 | -23 348 |
| **Closing obligation** | **143 828** | **43 577** |

The Group's total cash outflow from leasing transactions was HUF 22,147 million in 2023 (HUF 14,437 million in 2022). The amount of undiscounted future lease payments is shown in the table below:

| | Actual fees | Present value of fees |
|---|---|---|
| Payable within a year | 32 673 | 24 747 |
| Share payable in excess of one year | 148 502 | 119 081 |
| **Total lease payments** | **181 175** | **143 828** |

The Group has excluded future cash flows to which it is potentially exposed from the measurement of lease obligations. The potential undiscounted future lease payments for periods subsequent to renewal options that are not part of the lease term, amounted to HUF 56,730 million (2022: HUF 279 million). The undiscounted cash flows related to termination options not included in the value of the lease liability amounted to HUF 32 million on 31 December 2023 (in 2022, the Group had no significant lease payments related to termination options).

Data in millions of HUF, unless otherwise indicated

The future undiscounted lease payments liability for contracts the Group is committed but not yet commenced on 31 December 2023 amounted to HUF 4,941 million. (The Group was not committed to any leases not yet commenced on 31 December 2022.)
As of 31 December 2022 and 2023, there were no residual value guarantee to which the Group was potentially exposed and were not taken into account in the lease liability.

Short-term leases or leases of low-value assets are recognised as operating expenses by the Group.

## 41. Other non-current liabilities

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Liabilities related to content fee | 4 221 | 8 200 |
| BRISK group deferred purchase price | 0 | 1 466 |
| Liabilities related to software integration | 692 | 1 100 |
| Other | 13 | 0 |
| **Total** | **4 926** | **10 766** |

In the case of DIGI Távközlési és Szolgáltató Kft., a liability of HUF 3,495 million was recognised for broadcasting services as of 31 December 2023.

## 42. Trade payables

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Trade payables | 87 681 | 45 839 |
| **Total** | **87 681** | **45 839** |

Data in millions of HUF, unless otherwise indicated

## 43. Current loans and borrowings

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| **4iG Plc** | | |
| Baross Gábor revolving loan | 4 000 | 0 |
| **ACE Network Zrt.** | | |
| Short-term USD loan | 308 | 0 |
| **ALBtelecom sh.a.*** | | |
| Tirana Bank overdraft facility | 0 | 1 585 |
| Raiffeisen Bank overdraft facility | 0 | 656 |
| Raiffeisen Bank loan | 0 | 164 |
| Italian Government loan | 0 | 154 |
| **"ANTENNA HUNGÁRIA" Zrt.** | | |
| MFB investment loan | 3 126 | 3 126 |
| **DIGI Távközlési és Szolgáltató Kft.** | | |
| Citibank credit card | 18 | 0 |
| **INNObyte Zrt.** | | |
| MFB Zrt. GINOP loan | 21 | 9 |
| K&H loan | 0 | 164 |
| **ONE Albania sh.a.** | | |
| OTP club loan | 1 163 | 0 |
| Italian Government loan | 42 | 0 |
| Raiffeisen Bank loan | 145 | 0 |
| **ONE Telecommunications sh.a.*** | | |
| OTP Albania bank overdraft | 0 | 793 |
| OTP club loan | 0 | 1 062 |
| **Vodafone Magyarország Távközlési Zrt.** | | |
| Corvinus Zrt. short-term loan | 3 840 | 0 |
| **Total** | **12 663** | **7 713** |

* ONE Telecommunications sh.a. and ALBtelecom sh.a. merged on 1 January 2023 under the name of ONE Albania sh.a.

For a detailed description of short-term loans, borrowings and bonds, see Note 39.

## 44. ESOP related benefits

The Board of Directors of the Group, 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.

### 44.1. Reserve for ESOP obligation

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 Group 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 shall be the last working day of the 12 months following the publication of the regular report on the quarter containing that last date, as provided by law). Conditions of service: employment with the Company for the duration of the scheme. Performance condition: the increase in the Group's consolidated EBITDA per share, which the Group expects to meet. The Group has made estimates of the expected performance of the ESOP II programme at the balance sheet date. According to the estimates of the Company at the end of 2023 it presents HUF 397 million reserve for ESOP obligation.

### 44.2. ESOP obligation

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 Group launched a new Remuneration Policy (hereinafter "ESOP III"). In order to implement the ESOP III, the Group as Founder granted to the ESOP Organisation options to acquire ordinary shares in 4iG Plc. By this action, the Group intends to achieve greater stakeholder engagement. The number of share options granted: 2,119,767.

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.

## 45. Dividends payable to owners

The Company had a dividend liability to owners of HUF 8 million on 31 December 2022 and on 31 December 2023.

Data in millions of HUF, unless otherwise indicated

## 46. Other current financial liabilities

From 2023 onwards, the Group 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 47)

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

| | **31/12/2022** |
|---|---|
| Tax liabilities and contributions | 7 820 |
| Current income tax payable | 1 130 |
| Payroll transfer obligations | 1 381 |
| Advances received from customers | 3 487 |
| Advances received from the state budget | 429 |
| Contingent purchase price | 1 495 |
| Bond interest | 1 231 |
| Various other current liabilities | 10 880 |
| Grant received, deferred income | 1 336 |
| Accruals and deferred income | 21 132 |
| Accrued expenses and charges | 15 377 |
| **Total** | **65 698** |

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

| | **31/12/2023** | **31/12/2022** |
|---|---|---|
| Payroll transfer obligations | 2 550 | 1 381 |
| Contingent purchase price | 0 | 1 495 |
| Bond interest | 1 229 | 1 231 |
| Various other current liabilities | 17 256 | 14 663 |
| **Total** | **21 035** | **18 770** |

Other current liabilities include HUF 5,665 million related to DIGI Távközlési és Szolgáltató Kft. and HUF 190 million related to broadcasting rights with Vodafone Magyarország Távközlési Zrt. Also included are contractual liabilities amounting to HUF 4,905 million at the balance sheet date.

Data in millions of HUF, unless otherwise indicated

## 47. Other current non-financial liabilities

As described in the previous section, the Group 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:

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Tax liabilities and contributions | 11 359 | 7 820 |
| Advances received from customers | 7 265 | 3 487 |
| Advances received from the state budget | 88 | 429 |
| Grants received, deferred income | 695 | 1 336 |
| Accrued and deferred income | 39 494 | 20 073 |
| Accrued expenses | 46 563 | 15 377 |
| **Total** | **105 464** | **48 522** |

The Group recognises advances received from customers gross of VAT.

The Group has no overdue tax liabilities, and all companies are included in the database of companies without public debt. Deferral of revenue is mainly the portion of invoiced annual support fees relating to subsequent periods.

The significant increase in accrued and deferred income and expenses is due to acquisitions made during the reporting period.

## 48. Segment information

The strategic decisions for the Group's operations are made by the Board of Directors, and therefore the statements prepared for the Board of Directors have been used by management as the basis for the determination of the segments in preparing these financial statements.
The 4iG Group will have three major segments: IT services and trade activities (hardware and software resale, and development, operation, support, consulting, implementation and other IT services), telecommunications, and an other, holding segment has been added. The performance of the three segments is presented below, down to the level of direct costs attributable to the activities, also for the year 2022, in line with the current period breakdown. Segment assets have been allocated in proportion to the depreciation charged to the activities and the segment revenue.
The Group has considered whether entities under a government (including government agencies and similar local, national or international bodies) should be treated as a single customer, as a result of which it has determined that it treats such entities as separate customers by virtue of the fact that they have separate budgets.
For the year 2023, no customer's turnover will exceed 10% of revenue.

Data in millions of HUF, unless otherwise indicated

For the year of 2023:

| Description | IT services and trade | ~~Telecommuni-cationsTele-~~ Telecommunication | Other activities | Eliminations | Total |
|---|---|---|---|---|---|
| Net sales revenue | 83 038 | 520 178 | 6 096 | -14 802 | 594 510 |
| Acquisition value of goods sold, and services supplied indirectly | -56 859 | -117 451 | -2 297 | 5 395 | -171 212 |
| Other operating revenue | 2 960 | 28 335 | 19 071 | -7 903 | 42 463 |
| **Coverage 1** | **29 139** | **431 062** | **22 870** | **-17 310** | **465 761** |
| Direct costs | -26 123 | -411 306 | -15 423 | 16 986 | -435 866 |
| **Coverage 2** | **3 016** | **19 756** | **7 447** | **-324** | **29 895** |
| **EBITDA** | **7 555** | **183 563** | **9 893** | **-445** | **200 566** |
| **Operating profit (EBIT)** | **3 016** | **19 756** | **7 447** | **-324** | **29 895** |
| Financial result | | | | | -48 730 |
| **Profit before tax** | | | | | **-18 835** |
| Total segment assets | 62 357 | 1 443 711 | 33 235 | -18 091 | 1 521 212 |
| **Segment assets** | **62 357** | **1 443 711** | **33 235** | **-18 091** | **1 521 212** |
| Assets not allocated to segments | | | | | |
| **Total assets** | | | | | **1 521 212** |
| Total segment liabilities | 46 339 | 1 126 033 | 5 227 | -18 091 | 1 159 508 |
| **Segment liabilities** | **46 339** | **1 126 033** | **5 227** | **-18 091** | **1 159 508** |
| Liabilities not allocable to segments | | | | | |
| **Total liabilities** | | | | | **1 158 830** |

Data in millions of HUF, unless otherwise indicated

For the year of 2022:

| Description | IT services and trade | Telecommunication | Other activities | Eliminations | Total |
|---|---|---|---|---|---|
| Net sales revenue | 81 853 | 199 473 | 1 129 | -5 034 | 277 421 |
| Acquisition value of goods and services supplied indirectly | -55 070 | -41 504 | -1 127 | 4 235 | -93 466 |
| Other operating revenue | 1 263 | 12 057 | 14 248 | 0 | 27 568 |
| **Coverage 1** | **28 046** | **170 026** | **14 250** | **-799** | **211 523** |
| Direct costs | -23 056 | -173 951 | -15 698 | 409 | -212 296 |
| **Coverage 2** | **4 990** | **-3 925** | **-1 448** | **-390** | **-773** |
| **EBITDA** | **7 871** | **67 586** | **-1 013** | **-390** | **74 054** |
| **Operating profit (EBIT)** | **4 990** | **-3 925** | **-1 448** | **-390** | **-773** |
| Financial results | | | | | -14 474 |
| **Profit before tax** | | | | | **-15 247** |
| Total segment assets | 49 682 | 880 711 | 11 118 | | 941 511 |
| **Segment assets** | **49 682** | **880 711** | **11 118** | | **941 511** |
| Assets not allocated to segments | | | | | |
| **Total assets** | | | | | **941 511** |
| Total segment liabilities | 44 321 | 598 839 | 797 | | 643 957 |
| **Segment liabilities** | **44 321** | **598 839** | **797** | | **643 957** |
| Liabilities not allocable to segments | | | | | |
| **Total liabilities** | | | | | **643 957** |

## 49. Risk management

The Group's assets include cash, securities, trade and other receivables and other assets, excluding taxes. The Group'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 Group, the Group's objectives, policies, process measurement and risk management, and the Group's management capital. The Board has overall responsibility for the establishment, oversight and risk management of the Group.
The Group's risk management policy is designed to identify and investigate the risks faced by the Group and to set up appropriate controls and monitor the risks. The risk management policy and system are reviewed from time to time to reflect changing market conditions and the Group's activities.

### Capital Markets

The Group's policy is to maintain a level of share capital sufficient to maintain investor and creditor confidence and to ensure the development of the Group. 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 Group consists of net debt and the Group's equity (the latter includes subscribed capital, reserves and non-controlling interests).

In managing capital, the Group seeks to ensure that the Group 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 Group. 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 Group's maximum exposure to credit risk on 31 December 2023 and 31 December 2022.

Data in millions of HUF, unless otherwise indicated

**Credit risk**

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Trade receivables | 125 147 | 58 910 |
| Other current financial assets | 34 157 | 11 209 |
| Cash and cash equivalents | 53 175 | 45 961 |
| **Total** | **212 479** | **116 080** |

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

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Not yet due | 108 228 | 46 446 |
| 1-30 days expired | 5 930 | 3 579 |
| Between 30-90 days overdue | 4 167 | 2 143 |
| Between 90-180 days overdue | 2 222 | 1 777 |
| Between 180-360 days overdue | 1 761 | 2 479 |
| Over 360 days overdue | 2 839 | 2 486 |
| **Total** | **125 147** | **58 910** |

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 Group will not be able to meet its financial obligations as they fall due. The Group’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.

Data in millions of HUF, unless otherwise indicated

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

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Not yet due | **64 979** | **25 482** |
| 1-30 days overdue | 7 823 | 5 492 |
| Between 30-90 days overdue | 3 527 | 3 733 |
| Between 90-180 days overdue | 1 794 | 4 009 |
| Between 180-360 days overdue | 2 177 | 2 719 |
| Over 360 days overdue | 7 381 | 4 404 |
| **Total** | **87 681** | **45 839** |

### 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 Group'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.

### Risk from the war in Ukraine

The Group has no business relations with Ukrainian companies, so we do not perceive any direct business risk.

### Sensitivity analysis

The Group 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 Group seeks to mitigate interest rate risk primarily by tying up its free cash.

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

| **Credit risk** | HUF | Currency | Total |
|---|---|---|---|
| Trade receivables | 89 564 | 35 583 | **125 147** |
| Trade payables | 40 188 | 47 493 | **87 681** |
| Cash and cash equivalents | 42 877 | 10 298 | **53 175** |
| Loans and bonds | 428 281 | 332 063 | **760 344** |

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

Data in millions of HUF, unless otherwise indicated

**Capital repayments 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 |

**Interest payments on bonds**

| 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 |

Data in millions of HUF, unless otherwise indicated

Interest rate sensitivity test

| | |
|---|---|
| **With current interest rates** | **31/12/2023** |
| Profit before tax (excluding interest) | 36 491 |
| Net interest expense | -55 326 |
| **Profit before tax** | **-18 835** |
| **Total assets** | **1 521 212** |
| | |
| **1%** | |
| Profit before tax (excluding interest) | 36 491 |
| Net interest expense | -55 879 |
| **Profit before tax** | **-19 388** |
| ***Change in profit before tax*** | -553 |
| ***Change in profit before tax (%)*** | ***2,937%*** |
| **Net assets** | **1 520 659** |
| ***Change in net assets*** | -553 |
| ***Change in net assets (%)*** | ***-0,036%*** |
| | |
| **5%** | |
| Profit before tax (excluding interest) | 36 491 |
| Net interest expense | -58 092 |
| **Profit before tax** | **-21 601** |
| ***Change in profit before tax*** | -2 766 |
| ***Change in profit before tax (%)*** | ***14,687%*** |
| **Net assets** | **1 518 446** |
| ***Change in net assets*** | -2 766 |
| ***Change in net assets (%)*** | ***-0,182%*** |
| | |
| **10%** | |
| Profit before tax | 36 491 |
| Net interest expense | -60 859 |
| **Profit before tax** | **-24 368** |
| ***Change in profit before tax*** | -5 533 |
| ***Change in profit before tax (%)*** | ***29,374%*** |
| **Net assets** | **1 515 679** |
| ***Change in net assets*** | -5 533 |
| ***Change in net assets (%)*** | ***-0,364%*** |
| | |
| **-1%** | |
| Profit before tax | 36 491 |
| Net interest expense | -54 773 |
| **Profit before tax** | **-18 282** |
| ***Change in profit before tax*** | ***553*** |
| ***Change in profit before tax (%)*** | ***-2,937%*** |
| **Net assets** | **1 521 765** |
| ***Change in net assets*** | **553** |
| ***Change in net assets (%)*** | ***0,036%*** |

Data in millions of HUF, unless otherwise indicated

| | |
|---|---|
| **-5%** | |
| Profit before tax | 36 491 |
| Net interest expense | -52 560 |
| **Profit before tax** | **-16 069** |
| ***Change in profit before tax*** | ***2 766*** |
| ***Change in profit before tax (%)*** | ***-14,687%*** |
| **Net assets** | **1 523 978** |
| ***Change in net assets*** | **2 766** |
| ***Change in net assets (%)*** | ***0,182%*** |

| | |
|---|---|
| **-10%** | |
| Profit before tax | 36 491 |
| Net interest expense | -49 793 |
| **Profit before tax** | **-13 302** |
| ***Change in profit before tax*** | ***5 533*** |
| ***Change in profit before tax (%)*** | ***-29,374%*** |
| **Net assets** | **1 526 745** |
| ***Change in net assets*** | **5 533** |
| ***Change in net assets (%)*** | ***0,364%*** |

Data in millions of HUF, unless otherwise indicated

Exchange rate sensitivity testing

| **With current exchange rates** | **31/12/2023** |
|---|---|
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 45 881 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 379 556 |
| **Net assets** | **361 704** |
| **Profit before tax** | **-18 835** |
| | |
| **1%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 46 340 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 383 352 |
| **Net assets** | **358 367** |
| ***Change in net assets*** | ***-3 337*** |
| ***Change in net assets (%)*** | ***-0,923%*** |
| **Profit before tax** | **-22 172** |
| ***Change in profit before tax*** | **-3 337** |
| ***Change in profit before tax (%)*** | ***17,716%*** |
| | |
| **5%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 48 175 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 398 534 |
| **Net assets** | **345 020** |
| ***Change in net assets*** | ***-16 684*** |
| ***Change in net assets (%)*** | ***-4,613%*** |
| **Profit before tax** | **-35 519** |
| ***Change in profit before tax*** | **-16 684** |
| ***Change in profit before tax (%)*** | ***88,578%*** |
| | |
| **10%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 50 469 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 417 512 |
| **Net assets** | **328 337** |
| ***Change in net assets*** | ***-33 367*** |
| ***Change in net assets (%)*** | ***-9,225%*** |
| **Profit before tax** | **-52 202** |
| ***Change in profit before tax*** | **-33 367** |
| ***Change in profit before tax (%)*** | ***177,157%*** |
| | |
| **-1%** | |

Data in millions of HUF, unless otherwise indicated

| | |
|---|---|
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 45 422 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 375 760 |
| **Net assets** | **365 041** |
| ***Change in net assets*** | ***3 337*** |
| ***Change in net assets (%)*** | ***0,923%*** |
| **Profit before tax** | **-15 498** |
| ***Change in profit before tax*** | ***3 337*** |
| ***Change in profit before tax (%)*** | ***-17,716%*** |

**-5%**

| | |
|---|---|
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 43 587 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 360 578 |
| **Net assets** | **378 388** |
| ***Change in net assets*** | ***16 684*** |
| ***Change in net assets (%)*** | ***4,613%*** |
| **Profit before tax** | **-2 151** |
| ***Change in profit before tax*** | ***16 684*** |
| ***Change in profit before tax (%)*** | ***-88,578%*** |

**-10%**

| | |
|---|---|
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 41 293 |
| Liabilities denominated in HUF | 779 952 |
| Foreign currency liabilities | 341 600 |
| **Net assets** | **395 072** |
| ***Change in net assets*** | ***33 367*** |
| ***Change in net assets (%)*** | ***9,225%*** |
| **Profit before tax** | **14 532** |
| ***Change in profit before tax*** | ***33 367*** |
| ***Change in profit before tax (%)*** | ***-177,157%*** |

Data in millions of HUF, unless otherwise indicated

| | |
|---|---|
| **-1%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 45 422 |
| Liabilities denominated in HUF | 779 274 |
| Foreign currency liabilities | 375 760 |
| **Net assets** | **365 719** |
| ***Change in net assets*** | ***3 337*** |
| ***Change in net assets (%)*** | ***0,921%*** |
| **Profit before tax** | **-15 498** |
| ***Change in profit before tax*** | ***3 337*** |
| ***Change in profit before tax (%)*** | ***-17,716%*** |

| | |
|---|---|
| **-5%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 43 587 |
| Liabilities denominated in HUF | 779 274 |
| Foreign currency liabilities | 360 578 |
| **Net assets** | **379 066** |
| ***Change in net assets*** | ***16 684*** |
| ***Change in net assets (%)*** | ***4,604%*** |
| **Profit before tax** | **-2 151** |
| ***Change in profit before tax*** | ***16 684*** |
| ***Change in profit before tax (%)*** | ***-88,578%*** |

| | |
|---|---|
| **-10%** | |
| Non-monetary assets and assets denominated in forint | 1 475 331 |
| Foreign currency assets | 41 293 |
| Liabilities denominated in HUF | 779 274 |
| Foreign currency liabilities | 341 600 |
| **Net assets** | **395 750** |
| ***Change in net assets*** | ***33 367*** |
| ***Change in net assets (%)*** | ***9,208%*** |
| **Profit before tax** | **14 532** |
| ***Change in profit before tax*** | ***33 367*** |
| ***Change in profit before tax (%)*** | ***-177,157%*** |

Data in millions of HUF, unless otherwise indicated

## 50. 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 Group 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 |
|---|---|---|---|---|---|
| **Carrying amount of financial instruments** | | | | | |
| **Financial assets** | | | | | |
| Other financial fixed assets | Equity instruments | 104 | 0 | 0 | **104** |
| | Loans provided | 0 | 165 | 0 | **165** |
| | Financial lease receivables | 0 | 751 | 0 | **751** |
| | Other | 0 | 1 897 | 0 | **1 897** |
| **Total fixed assets** | | **104** | **2 800** | **0** | **2 917** |
| Trade receivables | | 0 | 125 147 | 0 | **125 147** |
| Financial lease receivables | | 0 | 563 | 0 | **563** |
| Cash and cash equivalents | | 0 | 53 175 | 0 | **53 175** |
| Other current financial assets | Loans provided | 0 | 1 327 | 0 | 1 327 |
| | Other | 225 | 32 606 | 0 | 32 832 |
| **Total current financial assets** | | **225** | **212 818** | **0** | **213 044** |
| **Total financial assets** | | **329** | **215 618** | **0** | **215 947** |
| **Financial liabilities** | | | | | |
| Loans (long-term loans, bonds) | | 0 | 747 681 | 0 | 747 681 |
| Financial lease liabilities | | 0 | 119 081 | 0 | 119 081 |
| Other non-current financial liabilities | | 0 | 4 926 | 0 | 4 926 |
| **Total non-current financial liabilities** | | **0** | **871 688** | **0** | **871 688** |
| Trade and other payables | | 0 | 87 681 | 0 | 87 681 |
| Loans (short-term loans) | | 0 | 12 663 | 0 | 12 663 |
| Financial lease liabilities | | 0 | 24 747 | 0 | 24 747 |
| Other current financial liabilities | | **0** | 21 043 | **0** | 21 043 |
| **Total current financial liabilities** | | **0** | **146 134** | **0** | **146 134** |
| **Total financial liabilities** | | **0** | **1 017 822** | **0** | **1 017 822** |

Data in millions of HUF, unless otherwise indicated

| 31 December 2022 | | Fair value through profit or loss (FVTPL) | Amortised cost | Fair value through other comprehensive income (FVTOCI) | Total book value |
|---|---|---|---|---|---|
| **Carrying amount of financial instruments** | | | | | |
| **Financial instruments** | | | | | |
| Other financial fixed assets | Equity instruments | 108 | 0 | 515 | 623 |
| | Loans provided | 0 | 11 | 0 | 11 |
| | Financial lease receivables | 0 | 190 | 0 | 190 |
| | Other | 0 | 344 | 0 | 344 |
| **Total fixed assets** | | **108** | **545** | **515** | **1 168** |
| Trade receivables | | 0 | 58 910 | 0 | 58 910 |
| Financial lease receivables | | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | | 0 | 45 961 | 0 | 45 961 |
| Equity instruments, securities | | 125 818 | 0 | 0 | 125 818 |
| Other current financial assets | Loans provided | 0 | 868 | 0 | 868 |
| | Other | 0 | 4 601 | 0 | 4 601 |
| **Total short-term financial assets** | | **125 818** | **110 340** | **0** | **236 158** |
| **Total financial assets** | | **125 926** | **110 885** | **515** | **237 326** |
| **Financial liabilities** | | | | | |
| Loans (Long-term loans, bonds) | | 0 | 424 320 | 0 | 424 320 |
| Financial lease liabilities | | 0 | 34 522 | 0 | 34 522 |
| Other non-current financial liabilities | | 0 | 9 666 | 0 | 9 666 |
| **Total non-current financial liabilities** | | **0** | **468 508** | **0** | 468 508 |
| Trade and other payables | | 0 | 45 839 | 0 | 45 839 |
| Loans (short-term loans) | | 0 | 7 713 | 0 | 7 713 |
| Financial lease liabilities | | 0 | 9 055 | 0 | 9 055 |
| Other current financial liabilities | | **0** | 2 726 | 0 | 2 726 |
| **Total current financial liabilities** | | **0** | **65 333** | **0** | **65 333** |
| **Total financial liabilities** | | **0** | **533 841** | **0** | **533 841** |

The carrying amount of the Company's financial instruments, except for bonds, expresses their fair value. For bonds, the interest rate for 2023 and 2022 differs from the market rate. The fair value of the bonds calculated at market interest rate on 31 December 2023 is HUF 333,533 million, and on 31 December 2022 is HUF 288,785 million.

Data in millions of HUF, unless otherwise indicated

| **31/12/2023** | Level 1 Not modified quoted active market price | Level 2 Assessment processes based on available and monitored market data | Level 3 Assessment processes based on unavailable and unmonitored market data | **Total fair value** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Equity instruments | 0 | 216 | 2 | **218** |
| Debt securities | 111 | 0 | 0 | **111** |
| Derivative transactions | 0 | 0 | 0 | **0** |
| **Total financial assets** | **111** | **216** | **2** | **329** |
| **Financial liabilities** | | | | |
| Derivative transactions | 0 | 0 | 0 | **0** |
| **Total financial liabilities** | **0** | **0** | **0** | **0** |

| **31/12/2022** | Level 1 Not modified quoted active market price | Level 2 Assessment processes based on available and monitored market data | Level 3 Assessment processes based on unavailable and unmonitored market data | **Total fair value** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Equity instruments | 515 | 125 802 | 6 | **126 323** |
| Debt securities | 118 | 0 | 0 | **118** |
| Derivative transactions | 0 | 0 | 0 | **0** |
| **Total financial assets** | **633** | **125 802** | **6** | **126 441** |
| **Financial liabilities** | | | | |
| Derivative transactions | 0 | 0 | 0 | **0** |
| **Total financial liabilities** | **0** | **0** | **0** | **0** |

Data in millions of HUF, unless otherwise indicated

## 51. Transactions with related parties

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

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Trade receivables | 0 | 1 |
| Trade payables | 4 | 177 |
| Lease liabilities | 6 688 | 9 754 |

| | 2023 | 2022 |
|---|---|---|
| Customer turnover | 1 | 3 |
| Supplier turnover | 810 | 4 156 |

## 52. 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 Group 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 Group 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.

| | Members of the Board of Directors and senior employees | Members of the Supervisory Board | Total |
|---|---|---|---|
| Short-term employee benefits | 2 488 507 578 | 23 870 000 | 2 512 377 578 |
| Post-employment benefits | 0 | 0 | 0 |
| Other long-term benefits | 0 | 0 | 0 |
| Severance payments | 0 | 0 | 0 |
| Share-based payments | | 0 | 0 |
| **Total** | **2 488 507 578** | **23 870 000** | **2 512 377 578** |

## 53. Off-balance sheet items

### 53.1. Contingent liabilities

As of 31 December 2023, the members of the Group are not involved in any pending litigation. Provisions are recognised when it becomes probable that an outflow of economic benefits will be required to settle an obligation as a result of a past event and a reliable estimate can be made of the expected cash outflow. Provisions are disclosed in Note 38.

### 53.2. Contingent commitments

Guarantees to non-Group parties amount to HUF 2,023 million on 31 December 2023.

## 54. Events after the balance sheet date

**On 17 January 2024,** 4iG Plc withdrew the non-binding debt settlement proposal sent to Space-Commmunications 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, resigning 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 flash report on 4iG.

**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.

**On 9 April 2024,** 4iG Plc announced that it has prepared a proposal with two possible outcomes, for debt settlement plan to settle Space-Communications Ltd.'s full bond debt service towards its bondholders. In case of approval of the proposal under the new debt settlement plan: 4iG Plc would transfer USD 150 million to Space-Communications Ltd, in consideration for the sale of AMOS-17 satellite and the leaseback of the satellite by Space-Communications Ltd or, 4iG Plc would transfer USD 150 million to Space-Communications Ltd. in a form of a loan.

## 55. Remuneration of the auditor

The General Meeting, by Resolution 13/2023 (IV.28), re-elects CMT Consulting Korlátolt Felelősségű Társaság from 1 May 2023 until the adoption of the consolidated annual accounts for 2023, but no later than 30 April 2024. The fee for the audit of the consolidated financial statements labelled according to ESEF is HUF 20 million + VAT. No other services were provided by the audit company.

## 56. Going concern

In the context of the effects of the war in Ukraine and in Israel, 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.

Data in millions of HUF, unless otherwise indicated

# EXECUTIVE REPORT

## 1. General information about the issuer

| | |
|---|---|
| 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.<br>1037 Budapest, Montevideo utca 4.<br>1037 Budapest, Montevideo utca 6.<br>1037 Budapest, Montevideo utca 8.<br>1107 Budapest, Somfa utca 10. |
| Branches: | 8000 Székesfehérvár, Seregélyesi út 96.<br>6722 Szeged, Tisza Lajos krt. 41.<br>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 |

## 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.

Data in millions of HUF, unless otherwise indicated

- 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.

## 3. Ownership structure

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| 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% |
| **Total** | **100.00%** | **100.00%** |

## 4. Officials

As of 31 December 2023, the executive officers of 4iG Plc were.

### 4.1. Company management

| | |
|---|---|
| Board of Directors: | Gellért Jászai, Chairman 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<br>Gergely Böszörményi-Nagy, Member<br>Dr Ildikó Rózsa Tóthné, Member<br>Dagmar Steinert, Member |
| Audit Committee: | Dr Tamás Fellegi, Chairperson of the AC<br>Gergely Böszörményi-Nagy, Member<br>Dr Ildikó Rózsa Tóthné, Member |

## 4.2. Remuneration of officials

The remuneration of the officers is described in Subsection 54 of the Supplementary Annex.

## 4.3. Executive officers' holdings of 4iG shareholdings as of 31 December 2023

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

## 4.4. Authorised signatories of the report

Pursuant to the resolutions of the Extraordinary General Meeting of the Company held on 21 January 2013, the Chairperson of the Board of Directors is authorised to sign the report either individually or jointly with any two members of the Board of Directors.

## 4.5. Election and removal of officers

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

## 4.6. Powers of officials

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

## 5. Responsible corporate governance report and declaration

The Company has a Responsible Corporate Governance Report and Statement and reviews its corporate governance system each year and makes changes where necessary. It approves the changes at the Annual General Meeting and publishes a Corporate Governance Statement after the meeting. The Corporate Governance Report and Statement can be found at www.4ig.hu, www.bet.hu and www.kozzetetelek.hu.

- The Company prepares its Corporate Governance Report and Statement based on the Corporate Governance Recommendations published by the Budapest Stock Exchange.
- The Company applies the mandatory corporate governance rules.
- The Corporate Governance Report and the Corporate Governance Statement are adopted by the Board of Directors and approved by the General Meeting of Shareholders on the basis of a proposal from the Supervisory Board. The Corporate Governance Report and Statement shall include the BSE recommendations and the details of and reasons for any deviation from them.
- The Corporate Governance Report and Statement sets out the reasons for the practice outside the requirements of the legislation. When preparing the Corporate Governance Report, the operational management of the Company is carried out by the Board of Directors, which is represented before external parties by the Chairman of the Board of Directors.
- Nobody has a directorship as defined in the Articles of Association and the Corporate Governance Report and Statement.
- The internal audit and controlling work built into the Company's internal control process ensures continuous monitoring. The elimination of risks is achieved through weekly management meetings.

## 6. Amendment of the Articles of Association

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

## 7. Subsidiaries

The subsidiaries are listed in Note 2.

## 8. Recovery of financial instruments

The recovery of financial instruments is dealt with in Note 50.

## 9. Risk management policy

The risk management policy and the management of price, credit, interest rate, liquidity and cash flow risks are dealt with in Note 49.

## 10. Research and development

The Company creates value for its clients with its integrated services. It offers solutions that continuously follow-up IT and technological innovations, providing efficient support for the business processes of the clients as well as the digital transformation in all economic segments. Over the past decade, the Company has played an active role in technological innovation-based research and development using Hungarian and EU funding. The company has been involved in nearly two dozens of successful research projects ranging from the development of sensor systems for unmanned air vehicles (UAVs) to industrial 3D imaging technologies and to the development of bioinformatic and medical diagnostic devices.

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

## 1. Our mission and approach

4iG Plc, a majority-owned Hungarian entity 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 Company 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 percent of EBITDA, is already generated by the telecommunications segment.

The telecommunications portfolio is consolidated in "ANTENNA HUNGARIA" Zrt., in which the Hungarian State holds a 23.22% stake. 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 Company 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 Company 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 Group'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 Group'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 Group.

## 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), 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 Group.

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 Company 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 current 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, 26 April 2024

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| Gellért Zoltán Jászai | Péter Krisztián Fekete |
| Chairman of the Board of Directors | CEO |

4iG NYRT.
BUDAPEST, KRISZTINA KÖRÚT 39.
TEL: +36 1 270 7600
WEB: WWW.4IG.HU