

**CONSOLIDATED  
FINANCIAL STATEMENT**

**4iG**

**20**

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The Consolidated Financial Statement, by means of the written decision made by the Board of Directors of the Company as of 08 April 2022, was approved by the Board of Directors Resolution No. ..../2022. (IV.08.).

## EXECUTIVE SUMMARY

### *Introduction*

4iG Plc. (English: 4iG Plc.) (hereinafter referred to as: "4iG", "Company", "Corporate Group", "4iG Group") is Hungary's market leader information technology systems integrator, which, thanks to the closed transactions, became the second largest participant in the domestic telecommunications markets. Thanks to its strategic acquisitions executed in Albania and Montenegro, the Company may become one of the companies in the info-communication technology industry in Central and Eastern Europe and the Western Balkans.

### *The year of growth*

2021 was a year of growth for 4iG Plc. In addition to the information technology segment, the Company made significant expansions in the domestic and international telecommunications markets, with the Western Balkans region being a key focus of 4iG's strategy.

- In the **information technology** sector, 4iG successfully closed the transactions aimed the acquisition of **Poli Computers Pc Kft.** (in English: Poli Computers Pc Ltd.) (100%) and the majority stake of Cisco's preferred partner **ACE Network Zrt.** (in English: ACE Network Plc.) (formerly SpaceNet Zrt.) (70%), and acquired a minority stake (24%) in the drone developer **Rotors&Cams Zrt.** (in English: Rotors&Cams Plc.) as a financial investor.
- In the **domestic and international telecoms market**, the company announced and implemented a new strategy last year. As a result, 4iG acquired a majority stake in HungaroDigital Kft. (in English: HungaroDigital Ltd.), the leading telecoms service provider in Hungary and the region with its own infrastructure (75%), and purchased the 100% stake in **Invitech ICT Services Kft.** (in English: Invitech ICT Services Ltd.), one of the leading telecoms and infrastructure solution providers in Hungary. The corporation signed an agreement with media group RCS&RDS to acquire 100% shareholding of the **Hungarian group of DIGI** (DIGI Telecommunications Service Provider Ltd., Invitel Plc., Digi Infrastructure Plc., i-TV Plc.). (The 625 million EUR transaction closed on 3 January 2022). In line with the Company's strategy in the Western Balkans, the Company successfully concluded an agreement with the Czech PPF Group, which resulted in the acquisition of 100 percent ownership in **Telenor Montenegro**, a Montenegrin mobile operator. It also entered into a definitive sale and purchase agreement to acquire a majority stake (80.27%) in **ALB Telecom**, an Albanian 4P operator, and to acquire **ONE Telecommunications** (100%), a mobile operator also operating in Albania (the acquisitions were closed in the first quarter of 2022). 4iG, with the support of shareholders and bondholders, has also entered into an agreement to acquire a 51% share package in **SpaceCom**, an Israeli-listed satellite services company, pending the approval of the Israeli authorities.

In order to finance the acquisitions, 4iG issued a record amount of bonds under the Bond Funding for Growth Scheme of the Hungarian National Bank. In bond auctions conducted on 15 and 28 December, the capital market company issued corporate bonds with a total nominal value of 370.75 billion HUF. The Company's scope adjusted debt as of 31 December 2021 amounts to 426.77 billion HUF, which is significantly lower than the debt level set by the rating agency at the end of 2021 (643.3 billion HUF).

### ***Strategic partnerships***

On 25 August 2021, 4iG Plc. signed a **strategic partnership agreement with the Hungarian state**, under which state-owned **Antenna Hungária Plc.** and 4iG merge their telecommunications interests. The resulting **national telecommunications corporate group** is the second largest player in the Hungarian telecommunications and media services market, with a dominant infrastructure and service portfolio in the business (B2B) and private (B2C) service segments in the Central and Eastern European region. Under the terms of the agreement, in the first quarter of 2022, 4iG transferred its telecommunications interests to Antenna Hungária, giving it a 76.78 percent ownership in Antenna Hungária.

On 25 November 2021, KZF Vagyonkezelő Kft. (in English: KZF Asset Management Ltd.), the asset management company of Jászai Gellért entered into a preliminary agreement with 4iG and **Rheinmetall AG** (the parties finalised the agreement on 25 January 2022). Under the terms of the agreement, the German defence and automotive company will acquire a 25.1 percent stake in 4iG Plc. through share purchase and capital increase, following ongoing capital increases in the company, **making it the Company's largest international strategic investor**. In addition, Rheinmetall AG and 4iG have agreed to **establish a joint information technology company** that will provide IT services to the Hungarian and other international subsidiaries of the defence company. The cooperation greatly supports 4iG's growth strategy, which aims to expand the company's IT services into international markets alongside its telecommunications segment.

### ***Financial results***

Thanks to acquisitions and organic growth over the past year, 4iG had more than 10 subsidiaries by the end of 2021. **The performance of the subsidiaries in the information technology and telecoms segments has contributed significantly to the strong growth in 4iG's consolidated operating profitability, i.e. its revenue and profitability ratios.**

In the third and fourth quarters, **4iG Group** - in line with the features characteristic of information technology industry - intensified its previous growth momentum and **closed year 2021 with an outstanding business performance:**

- the consolidated sales **revenue** of 4iG Plc. accounted in line with IFRS was **93 billion Hungarian Forints** of which value is **63% higher** compared to the previous year;
- business effectiveness of the corporate group has also improved significantly: the **EBITDA of the Company grew over 12.09 billion Hungarian Forints which is 140% higher** compared to the financial and depreciation profit and loss of 2020;

- **profit after tax** in accordance with IFRS in respect of the Corporate Group is **7.16 billion Hungarian Forint**.

With regard to the capital efficiency ratios, **the value of EBITDA per share increased by 132%, and the own equity per share measured 118% growth. The subsidiaries contributed approximately 21.6 billion HUF to 4iG's consolidated sales and increased its EBITDA by 7.5 billion HUF.**

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

The value of average stock market price of 4iG shares was 853,- Hungarian Forints subject to the I-IV quarter of 2021 was 34.3% higher compared to the same period in the previous year. The closing price was 854,- Hungarian Forints in December 2021, which exceeded the closing price as at the end of December 2020 by 54.2%. **At the time of compilation this report, 4iG shares were traded in the range between 780-800 Hungarian Forints.** The market capitalization of the Company amounted 88.1 billion Hungarian Forints on 31 December in 2021.

### ***Payment of dividends***

Based on the 2021 results, the Board of Directors of the Company proposes to the General Meeting to pay a dividend of 29.00,- HUF, i.e. twenty-nine Hungarian forints, per share on the 103,207,921 ordinary shares outstanding as of 31 December 2021.

### ***Vision***

One of 4iG's key objectives is to build further dominant market positions in Hungary and the region in a wide range of information and communication technologies services. Its strategic objectives are to be present in the telecommunication industry, including infrastructure, in the full spectrum of services. A complex telecommunication services group is established that is expected to become an equally dominant participant in television services, mobile and fixed voice services and internet services, domestically and internationally.

The IT market will also continue to grow dynamically. The cooperation with Rheinmetall AG opens up new perspectives for the Company in international markets, 4iG could take over the IT operation of Rheinmetall's entire international network in the next 3-5 years.

The short-term goal of 4iG is to successfully integrate the companies acquired through these acquisitions as soon as possible, in which the management of the Company Group also intends to build the synergies between the companies.

**Thanks to the acquisitions made in 2020 and 2021 and its organic growth, the Corporate Group became the number one Hungarian systems integration company in all areas of information technology, and has established dominant market positions in the telecommunications and telecommunications infrastructure development segment in Hungary, in the Central and Eastern European region and in the Western Balkans.**

| Description (data in thousands of Hungarian Forints)                           | 2021              | 2020              | Change +/- in percentage |
|--|-------------------|-------------------|--------------------------|
| <b>Net sales revenues</b>  | <b>93 653 153</b> | <b>57 299 644</b> | <b>63.44%</b>            |
| <b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b> | <b>12 093 586</b> | <b>5 047 386</b>  | <b>139.60%</b>           |
| Earnings before interest and taxes (EBIT)                                      | 7 923 522         | 4 211 183         | 88.15%                   |
| Profit after tax (PAT)   | 7 161 444         | 3 438 803         | 108.25%                  |
| <b>Total comprehensive income</b>  | <b>7 297 587</b>  | <b>3 438 803</b>  | <b>112.21%</b>           |
| <b>Value per share</b>   |                   |                   |                          |
| EBITDA**   | 126.0             | 53.7              | 134.64%                  |
| Net earnings per share (EPS)**   | 74.6              | 37.7              | 97.88%                   |
| Diluted EPS indicator**  | 73.5              | 37.0              | 98.65%                   |
| Own equity**   | 179.8             | 81.7              | 120,07%                  |

\*at the end of the period

\*\* in Hungarian Forint

**4iG PLC.  
CONSOLIDATED FINANCIAL STATEMENTS**

**COMPILED IN LINE WITH INTERNATIONAL FINANCIAL REPORTING  
STANDARDS  
31 December 2021**

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Statement on consolidated comprehensive income

data in thousands of Hungarian Forints

|  | Annex | 2021               | 2020               |
|--|-------|--------------------|--------------------|
| Net sales revenues   | 3     | 93 653 153         | 57 299 644         |
| Other operating income   | 3     | 2 363 270          | 480 150            |
| <b>Revenues in total</b>   |       | <b>96 016 423</b>  | <b>57 779 794</b>  |
| Goods and services sold  | 4     | -59 090 404        | -41 371 555        |
| Operational expenditures   | 5     | -8 052 892         | -2 467 066         |
| Staff costs  | 6     | -16 249 849        | -8 702 544         |
| Other expenditures   | 7     | -529 692           | -191 243           |
| <b>Operational expenses</b>  |       | <b>-83 922 837</b> | <b>-52 732 408</b> |
| <b>Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)</b> |       | <b>12 093 586</b>  | <b>5 047 386</b>   |
| Depreciation and impairment  | 8     | -4 170 064         | -836 203           |
| <b>Earnings Before Interest and Tax (EBIT)</b>                                 |       | <b>7 923 522</b>   | <b>4 211 183</b>   |
| Financial income   | 9     | 3 825 509          | 338 979            |
| Financial expenditures   | 9     | -3 011 806         | -375 027           |
| <b>Profit before tax</b>   |       | <b>8 737 225</b>   | <b>4 175 135</b>   |
| Income taxes   | 10    | -1 575 781         | -736 332           |
| <b>Profit after tax</b>  | 11    | <b>7 161 444</b>   | <b>3 438 803</b>   |
| <b>Other comprehensive income</b>  |       | <b>136 143</b>     | <b>0</b>           |
| <b>Total comprehensive income</b>  | 12    | <b>7 297 587</b>   | <b>3 438 803</b>   |
| <i>Of which: profit and loss of discontinuing operation</i>                    |       | 0                  | 0                  |
| <b>Earnings per share (HUF)</b>  |       |                    |                    |
| Base   | 13    | 75                 | 38                 |
| Diluted  | 13    | 74                 | 37                 |
| <b>From profit after tax:</b>  |       |                    |                    |
| Share per parent company   |       | <b>7 094 350</b>   | <b>3 392 722</b>   |
| Share for external owner   |       | <b>203 237</b>     | <b>46 081</b>      |
| <b>From total comprehensive income:</b>  |       |                    |                    |
| Share per parent company   |       | <b>7 094 350</b>   | <b>3 392 722</b>   |
| Share for external owner   |       | <b>203 237</b>     | <b>46 081</b>      |

Annexes included on pages 35 to 76 form inseparable parts of the herein consolidated report

Consolidated statement on the financial status (data in thousands of Hungarian Forints)

|  | Annex | 31 December<br>2021 | 31 December<br>2020 |
|--|-------|---------------------|---------------------|
| <b>ASSETS</b>  |       |                     |                     |
| <b>Over-the-year assets</b>                          |       |                     |                     |
| Tangible assets                                      | 14    | 39 613 353          | 776 806             |
| Intangible assets                                    | 15    | 9 789 376           | 709 689             |
| Lease rights   | 16    | 17 837 483          | 965 959             |
| Contractual instruments                              | 17    | 397 601             | 0                   |
| Deferred tax assets                                  | 18    | 691 900             | 36 678              |
| Goodwill   | 19    | 114 939 039         | 1 333 129           |
| Other investments                                    | 20    | 235 986             | 166 570             |
| <b>Over-the-year assets in total</b>                 |       | <b>183 504 738</b>  | <b>3 988 831</b>    |
| <b>Current assets</b>                                |       |                     |                     |
| Liquid assets and cash equivalents                   | 21    | 266 530 261         | 7 204 781           |
| Trade receivables                                    | 22    | 35 926 056          | 17 494 311          |
| Other receivables and accrued and deferred assets    | 23    | 11 014 881          | 5 397 751           |
| Securities   | 25    | 17 150              | 417 730             |
| Inventories  | 26    | 2 943 311           | 3 359 619           |
| <b>Current assets in total</b>                       |       | <b>316 431 659</b>  | <b>33 874 192</b>   |
| <b>Assets in total</b>                               |       | <b>499 936 398</b>  | <b>37 863 023</b>   |
| <b>RESOURCES</b>                                     |       |                     |                     |
| <b>Own equity</b>                                    |       |                     |                     |
| Issued capital                                       | 27    | 2 064 158           | 1 880 000           |
| Repurchased own shares                               | 28    | -245 726            | -322 930            |
| Capital reserve                                      | 29    | 3 868 592           | 816 750             |
| Accumulated profit reserve                           | 30    | 9 793 019           | 4 928 921           |
| Exchange spread                                      | 31    | 136 143             | 0                   |
| <b>Own equity per parent company in total</b>        |       | <b>15 616 186</b>   | <b>7 302 741</b>    |
| Non-controlling interest                             |       | 1 641 259           | 376 085             |
| <b>Own equity in total:</b>                          |       | <b>17 257 445</b>   | <b>7 678 826</b>    |
| <b>Long-term liabilities</b>                         |       |                     |                     |
| Provisions   | 32    | 955 770             | 92 287              |
| Long-term credits, loans, bonds                      | 35    | 407 739 435         | 0                   |
| Financial lease liabilities                          | 33    | 14 490 303          | 524 484             |
| ESOP liabilities                                     | 48    | 0                   | 450 590             |
| <b>Long-term liabilities in total</b>                |       | <b>423 185 508</b>  | <b>1 067 361</b>    |
| <b>Short-term liabilities</b>                        |       |                     |                     |
| Trade creditors and other accounts payable           | 34    | 23 251 567          | 18 882 421          |
| Short-term credits and loans                         | 35    | 211                 | 3 018 719           |
| Other short-term liabilities and accrued liabilities | 36    | 31 792 209          | 6 745 519           |
| ESOP liabilities                                     | 48    | 865 740             | 0                   |
| Dividend liability accounted for owners              | 37    | 42                  | 27                  |
| Financial lease liabilities                          | 33    | 3 583 676           | 470 150             |
| <b>Short-term liabilities in total</b>               |       | <b>59 493 445</b>   | <b>29 116 836</b>   |
| <b>Liabilities and own equity in total</b>           |       | <b>499 936 398</b>  | <b>37 863 023</b>   |

Annexes included on pages 35 to 76 form inseparable parts of the herein consolidated report



## Statement on consolidated own equity change

(data in thousands of Hungarian Forints)

| Annex                                     | Issued capital   | Own shares      | Capital reserve  | Accumulated profit reserve | Accrued exchange spread | Own equity per parent company in total | Non-controlling interest | Own equity in total |
|---|------------------|-----------------|------------------|----------------------------|-------------------------|--|--------------------------|---------------------|
| <b>Balance on 1 January 2020</b>          | <b>1 880 000</b> | <b>-92 251</b>  | <b>816 750</b>   | <b>2 951 957</b>           | <b>0</b>                | <b>5 556 456</b>                       | <b>-63 743</b>           | <b>5 492 713</b>    |
| Purchase of own share                     |                  | -495 285        |                  |                            |                         | -495 285                               |                          | -495 285            |
| Own share sale (exchange of shares)       |                  | 264 606         |                  | 585 394                    |                         | 850 000                                |                          | 850 000             |
| Segregation and payment of dividend       |                  |                 |                  | -2 001 152                 |                         | -2 001 152                             |                          | -2 001 152          |
| Profit after tax                          |                  |                 |                  | 3 392 722                  |                         | 3 392 722                              | 46 081                   | 3 438 803           |
| NCI (non-controlling interest)            |                  |                 |                  |                            |                         | 0                                      | 393 747                  | 393 747             |
| <b>Balance on 31 December 2021</b>        | <b>1 880 000</b> | <b>-322 930</b> | <b>816 750</b>   | <b>4 928 921</b>           | <b>0</b>                | <b>7 302 741</b>                       | <b>376 085</b>           | <b>7 678 826</b>    |
| Equity issue                              | 184 158          |                 | 3 051 842        |                            |                         | 3 236 000                              | 0                        | 3 236 000           |
| Purchase of own share                     |                  | -80 000         |                  |                            |                         | -80 000                                | 0                        | -80 000             |
| Own share sale (exchange of shares)       |                  | 157 204         |                  | 342 796                    |                         | 500 000                                | 0                        | 500 000             |
| Subsidiary company own business share     |                  |                 |                  | -59 895                    |                         | -59 895                                | 0                        | -59 895             |
| Accrued conversion spread                 |                  |                 |                  |                            | 136 143                 | 136 143                                |                          | 136 143             |
| Derecognition of non-controlling interest |                  |                 |                  | -165 100                   |                         | -165 100                               | 165 100                  | 0                   |
| Segregation and payment of dividend       |                  |                 |                  | -2 211 910                 |                         | -2 211 910                             |                          | -2 211 910          |
| Profit after tax                          | 11               |                 |                  | 6 958 207                  |                         | 6 958 207                              | 203 237                  | 7 161 444           |
| NCI (non-controlling interest)            |                  |                 |                  |                            |                         | 0                                      | 896 837                  | 896 837             |
| <b>Balance on 31 December 2021</b>        | <b>2 064 158</b> | <b>-245 726</b> | <b>3 868 592</b> | <b>9 793 019</b>           | <b>136 143</b>          | <b>15 616 186</b>                      | <b>1 641 259</b>         | <b>17 257 445</b>   |

Annexes included on pages 35 to 76 form inseparable parts of the herein consolidated report

**Consolidated cash flow statement**

|  |           | data in thousands of Hungarian Forints |                   |
|--|-----------|--|-------------------|
|  | Annexes   | 31 December 2021                       | 31 December 2020  |
| <b>Cash Flow from operating activities</b>                       |           |  |                   |
| Profit after tax   | 11        | 7 161 444                              | 3 438 803         |
| Corrections:   |           |  |                   |
| Depreciation and impairment in the current year                  | 8         | 4 170 064                              | 836 203           |
| Impairment   | 8         | -401 461                               | 115 132           |
| Provisions   | 32        | -310 818                               | 94                |
| Deferred tax   | 18        | 149 160                                | -37 022           |
| Interests  | 38        | 2 109 655                              | 41 506            |
| ESOP   | 48        | 520 927                                | 0                 |
| Other item without money movement                                |           | 136 376                                | 0                 |
| Impact of exchange rate fluctuation                              |           | - 8 098                                | -29 860           |
| Profit and loss of affiliated enterprise                         |           | 858                                    | 0                 |
| Acquisition deferred purchase price                              | 31        | -500 000                               | 0                 |
| Own business share correction                                    |           | -59 895                                | 0                 |
| <i>Changes in working capital</i>                                |           |  |                   |
| Changes in trade receivables                                     | 22        | -5 117 139                             | -3 896 000        |
| Change in inventories  | 26        | 2 012 374                              | -2 754 862        |
| Change in trade creditors  | 34        | -248 247                               | 7 013 198         |
| Change in financial lease (within-the-year)                      | 33        | 1 078 091                              | -27 869           |
| Change in other receivables and liabilities                      | 23; 36    | 9 352 685                              | -1 131 625        |
| <b>Net cash flow from operating activities</b>                   |           | <b>20 045 976</b>                      | <b>3 567 698</b>  |
| <b>Cash Flow from investments</b>                                |           |  |                   |
| Sale of tangible assets (purchase)                               | 14        | -1 258 047                             | -508 226          |
| Purchase of intangible assets                                    | 15        | -8 591 529                             | -721 918          |
| Securities   | 25        | 111 000                                | 0                 |
| Over-the-year receivables  | 40        | -69 644                                | -6 101            |
| Acquisition of interests   | 19        | -146 873 302                           | -382 564          |
| <b>Net Cash Flow from investment activities</b>                  |           | <b>156 681 522</b>                     | <b>-1 618 808</b> |
| <b>Cash Flow from financing activities</b>                       |           |  |                   |
| Long-term credits  | 35        | 400 033 657                            | 316 813           |
| Borrowing bank credits and loans (repayment)                     | 35        | -3 018 508                             | 1 371 010         |
| Borrowing financial lease (repayment)                            | 33        | 3 502 076                              | -161 722          |
| Repurchased and issued own shares                                | 28        | 0                                      | -495 285          |
| Interests of credits and loans                                   | 38        | -2 109 655                             | -41 506           |
| Dividend   |           | -2 211 910                             | -2 001 152        |
| Profit of own share sale   | 28        | 0                                      | 0                 |
| Dividend paid (minority)   |           | -242 732                               | 0                 |
| <b>Net Cash Flow from financing activities</b>                   |           | <b>395 952 928</b>                     | <b>-1 011 842</b> |
| Impact of exchange rate fluctuation                              |           | 8 098                                  | 29 860            |
| <b>Net change in cash and cash-like items</b>                    | <b>21</b> | <b>259 325 480</b>                     | <b>966 908</b>    |
| Balance of cash and cash-like items at the beginning of the year | 21        | 7 204 781                              | 6 237 873         |
| <b>Yearend balance of cash and cash-like items</b>               |           | <b>266 530 261</b>                     | <b>7 204 781</b>  |

Annexes included on pages 35 to 76 form inseparable parts of herein consolidated report.

## 1. General information

### Introduction of the corporation

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

There is no other controlling company over the 4iG Corporate Group.

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

### Basis for balance sheet preparation

#### *i) Approval and representation*

The Board of Directors adopted the consolidated financial statements on 08 April 2022. The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and with the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations defined and drafted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless provided otherwise, the data in the consolidated financial statements are given in HUF currency, rounded to thousands in Hungarian Forints. The numbers in brackets indicate negative value.

The financial report is audited by a certified auditor.

#### *ii) The basis of reporting (Compliance Statement)*

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

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

*iii) The basis of evaluation*

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

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

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

## **2. Accounting policy**

The major accounting policies applied in the preparation of the consolidated financial statements are presented hereunder, as follows. The accounting policies are applied consistently to the periods covered by the present consolidated financial statements.

Every member company of the Corporate Group shall keep its records and settlements in Microsoft Dynamics AX system with unified chart of accounts. Upon 1 January 2016 the Corporate Group changed to the AX-2012 version of the aforesaid system.

The major accounting principles applied in the course of the compilation of the financial statements are as follows:



## **2.1. Material elements of the accounting policy**

### **2.1.1. The basis of consolidation**

#### ***Subsidiary companies***

The consolidated report includes the performance of 4iG Plc. and respectively the subsidiary companies being under the control of the company. Controlling is said to be meant if the Company indirectly or directly owns more than 50% of the voting rights of the company in question and has benefits from the activities of the hereof upon influence on the financial and operational activities of the aforesaid company.

Regarding the capital ownership, the Company holds a dominant influence on the fifteen companies belonging to the corporate group and the herein data of its subsidiary companies are, in line with the requirements, consolidated.

| Name of the subsidiary company                | Registered office                                   | Capital shareholding |      | Notes   |
|---|---|----------------------|------|---|
|   |   | 2021                 | 2020 |   |
| 4iG Montenegro d.o.o.                         | Seika Zaida 2, Podgorica, Montenegro                | 100%                 | n.d. | Incorporated: 08 October 2021                           |
| ACE Network Plc.                              | 1124 Budapest, Lejtő út 17/A. III. em.              | 70%                  | n.d. | Acquired: 14 April 2021                                 |
| CarpathiaSat Ltd.                             | 1037 Budapest, Montevideo u. 8.                     | 51%                  | 51%  | Incorporated: 17 August 2020                            |
| DOTO Systems Plc.                             | 1037 Budapest, Montevideo u. 8.                     | 100%                 | 60%  | Incorporated: 03 July 2019                              |
| DTSM Ltd.                                     | 1037 Budapest, Montevideo u. 8.                     | 100%                 | 100% | Acquired: 07 December 2020                              |
| Humansoft Szerviz Ltd.                        | 1037 Budapest, Montevideo u. 8.                     | 100%                 | 100% | Incorporated: 17 April 2019                             |
| Hungaro DigiTel Ltd.                          | 2310 Szigetszentmiklós / Lakihegy, Komp u. 2.       | 75%                  | n.d. | Acquired through PTI Ltd                                |
| INNObyte Plc.                                 | 1115 Budapest, Bartók Béla út 105-113. 6. em.       | 70%                  | 70%  | Acquired: 14 October 2020                               |
| INNOWARE Ltd.                                 | 1115 Budapest, Bartók Béla út 105-113. 6. em.       | 70%                  | 70%  | Acquired through INNObyte                               |
| Invitech ICT Services Ltd.                    | 2040 Budaörs, Edison utca 4.                        | 100%                 | n.d. | Acquired: 30 September 2021                             |
| InviTechnocom Ltd.                            | 2040 Budaörs, Edison utca 4.                        | 100%                 | n.d. | Acquired through Invitech ICT Services                  |
| Poli Computer PC Ltd.                         | 2613 Rád, Liget u. 3.                               | 100%                 | n.d. | Acquired: 01 June 2021                                  |
| Portuguese Telecommunication Investments Ltd. | 1085 Budapest, Kálvin tér 12.                       | 100%                 | n.d. | Acquired: 12 May 2021                                   |
| Telenor d.o.o.                                | Square of the Republic, Podgorica 81000, Montenegro | 100%                 | n.d. | Acquired: as at 21 December 2021 through 4iG Montenegro |
| TR Consult Ltd.                               | 1037 Budapest, Montevideo u. 8.                     | 100%                 | 100% | Acquired: 09 July 2020                                  |
| Veritas Consulting Ltd.                       | 1037 Budapest, Montevideo u. 8.                     | 100%                 | 100% | Acquired: 10 September 2019                             |

We identified the acquisitions by business combinations and we employed the method of acquisition accounting for the acquired business shares, which is based on the value ratio of the assets and resources calculated at the time of the acquisition, namely considering the market value at the time of the acquisition of control. The consideration is calculated as the cost of the acquisition, and as the amount of the shares and the non-controlling equity in the acquired business. Companies acquired or sold during the year are included in the consolidated financial statements from the date of the transaction until the date of the transaction.

Regarding the transactions between the companies involved in the consolidation, the balances and profit and loss, and not-realized profit and loss are filtered, unless such losses are calculated for impairment of the related assets. In preparing the consolidated financial statements, similar transactions and events are recorded in accordance with uniform accounting principles.

The share in the capital and in the profit due to the shareholders without controlling interest are indicated in different rows in the balance sheet and the profit and loss statement as well. With regard to business combinations, the value of shareholdings without controlling interest is set at either their fair values or as the share in the net asset value of the acquired Company due to the shareholders without controlling interest. The evaluation method is selected individually in respect to each business combination. Following the acquisition, the share of the shareholders without controlling interest has the value as being set originally, amended by the value of changes in the capital of the acquired Company, vested on the shareholder without controlling interest proportionally. The shareholders without controlling interest shall bear their shares in the given period's accumulative revenues if that results in a negative balance on their sides.

The changes in the Group's shareholding in the subsidiary companies that do not result in the loss of control are accounted for as capital transactionként. The shareholding of the Group and the shareholders without controlling interest shall be amended in a way to reflect the changes in their shareholdings in the subsidiary companies. The difference between the value amending the shareholding of shareholders without controlling interest and the received or the paid consideration is accounted for in the capital, as a value due to the Company's shareholders.

### ***Affiliated enterprises***

Beyond the subsidiary companies, on 26 January 2021, 4iG Plc. concluded a share transfer contract and acquired 24% of the share package of Rotors & Cams Zrt. From the current period onwards, the Company consolidates the results of Rotors & Cams Plc. using the equity method, both in the profit and loss account and on the balance sheet, showing the Group's interest in one row of the profit and loss account of Groups & Cams prepared in accordance with IFRS principles.

### 2.1.2. Reporting currency and foreign currency balances

With regard to the substance and circumstances of the underlying economic events, the functional currency of the parent company and reporting currency of the Company is Hungarian Forint (HUF).

Originally, the foreign currency transactions were booked at their HUF equivalent upon the foreign currency exchange value valid on the day of the execution of the given transaction. Receivables and liabilities accounted in a foreign currency are revalued at the commercial foreign exchange sale rate of Raiffeisen Bank on the balance sheet reporting day (T+2 days) for Hungarian Forint (HUF). The differences arising from the currency conversion are booked as either revenue from or expenditures on financial transactions in the profit and loss account.

The financial statements are prepared in Hungarian Forint (HUF), rounded to the closest thousand HUF value, except indicated otherwise. The consolidated financial statements are drafted in Hungarian Forint, which is the actual currency of the Corporate Group.

The transactions performed in any foreign currency are shown in the functional currency, converted by using the foreign exchange rate between the given foreign currency and the reporting currency valid as of the date of the transaction. In the comprehensive profit and loss statement, the exchange rate differences that arise upon the settlement of monetary items, the period-opening initial display or from the use of a foreign exchange rate that differs from the exchange rate applied in the previous financial statements, are shown as either revenue or expenditure in the period of the arising thereof. The monetary assets and liabilities denominated in any foreign currency are converted to the functional currency by using the currency exchange rate valid at the end of the reporting period. The fair value of items denominated in any foreign currency is converted to the functional currency by using the exchange rate applicable at the date of establishment of the fair value. The foreign exchange differences from trade receivables and credit and loans are shown either at the row of financial revenues from or expenditures on financial transactions.

Under IAS 21, exchange differences on monetary items that are part of the net investment in a foreign operation are recognised in the income statement in the separate financial statements and presented as other comprehensive income in the consolidated financial statements.

### 2.1.3. Revenue

The sales revenues of the Corporate Group are accounted in accordance with the IFRS 15 standard (issued in May 2014; validated by IASB in respect of the financial years starting as of 01 January 2018 or later. The EU has implemented the standard).

The new standard introduces the basic principle that revenues may be recognized when the goods or services are transferred to the customer at the agreed price. Each severable tie-in goods and services shall be accounted for separately, and the applicable discounts shall be distributed to the corresponding elements of the contract. Whenever the amount of the consideration is changed, the minimum value may only be accounted for if and when the likelihood of repayment does not involve significant risk. The expenditures that arose during

the obtainment of the customer contract shall be capitalized and depreciated during the term of the contract in accordance with the obtainment of the related profits by the Company.

The value of the net sales revenues equals to the total invoiced amounts for the goods and services provided during the given financial year. The net sales revenues can be accounted for when the amount of the income becomes unambiguous, and the realization of the revenue by the Corporate Group becomes likely. The amount of the sales revenue equals the aggregate of the invoiced amounts, minus the value added tax, and the discounts.

#### **Performance obligations**

The obligations related to the sales revenue are fulfilled by the Company in accordance with the provisions of the contract. When concluding the contract, the Corporate Group must identify which goods or services it has promised to provide to the buyer, namely, what performance obligation it has undertaken. The Corporate Group may recognise the revenue when it has fulfilled its performance obligations by delivering the promised goods or performing the promised service. We can speak of performance when the buyer has acquired control of the asset (service).

#### **Determining Transaction Price**

When the contract is performed, the Corporate Group is required to recognize revenue related to the performance, which is nothing more than the transaction price assigned to the performance obligation. The transaction price is the amount the Corporate Group is expected to receive in exchange for the sale of goods and services.

#### **Main revenue types:**

Product sales account for a significant portion of the Corporate Group's sales, for which revenue is recognized when control of the product is transferred to the customer.

Another significant part of the revenue comes from IT projects. If the Corporate Group transfers control over the service on an ongoing basis, upon the conditions specified in the standard being met, it also continuously recognizes income arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service. The Corporate Group's projects and the method of their implementation may differ from project to project (hourly rate, fixed fee, from own resources, subcontracted, etc.). If the outputs can be measured reliably, the Corporate Group prefers the output method; however, for some projects, this method is not applicable, in which case the input method is used. If possible, the degree of readiness of the projects is determined in proportion to the services delivered with the help of the company's and the client's experts.

Customers generally pay their invoices with a 30-day payment deadline, in the case of reliable large customers this can be longer, new customers can receive products with prepayment. The Corporate Group does not act as an agent. Defective products will be accepted when returned, which we will repair or have repaired under the manufacturer's warranty. The Corporate Group shows the additional costs related to the conclusion of customer contracts as assets if the return thereof is reasonably expected. In the case of contracts with a significant payment component, the Corporate Group takes the time value of money into account when calculating sales revenue.

#### 2.1.4. Property, plant and equipment

The tangible assets are shown at their historical value, less by the accumulated depreciation. The accumulated depreciation includes the costs accounted for ordinary depreciation (that results from the continuous use and operation of the asset) and extraordinary depreciation (that results from the unexpected, material damage, or injury of the asset, caused by an unforeseen, extraordinary event).

The procurement costs of tangible assets consist of the historical value of the said asset or, in the case of own investment, the incurred material-type costs, the wages, and salaries as well as other direct costs. The interest paid upon a credit taken out for the tangible asset investment shall increase the historical value of the given asset until it is brought to a condition when it is fit for its intended purpose.

The book values of tangible assets are to be revised on a regular basis in order to establish, if the book value of any tangible asset exceeds, the actual market value thereof. Should such a case occur, the difference (the amount on top of the actual market value) shall be accounted as extraordinary depreciation. The actual market value of an asset equals the higher amount of the asset's sales price and useful value. The useful value of an asset equals to the discounted value of the future cash flows generated by the asset.

The discount rate consists of the interest rate before corporate income tax, considering the time-value of money and the effects of other risk factors related to the given asset as well. If no future cash flow can be assigned to a given asset, the cash flow generated by the unit of which the asset is a part shall be taken into consideration. The impairment and extraordinary depreciation determined pursuant to the above shall be shown in the profit and loss account.

The costs of repair, maintenance, and replacement of spare parts of tangible assets shall be accounted for on the costs of repair and maintenance. We book the value added investments and refurbishments, while the cost and accumulated depreciation related to assets of nil net value, sold or disused, shall be derecognized. Any profit or loss resulting from the above shall be shown in the current year's retained profit or loss.

The Corporate Group employs the linear depreciation method to depreciate the value of its assets during the useful life thereof. The term of the useful life is the following in the different asset groups:

|  |  |
|--|--|
| Lands and buildings:   | the Corporate Group owns no lands and buildings; |
| Equipment and machinery:   | during 3 to 7 years;                             |
| Vehicles:  | during 5 years;                                  |
| Assets of a single value under 200,- thousands in Hungarian Forints: | immediate depreciation.                          |

The depreciation period of tangible assets used for Research and Development and the software is performed during 2 to 10 years.

If the management of the Corporate Group considers the useful life period of an asset to be longer than the above, accordingly, a special depreciation rate can be determined in respect of the given asset.

The Corporate Group has no assets of an undetermined useful life period.

The useful lives and the depreciation methods are revised on a yearly basis at least, on the basis of the actual economic benefits gained from a given asset. If necessary, modifications are accounted to the current year's retained profit or loss.

#### **2.1.5. Intangible assets**

The intangible assets acquired individually shall be recognized at the date of acquisition with their purchase prices, while the intangible assets acquired in a business combination shall be recognized at the date of acquisition, with their fair values. An asset shall be recognized in the company's books if and when the use of such assets will demonstrably generate the inflow of future financial assets, and the cost thereof can be unambiguously established.

Following the recognition thereof, to the intangible assets, the cost model shall be applied. The life period of these assets is either limited or undeterminable. The assets of limited useful life periods are depreciated by using the linear method, based on the best possible estimation of the length of the life period. The depreciation period and the depreciation method are revised at the end of each financial year. The own works are not capitalized (except for the investment costs) but measured to the retained profit or loss in the year of their rise. The intangible assets are revised annually from the aspect of the loss in value either individually or on the level of the revenue-generating unit.

The depreciation period of the intellectual properties developed by the Company is 2 to 10 years.

The procurement costs of trademarks, licences, industrial properties and software are capitalized and depreciated according to the linear depreciation method during the estimated useful lives thereof, i.e. during 2 to 7 year, which is as follows:

#### **2.1.6. Goodwill**

Goodwill is the positive difference between the purchase value and the fair value of the identified net assets of an acquired subsidiary company upon the day of acquisition. The goodwill is unamortised but the Corporate Group examines every year whether there are signs referring to have the book value not recovered. The goodwill is included at the historical value less by the possible impairment.

#### **2.1.7. 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, we account badwill for as financial profit and loss in the current year.

### **2.1.8. Impairment**

At the end of each reporting period, the Corporate Group shall examine if there are changes that imply the impairment in respect of any assets. If such a change is identified, the Corporate Group shall estimate the expected rate of return of the concerned asset. The expected rate of return of an asset or cash-generating unit equals to the higher amount of the fair value minus sales costs and the useful value. The Corporate Group accounts depreciation against the profit or loss, if and when, the expectable rate of return of the asset is lower than its book value. The Corporate Group's calculations are based on the appropriate discounting of the future long-term cash-flow plans.

The Corporate Group examines on a yearly basis the eventual impairment of the goodwill.

The rate of return of the cash-generating units is determined on the basis of the useful value calculation. These calculations require estimations. In order to establish the impairment of the goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be estimated. The calculation of the useful value requires the management's estimation concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

### **2.1.9. Inventories / Stocks**

The stocks are shown in the books at the lower amount of the following: either at historical value minus the depreciation derived for surplus and dead stock or at the net value, which can be realized. The decrease accounted for the inventories and stocks are booked by FIFO method.

### **2.1.10. Receivables**

The receivables shall be shown in the statements at the nominal value minus the amount of depreciation allotted for the estimated losses. The uncertain claims shall be identified upon the exhaustive revision of the existing stock of receivables at the end of the year.

The Corporate Group accounts a certain amount as impairment to cover the eventual losses arising from the customers' payment default in respect of unenforceable or disputed claims. Impairment losses on unrecoverable and doubtful receivables are recognized in the balance sheet and determined individually. The estimations used to evaluate the appropriateness of the loss in value accounted for unenforceable and disputed receivables shall be based on the ageing of the receivables, the creditworthiness of the customer, the changes in the customers' payment habits and other information in the Company's possession (e.g. insolvency, bankruptcy etc.).

### **2.1.11. Financial assets**

The financial assets falling in the scope of IFRS 9 are divided to three different evaluation categories: assets to be shown after the recognition at the depreciated cost, assets to be shown after the recognition at fair value through other comprehensive income (FVOCI) and



the assets to be shown after the recognition at fair value through profit and loss account (FVPL).

Following the initial recognition, the financial assets kept for “trading purposes” are to be shown at fair value through profit and loss (FVPL). The unrealized exchange gain or loss on the exchange related to the securities kept for trading purposes are accounted for as other income (expenditures).

Other long-term investments held to maturity (like certain bonds) are shown at the depreciated historical value, after the initial recognition. The depreciated historical value shall be calculated for the remaining period until maturity, taking into consideration the discount or premium granted at the time of acquisition. In the case of investments shown at depreciated historical value, the profit gained, or the loss suffered upon the derecognition or impairment thereof, or during the depreciation period shall be accounted for as income.

In the case of investments listed on the stock exchange, the market value shall be determined on the basis of the current official rate valid as of the balance sheet date. The market of the securities not listed or sold on the stock exchange value equals the market value of a similar and substitute financial investment. If the market value cannot be determined by using this method, the market value of the investment shall be determined on the basis of the estimated future cash flow of the asset related to the investment.

The investments in securities shall be evaluated at the current price as of the day of execution and (initially) at the purchase price. The short-term investments that comprise securities held for trading purposes are to be shown at fair market value valid as of the date of the upcoming report. The value of such investment shall be calculated upon the current public price as of the balance sheet date. The unrealized profits and losses are shown in the profit and loss account.

The Corporate Group shall investigate on each balance sheet day the necessity of depreciation in respect of the financial asset or a set of assets. If the need for depreciation arises in respect of an asset recognized at depreciated historical value, the amount thereof shall be the difference between the book value of the said asset and the asset’s future cash flows discounted with the original effective interest rate. The depreciation shall be shown in the profit and loss account. If the amount of depreciation decreases afterward, it shall be written off so that the book value of the asset does not exceed the depreciated value thereof as of the reporting day.

### **Credit-related loss of financial instruments:**

Based on changes in credit risk, impairment is reviewed at each balance sheet date and it must be assessed whether impairment is recognised up to the amount of the credit-related loss expected over the life of the credit or the credit-related loss expected over the 12-month life. If it is not possible to assess at the level of the individual financial instrument whether its credit risk has increased significantly, it shall be assessed in groups.

Simplified and general approaches are used to measure and account for impairment.

#### *1. Simplified approach*

All financial instruments assessed under the simplified approach are assessed at the expected life expectancy credit-related loss. The simplified approach is applied to receivables from customers, in case of contractual instruments.

#### *2. General approach*

Based on the expected credit loss model financial instruments are classified into three groups, based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess increased credit risk. The increase in credit risk compared to the initial recognition is reflected in the reclassification of financial instruments between baskets.

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

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

### **2.1.12. Financial liabilities**

The statement on the Corporate Group consolidated financial status presents the following financial liabilities: trade creditors and other short-term liabilities, loans, credits, bank overdrafts, and futures. These liabilities are described and evaluated in the relevant parts of the notes to the financial statements attached to the consolidated financial report, as follows.

Upon the initial recognition, the Corporate Group shall evaluate each financial liability at fair value. In the evaluation of loans, the transaction costs directly related to the obtaining of the financial liability shall also be taken into consideration.

The financial liabilities falling in the scope of IFRS 9 are divided to three different evaluation categories: assets to be shown after the recognition at the depreciated cost, assets to be shown after the recognition at fair value through other comprehensive income (FVOCI) and the assets to be shown after the recognition at fair value through profit and loss (FVPL). Each financial liability shall be classified according to the above by the Corporate Group when obtained.

The financial liabilities measured at fair value to the profit or loss are the liabilities obtained by the Corporate Group for trading purposes or which were classified upon recognition as measured at fair value to the profit or loss. Financial liabilities held for trading purposes are the liabilities acquired by the Corporate Group for the primary purpose of realizing profit from short-term price movements. The futures that are not classified as an effective hedging instrument shall fall into the same category.

Loans and credits are shown in the statement on the financial status at depreciated historical value, calculated with the effective interest rate method. Profit and loss related to loans and credits are accounted for in the profit and loss statement as depreciated calculated with the effective interest rate method and upon the derecognition of the financial liability. Amortisation shall be accounted for in the profit and loss statement as financial expenditure.

#### **2.1.13. Provisions**

The Corporate Group forms provisions for the (lawful or presumed) liabilities arising from past events that the Group is likely to be obliged to pay, provided that the amount of such liability can be accurately measured.

The amount of the provision equals to the best possible estimation of the expenditure required to settle the liability as of the balance sheet day, also considering the risks and uncertainties related to the liability. If the provision is evaluated on the basis of the cash flow expectably required to settle the liability, the book value of the provision shall be equal to the present value of such cash flow amount.

If the expenditures required to settle the liability is expected to be reimbursed either in full or in part by the other party, the liability may be presented as an asset if the receipt of the reimbursement by the economic unit is basically assured and the amount of it is accurately measurable.

The current liabilities resulting from onerous contracts are shown as provisions. A contract is classified onerous by the Corporate Group if the inevitable costs of performance of the Company's contractual obligations exceed the economic benefits expectedly gained from the same contract.

Restructuring provisions shall be shown if the Corporate Group has a detailed, formal restructuring plan prepared and either by the commencement of the execution of the plan or by the disclosure of the main elements of the plan to the concerned parties raised reasonable expectations concerning the realization of the restructuring. The restructuring provision covers only the direct costs of restructuring that are inevitably related to the restructuring and not related in any form to the continuing business operation of the economic entity.

#### **2.1.14. Corporate income tax**

The amount of the corporate income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and in the Decree on Local Business Tax, and respectively, in the Decree on Innovation Contribution, to be modified by deferred taxes. The corporate income tax payment obligation covers tax obligations from the current year and deferred tax elements as well. Regarding the amount to be paid for the support of spectator sports is indicated in the corporate income tax row, as the Corporate Group shall essentially consider the hereof liability to be seen as income tax.

The payment obligation for the current year is calculated upon the taxable profit gained in the given year. The amount of the taxable profit differs from the profit and loss before taxation shown in the consolidated financial report. The hereof difference shall be arisen from non-taxable profits and losses, as well as from items allotted to the taxable profit of other years. The current tax payment obligation of the Corporate Group is calculated upon the valid and effective tax rate (or officially announced, if the date thereof is the effective date of the respective law) on or before the balance sheet day. The amount of the deferred tax is calculated upon the liability method.

With regard to the deferred tax obligation incurred is accounted, if a financial item is calculated for in the annual financial statements and in the tax report at different times. The amount of the deferred tax assets and liabilities is calculated with the tax rates applicable to the taxable income of the year when the time-related difference is expected to be recovered. The amount of the deferred tax assets and liabilities shall reflect the Corporate Group's estimations concerning the method of realization of the tax assets and liabilities as of the balance sheet day.

Deferred tax assets arising from deductible time-related differences, rolling tax allowances, and negative tax base may only be included in the balance sheet if the realization of a taxable profit (against which the deferred tax assets can be settled) by the Corporate Group in the future is expectable.

On every balance sheet day, the Corporate Group revises the not-recognized deferred tax assets included in the balance sheet and the same shall be applied to the book value of the recognized tax assets. The Company shall enter the former off-balance sheet receivables that are expected to be recovered to the stock, in order to reduce the amount of the future corporate income tax. On the contrary, the Corporate Group shall reduce the deferred tax receivables with the amount of the recovery, to which, expectably, there will not be available after-tax profit resources. The current and the deferred tax obligations are measured directly to own equity, if the tax base is or was measured to the own equity also either in the current or in a former reporting period, including the amendments of the initial values of reserves due to changes of retrospective effect in the accounting policies.

Regarding the possibility of the settlement of deferred tax assets and liabilities against each other is allowed, if the Company is exposed to tax obligations and tax claims with the same tax authority, and, moreover, the herein settlement is to be the intention of the Corporate Group in respect of the net accounting of the hereof assets and liabilities.

#### **2.1.15. Lease transactions**

As at 13 January 2016, IASB has issued a new standard under the number of IFRS 16 in relation with the settlement of lease transactions. The application of the new standard concerning the lease transactions is compulsory for the companies keeping their books according to the IFRS having an effective date as at 01 January 2019 and applicable in the reporting periods starting on the effective day or thereafter. The new standard shall replace the IAS 17 lease standard regulation and shall respectively introduce a new and fundamentally different accounting method for the account of operative lease transactions.

The evaluation of the scope and financial effects of IFRS 16 was initiated in 2018. A significant financial effect is identifiable in relation to the office lease transactions. There was a material change in the consolidated financial status statement and respectively in the consolidated profit and loss statement of the Company.

Pursuant to IFRS 16 Leases standard, the lessee is required to recognize the right of facility sharing upon indicating the amount of the hereof in the balance sheet item and the related liabilities are to be accounted in the item of assets and liabilities.

Otherwise, the right to use shall be handled and depreciated identically with the handling of other non-monetary assets. The initial evaluation of the lease obligation is based on the present value of lease payments during the maturity period. The hereof present value shall be calculated by using the implicit interest rate if that can be determined accurately. If the value of the interest rate is impossible or difficult to be determined accurately, the incremental borrowing rate may be used by the lessee for discounts.

Pursuant to IFRS 16 (similarly to the provisions of former IAS 17), it shall be investigated on the lessor's side whether a lease transaction shall be classified as an operative or a financial lease.

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

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

The 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 of small-value assets as an expenditure.

#### **2.1.16. Earnings per share (EPS)**

The earning per share is 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.

The value of the diluted earnings per share is calculated similarly to the earnings per share. However, in this calculation all diluted shares on the market are taken into consideration upon increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, while the hereof is modified by conversion revenues and expenditures, and increased by the weighted average number of the shares on the market by the weighted average number of the shares which were to be on the market if all convertible bonds were converted. As at 30 June 2021, the number of own shares held by 4iG Plc. and its subsidiary companies was 857 078 quantity. At the end of June 2021, the Earnings Per Share (EPS) rate was dilluted by options within the Employee Stock Option Plan (ESOP).

#### **2.1.17. 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.

#### **2.1.18. Repurchased own shares**

The purchase value of repurchased own shares is presented in the balance sheet, in a separate row among the capital items, with a negative sign.

#### **2.1.19. Dividend**

The amount of dividend shall be accounted for in the year when it is approved by the shareholders.

As at 29 April 2021, the Board of Directors of the Company, upon the authorization of the general meeting rights, made the decision on the payment of dividends in the amount of 2 212 000 000,-HUF. The payment of dividends was performed upon the contribution of KELER Zrt. (in English: Central Clearing House and Depository) on 26 July 2021.

#### **2.1.20. Profit and loss on financial transactions**

The profit and loss on financial transactions consists of income from interests and dividends, payable interests, and other financial expenditures; the profit gained/loss suffered from the fair evaluation of financial instruments, the realized and unrealized exchange rate differences.

#### **2.1.21. State subsidy**

The state subsidies are to be recognized when the amount of the subsidy is likely to be received, and the criteria of disbursement are met. When the subsidy is intended to cover costs and expenses, it shall be accounted for among the revenues (in row of 'other revenues') in the period when the relevant costs and expenses occur. When the subsidy is intended to cover the purchase price of assets, it shall be shown as deferred income and credited to the profit in equal amounts during the purchased asset's useful life.

#### **2.1.22. Events after the balance sheet day**

The events that provide additional information concerning the circumstances at the end of the Corporate Group's reporting period shall be included in the financial report, even if such events occur after the end of the reporting period. The post reporting period events that do not modify the data of the financial report, but substantial, are included in the notes to the financial statement.

### **2.2. Changes in the accounting policy**

The Corporate Group's financial report is compiled in accordance with the standards and interpretations valid and effective as of the date of 1 January 2021.

The accounting policies of the Corporate Group are identical to those of the previous years, except for the policies applicable to the financial instruments and the customer contract revenues. The Corporate Group applied the following new and amended and restated IFRS standards and IFRIC interpretation throughout the year. Besides the information provided the hereunder, the application of the above standard and interpretation was of no material effect on the Company's financial statements; however, it resulted in the occurrence of further publication obligations.

*Standards, amendments and interpretations effective from 1 January 2021 that do not have a significant impact on the Group:*

***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Standards (effective from 1 January 2021)***

amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform - Phase 2 - adopted by the EU as at 13 January 2021 (effective for reporting periods starting as of or after 1 January 2021).

***Amendments to IFRS 4 'Insurance Contracts' with IFRS 9 deferral (effective from 01 January 2021)*** – adopted by the EU on 15 December 2020 (effective for reporting periods starting as of or after 1 January 2021),

***Amendments to IFRS 16 Leases (effective from 1 April 2021)***

Lease concessions related to Coronavirus for the period after 30 June 2021.

In respect of 2021, the Corporate Group has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2021, that are relevant from the aspect of the Corporate Group's operation.

*Amendments and interpretations of existing standards and new standards not effective and herewith, not applied by the Corporate Group yet.*

***Amendments to IAS 1 „Presentation of financial statements” standard*** – Classification of Liabilities as Current or

Non-current (enter into force as of the date of 01 January 2023, and applicable in the reporting periods starting on the effective day or thereafter).

***Amendments to IFRS 3 'Business Combinations'; IAS 16 'Property, Plant and Equipment'; IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'*** - Annual Improvements (effective for reporting periods starting as of or after 1 January 2022).

***Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates'*** (effective for reporting periods starting as of or after 1 January 2023).

***IFRS 17 Insurance Contracts, including amendments to IFRS 17*** (effective for reporting periods starting as of or after 1 January 2023).



**Amendments to IAS 12 "Income Taxes"** - for assets and liabilities arising from a single transaction deferred tax relating to assets and liabilities arising from a single event (effective for accounting periods starting as of or after 1 January 2023),

**Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associated Enterprises and Joint Ventures"** – Sale or transfer of assets between an investor and its associate or jointly controlled enterprise (effective date has been postponed indefinitely until the research project comes to a conclusion on the equity method),

**IFRS 14 "Regulatory Deferral Accounts"** (effective for reporting periods starting as of or after 1 January 2026) - the European Commission has issued a decision, in accordance therewith, the approval process will not apply to the current interim standard, and await the final standard.

There are no other new standards/amendments to standards that would affect the Company's financial statements materially.

### **2.3. Uncertainty factors**

The application of the accounting policy described in the herein Point 2.1. requires the application of estimations and assumptions in the determination of the value on any given day of those assets and liabilities, the values of which are not identifiable from other sources. The estimation process considers the relevant factors and decisions based on latest available information. These significant estimations and assumptions influence the values of the assets and liabilities, revenues, and expenditures presented in the financial statements, and the presentation of the pending assets and liabilities in the notes to the financial statements. Actual results may differ from the assumptions.

The estimation processes are continuously updated. Any change in the accounting estimations shall be considered in the time period when such change occurred if that affects the given period only. If such change affects the current and future reporting periods as well, it shall be considered in the period when the change occurred and in the future reporting periods as well.

The main areas of critical decisions adopted in relation to uncertainties in estimations and the accounting policy that have the most significant effect on the amounts presented in the consolidated financial statements are the following.

#### **2.3.1. Impairment of goodwill**

Pursuant to Point 2.1.7 of material accounting principles, the Corporate Group examines on a yearly basis whether there is an impairment in respect of the goodwill. The rate of return of the cash-generating units is determined on the basis of the useful value calculation. These calculations require estimations. In order to establish the impairment of the goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be estimated. The calculation of the useful value requires the management's estimation

concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

### 2.3.2. Impairment accounted for unenforceable and disputed receivables

The Corporate Group accounts a certain amount as impairment to cover the eventual losses arising from the customers' payment default in respect of unenforceable or disputed claims. The estimations used to evaluate the appropriateness of the impairment accounted for unenforceable and disputed receivables shall hereby be based on the aging of the receivables, the creditworthiness of the customer, and the changes in the customers' payment habits.

### 2.3.3. Depreciation

The property, plant and equipment as well as the intangible assets, are recognized at their historical value. The applied depreciation method is the linear depreciation throughout the useful life of the assets. The useful life of the assets is determined on the basis of past experience in respect of similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

## 3. Sales revenue and other operating income (thousands in Hungarian Forints)

|                             | <u>2021</u>              | <u>2020</u>              |
|-----------------------------|--------------------------|--------------------------|
| Net sales revenues          | 93 653 153               | 57 299 644               |
| Own performance capitalized | 927 801                  | 219 420                  |
| Other revenues              | 1 435 469                | 260 730                  |
| <b>Total</b>                | <b><u>96 016 423</u></b> | <b><u>57 779 794</u></b> |

The Corporate Group's sales revenue again increased significantly after the jump in 2020 on one hand as a result of the acquisitions and on the other hand the reorganization and strengthening of the commercial organization. The increase in revenue also has an impact on the increase in other elements of costs and expenses.

Total revenue in 2021 included export revenue of 940 216,- HUF in thousands, export revenue of 604 624,- HUF in thousands was recognized in the same period of the previous year. The export sales revenue was mostly generated from countries of the European Union.

Main revenue types:

- Product sales account for a significant portion of the Company's sales, for which revenue is recognized when control of the product is transferred to the customer.
- Another significant part of the revenue comes from IT projects. If the Company transfers control over the service on an ongoing basis, upon the conditions specified in the

standard being met, it also continuously recognizes income arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service. The determination of the stage of completion assumes significant estimates, for which the Company will execute detailed tests and evaluations. A description of the contractual assets and liabilities recognized at the balance sheet date is provided in Clause 22 and 36.

- With the acquisition of new subsidiaries this year, telecoms revenues have also been boosted. In the period under review, telecommunications revenues include the revenues generated by the Invitech Group (from 1 October 2021) and Hungaro DigiTel Kft (from 13 May 2021), totalling HUF 8,565 million. In the case of the telephones and telecommunication services sold by Telenor Podgorica d.o.o. in a package, the allocation of the total consideration to the individual obligations under IFRS15 does not yet have a significant impact on the income statement for the period. In line with the Company Group's strategy, the Company is pursuing its acquisitions intensively towards the telecommunications sector.

With regard to the sales revenue of the Corporate Group, one-year cyclicity shall be experienced. Due to the nature of the activity, sales revenues of quarters I and III are lower and thereof are more significant in quarter II but 40% of the annual turnover is realized in quarter IV. This is mainly due to the fact that public orders are delivered at the end of the year.

The content of other operating income is as follows (thousands in Hungarian Forints):

|   | <u>2021</u>             | <u>2020</u>           |
|---|-------------------------|-----------------------|
| State subsidies and refunds                                       | 197 555                 | 153 875               |
| Provisions backmarking  | 216 387                 | 21 037                |
| Penalties, liquidated damages, compensations                      | 17 248                  | 4 536                 |
| Income of intangible assets and tangible assets sold              | 53 334                  | 4 183                 |
| Trade creditors refunds   | 12 073                  | 0                     |
| Impairment marked back (trade and other receivables, inventories) | 806 462                 | 17 670                |
| Workers fees  | 36 330                  | 25 736                |
| Other subsidies   | 34 980                  | 31 201                |
| Other   | 61 100                  | 2 492                 |
| <b>Total</b>  | <u><b>1 435 469</b></u> | <u><b>260 730</b></u> |

Of the 806 462,- HUF in thousands company group-wide impairment backmarking, 798 209,- HUF in thousands was made at Invitech ICT Services Ltd. due to the recovery of receivables. The provision release of 216 387,- HUF in thousands is entirely related to the economic events of Invitech ICT Services Ltd: in the previous period, the subsidiary's provision for a commercial case was fully reversed in the period under review.

More significant amounts of the state subsidy are as follows:

In relation to the project '*Development of a Complex Sensor System for Detecting UAV Equipments*' the amount of 43 511,-HUF in thousands was accounted.

The amount of 76 272,-HUF in thousands was accounted by our Company for the project *'Application of Networked Technologies in the Field of Designing, Construction, Assembly and Maintenance of Steel Structures and the Related Services'*.

51 332,-HUF in thousands was the income of the accrued staff costs on the basis of the subsidy intensity in the period accounted for GINOP-2.3.4-15-2020-00010 code number tender, "Center for University-Industry Cooperation – Development of Research Infrastructure".

Of the state subsidies, 22 199,- HUF in thousands resulted from budget reimbursements received under various legal titles.

**Own performance capitalized** measured 927 801,-HUF in thousands for the year 2021 at the Corporate Group.

Capitalized development projects at 4iG Plc. were as follows:

Developments completed in 2021 were as follows:

- data warehouse developed for internal use in the amount of 76 523,-HUF in thousands,
- Industry 4.0 product development in the amount of 39 810,-HUF in thousands, and
- other product development in the amount of 212 348,-HUF in thousands.

At the end of 2021, there are still uncompleted developments are as follows:

- Piaci (Market) KFI R&D development in the amount of 288 646,-HUF in thousands.

The value of capitalized own performance at Invitech ICT Services Ltd. in 2021 was 246 396,-HUF in thousands.

The capitalized value of development assets of own production at INNObyte Plc. amounted to 86 702,- HUF in thousands in 2021.

In 2021, the turnover in the amount of 2 714 482,-HUF in thousands was invoiced or accrued between the member companies of the Corporate Group, which was filtered upon consolidation.

#### 4. Goods and services sold

|                       | <u>2021</u>              | <u>2020</u>              |
|-----------------------|--------------------------|--------------------------|
| Cost of goods sold    | 34 096 067               | 27 446 142               |
| Cost of services sold | 24 994 337               | 13 925 413               |
| <b>Total</b>          | <b><u>59 090 404</u></b> | <b><u>41 371 555</u></b> |

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

## 5. Operational expenditures

|                                   | <u>2021</u>             | <u>2020</u>             |
|-----------------------------------|-------------------------|-------------------------|
| Material costs                    | 624 979                 | 164 287                 |
| Value of contracted services      | 7 117 795               | 2 209 589               |
| Value of other service activities | 310 118                 | 93 190                  |
| <b>Total</b>                      | <b><u>8 052 892</u></b> | <b><u>2 467 066</u></b> |

Alongside with the expansion of the activity, the operating expenses have also increased. The significant increase in the services used was due to an increase in consultancy, legal and other acquisition and administrative costs related to the acquisitions made during 2021, and on the one hand, and to the significant expansion of the Company's activities, on the other.

## 6. Staff costs

|                                     | <u>2021</u>              | <u>2020</u>             |
|-------------------------------------|--------------------------|-------------------------|
| Wages and salaries                  | 12 785 955               | 6 776 400               |
| Other staff benefits                | 1 248 610                | 681 071                 |
| Contributions on wages and salaries | 2 215 284                | 1 245 072               |
| <b>Total</b>                        | <b><u>16 249 849</u></b> | <b><u>8 702 543</u></b> |
| <br>Average statistical number      | <br>1 282                | <br>667                 |

The development of the Corporate Group also required a similar increase in the number of employees and the hiring of highly skilled employees, and as a result, personnel costs increased significantly.

## 7. Other operating expenditures

|   | <u>2021</u>           | <u>2020</u>           |
|---|-----------------------|-----------------------|
| Grants for foundations                              | 73 651                | 28 170                |
| Penalties, liquidated damages, compensations        | 31 957                | 28 960                |
| Value of intangible assets and tangible assets sold | 47 055                | 2 409                 |
| Taxes, duties, contributions                        | 184 511               | 6 803                 |
| Impairment of inventories                           | 46 870                | 77 681                |
| Bad debt  | 0                     | 14 670                |
| Impairment of receivables                           | 63 200                | 30 570                |
| Loss related to loss events                         | 2 121                 | 170                   |
| Other   | 80 327                | 1 810                 |
| <b>Total</b>  | <b><u>529 692</u></b> | <b><u>191 243</u></b> |

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

Table of difference related to the impairment for 2021:

| Description                           | Opening        | Transfer    | Acquisition      | Increase       | Backmarking    | Closing          |
|---------------------------------------|----------------|-------------|------------------|----------------|----------------|------------------|
| Trade receivables                     | 11 136         | 0           | 7 322 107        | 63 200         | 799 938        | 6 596 505        |
| Other receivables                     | 30 151         | -483        | 0                | 0              | 6 000          | 23 668           |
| Loan provided for the project company | 18 951         | 0           | 0                | 0              | 0              | 18 951           |
| Inventories / Stocks                  | 133 636        | 0           | 0                | 46 870         | 524            | 179 982          |
| <b>Total</b>                          | <b>193 875</b> | <b>-483</b> | <b>7 322 107</b> | <b>110 070</b> | <b>806 462</b> | <b>6 189 106</b> |

The amount shown in the acquisitions column in the table above is the full amount of the consolidated impairment loss on the acquisition of Invitech ICT Services Kft. and InviTechnocom Kft.

## 8. Depreciation and impairment

The equipment required by the Corporate Group's business activity is basically not significant. In the previous years, the Group procured tangible assets and software in relation to research and development activities for several hundred million Hungarian Forints. In the same period, the member companies continued the replacement of the out-of-date equipment. The impairment of receivables is not accounted here but for the item of other operating expenses.

|              | <u>2021</u>             | <u>2020</u>           |
|--------------|-------------------------|-----------------------|
| Depreciation | 4 170 063               | 836 203               |
| <b>Total</b> | <b><u>4 170 063</u></b> | <b><u>836 203</u></b> |

## 9. Revenue from and expenses on financial transactions

| <b>Financial income</b> | <u>2021</u>             | <u>2020</u>           |
|-------------------------|-------------------------|-----------------------|
| Interests received      | 209 365                 | 2 239                 |
| Exchange gain           | 3 616 144               | 336 740               |
| <b>Total</b>            | <b><u>3 825 509</u></b> | <b><u>338 979</u></b> |

| <b>Financial expenditures</b>            | <u>2021</u>             | <u>2020</u>           |
|--|-------------------------|-----------------------|
| Interests paid                           | 233 401                 | 43 744                |
| Bond's interests                         | 2 085 619               | 0                     |
| Fair value of securities loss            | 316 323                 | 0                     |
| Profit and loss of affiliated enterprise | 858                     | 0                     |
| Loss on exchange                         | 375 605                 | 331 283               |
| <b>Total</b>                             | <b><u>3 011 806</u></b> | <b><u>375 027</u></b> |

Interest on bonds shows the interest expense disbursed to bondholders on bonds issued for the first time during the subject period, while the fair value loss on securities row shows the fair value difference on the Group's securities sold during 2021. The Group's share of the result of the associate Rotors & Cams Plc. for the subject period is shown in financial expenses.

## 10. Income taxes

Income taxes related to expenditures consist of the hereunder as follows:

|                            | <u>2021</u>             | <u>2020</u>           |
|----------------------------|-------------------------|-----------------------|
| Corporate income tax       | 713 445                 | 421 257               |
| Deferred tax               | 150 682                 | -37 022               |
| Business tax               | 609 658                 | 307 889               |
| Contribution on innovation | 101 996                 | 44 208                |
| <b>Total</b>               | <b><u>1 575 781</u></b> | <b><u>736 332</u></b> |

The current year's corporate income tax at group level is calculated on the basis of general principles in 2021 and in 2020. The rate of the corporate income tax measures 9 percentage.

Taxation is calculated as follows:

|   | <u>2021</u>             | <u>2020</u>           |
|---|-------------------------|-----------------------|
| Profit before tax   | 8 737 225               | 4 175 135             |
| On the basis of the current tax rate, the tax payment obligation is 9%. | 786 350                 | 375 762               |
| Business tax  | 609 658                 | 307 889               |
| Contribution on innovation  | 101 996                 | 44 208                |
| Constant differences  | 77 777                  | 8 473                 |
| <b>Income taxes in total</b>  | <b><u>1 575 781</u></b> | <b><u>736 332</u></b> |

The difference in relation to the corporate income arisen from the individual companies and consolidated calculations, and deferred tax are indicated in the row of constant differences.

## 11. Profit after tax

|                  | <u>2021</u> | <u>2020</u> |
|------------------|-------------|-------------|
| Profit after tax | 7 161 444   | 3 438 803   |

## 12. Total comprehensive income

|                            | <u>2021</u> | <u>2020</u> |
|----------------------------|-------------|-------------|
| Total comprehensive income | 7 297 587   | 3 438 803   |



In 2021, the Company Group reported other comprehensive income of 136 143,-HUF in thousands, which includes the difference arising on the conversion of a transaction against a foreign subsidiary's foreign currency. The amount presented on the other comprehensive income will be reclassified to the statement of profit or loss under certain conditions.

### 13. Earnings per share

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

|   | <u>2021</u>  | <u>2020</u>  |
|---|--------------|--------------|
| Profit after tax                                    | 7 161 444    | 3 438 803    |
| Weighted average number of the equity shares issued | 97 404 096   | 94 000 000   |
| Weighted average of shares carrying voting rights   | 95 966 909   | 91 268 857   |
| <b>Diluted EPS indicator</b>                        | <b>73.52</b> | <b>36.58</b> |
| <b>Earnings per share (base) EPS in HUF</b>         | <b>74.62</b> | <b>37.76</b> |

The quantity of own shares at the Corporate Group was 4 857 078,- as at 31 December 2021, and thereof quantity as at 31 December 2020 amounted 1 670 086,-. On 31 December 2021, 4iG Plc. considered 1 733 092,-quantity share options granted to the ESOP Organization and expected to be called on, which minimally diluted the value of the EPS ratio.

## 14. Tangible assets

|  | Technical<br>machinery and<br>equipment | Other<br>equipment | Land and<br>buildings, and<br>the related<br>economic<br>rights | Unfinished<br>investments | Total              |
|--|---|--------------------|---|---------------------------|--------------------|
| <b>Gross value</b>                       |   |                    |   |                           |                    |
| <b>on 01 January 2020</b>                | <b>257 312</b>                          | <b>851 696</b>     | <b>68 829</b>   | <b>6 855</b>              | <b>1 184 692</b>   |
| Increase and reclassification            | 57 798                                  | 491 042            | 21 191  | 960 450                   | 1 530 481          |
| Decrease and reclassification            | -784                                    | -63 073            | 0   | -714 928                  | -778 785           |
| Consolidated modification                | 0                                       | -56 067            | 0   | 0                         | -56 067            |
| <b>on 31 December 2020</b>               | <b>314 326</b>                          | <b>1 223 598</b>   | <b>90 020</b>   | <b>252 800</b>            | <b>1 880 324</b>   |
| Increase and reclassification            | 1 181 727                               | 940 003            | 589 258   | 2 354 437                 | 5 065 425          |
| Decrease and reclassification            | -565 003                                | -55 708            | -24 048   | -2 912 046                | -3 556 805         |
| Acquisition                              | 92 417 586                              | 5 900 420          | 8 631 867   | 2 112 474                 | 109 062 347        |
| <b>on 31 December 2021</b>               | <b>93 348 636</b>                       | <b>8 008 313</b>   | <b>9 287 097</b>  | <b>1 807 665</b>          | <b>112 451 291</b> |
| <b>Accrued depreciation</b>              |   |                    |   |                           |                    |
| <b>on 01 January 2020</b>                | <b>257 273</b>                          | <b>586 967</b>     | <b>18 100</b>   | <b>0</b>                  | <b>862 340</b>     |
| Increase and reclassification            | 4 984                                   | 229 771            | 4 514   | 0                         | 239 269            |
| Decrease and reclassification            | -1 383                                  | -62 269            | 0   | 0                         | -63 652            |
| Rounding/Transferred from<br>new company | 21 810                                  | 42 888             | 863   | 0                         | 65 561             |
| <b>on 31 December 2020</b>               | <b>282 684</b>                          | <b>797 357</b>     | <b>23 477</b>   | <b>0</b>                  | <b>1 103 518</b>   |
| Current year depreciation                | 1 428 738                               | 522 890            | 158 554   | 0                         | 2 110 182          |
| Decrease                                 | -514 194                                | -46 597            | -1 292  | 0                         | -562 083           |
| Acquisition                              | 62 283 543                              | 5 000 081          | 2 902 699   | 0                         | 70 186 323         |
| <b>on 31 December 2021</b>               | <b>63 480 771</b>                       | <b>6 273 731</b>   | <b>3 083 438</b>  | <b>0</b>                  | <b>72 837 940</b>  |
| <b>Net book value</b>                    |   |                    |   |                           |                    |
| <b>on 01 January 2020</b>                | <b>12 263</b>                           | <b>98 261</b>      | <b>27 116</b>   | <b>2 518</b>              | <b>140 158</b>     |
| <b>on 31 December 2020</b>               | <b>31 642</b>                           | <b>426 241</b>     | <b>66 543</b>   | <b>252 800</b>            | <b>776 806</b>     |
| <b>on 31 December 2021</b>               | <b>29 867 865</b>                       | <b>1 734 582</b>   | <b>6 203 659</b>  | <b>1 807 665</b>          | <b>39 613 353</b>  |

The increase in tangible assets was primarily due to the consolidation of assets of acquired companies.

## 15. Intangible assets

|                               | Concessions and<br>similar rights | Intellectual<br>properties | Total             |
|-------------------------------|-----------------------------------|----------------------------|-------------------|
| <b>Gross value</b>            |                                   |                            |                   |
| <b>on 01 January 2020</b>     | <b>232 786</b>                    | <b>1 774 533</b>           | <b>2 007 319</b>  |
| Increase and reclassification | 23 214                            | 433 429                    | 456 643           |
| Decrease and reclassification | 0                                 | -131 500                   | -131 500          |
| Rounding/Unfinished           | 69 571                            | -61 133                    | 8 438             |
| <b>on 31 December 2020</b>    | <b>325 571</b>                    | <b>2 015 329</b>           | <b>2 340 900</b>  |
| Increase and reclassification | 125 399                           | 1 461 984                  | 1 587 383         |
| Decrease and reclassification | -70 055                           | -7 520                     | -77 575           |
| Unfinished                    | 0                                 | 319 207                    | 319 207           |
| Acquisition                   | 11 579 292                        | 11 959 786                 | 23 539 078        |
| <b>on 31 December 2021</b>    | <b>11 960 207</b>                 | <b>15 748 786</b>          | <b>27 708 993</b> |
| <b>Accrued depreciation</b>   |                                   |                            |                   |
| <b>on 01 January 2020</b>     | <b>231 369</b>                    | <b>1 355 712</b>           | <b>1 587 081</b>  |
| Current year depreciation     | 9 530                             | 162 385                    | 171 915           |
| Decrease                      | 0                                 | -131 500                   | -131 500          |
| Rounding/ from new company    | 1 921                             | 1 795                      | 3 716             |
| <b>on 31 December 2020</b>    | <b>242 820</b>                    | <b>1 388 392</b>           | <b>1 631 212</b>  |
| Current year depreciation     | 110 962                           | 530 777                    | 641 739           |
| Decrease                      | 0                                 | -2 097                     | -2 097            |
| Acquisition                   | 9 157 251                         | 6 491 512                  | 15 648 763        |
| <b>on 31 December 2021</b>    | <b>9 511 033</b>                  | <b>8 408 584</b>           | <b>17 919 617</b> |
| <b>Net book value</b>         |                                   |                            |                   |
| <b>on 01 January 2020</b>     | <b>1 417</b>                      | <b>462 200</b>             | <b>463 617</b>    |
| <b>on 31 December 2020</b>    | <b>82 751</b>                     | <b>626 937</b>             | <b>709 688</b>    |
| <b>on 31 December 2021</b>    | <b>2 449 174</b>                  | <b>7 340 202</b>           | <b>9 789 376</b>  |

In 2021, in the framework of development, the amount of 65 382,- HUF in thousands was accounted for software developed for the internal 2020/2019-1.1.1-PIACI-KFI-2019-0,0308 R&D tender in respect of capitalized own performance. The amount of 78 418,-HUF in thousands was activated for the project under code number of GINOP-2.3.4-15-2020-00010 by Innobyte Zrt., which subsidiary company records thereof intangible assets as "unfinished development projects". These are not depreciated because they are not ready for use and are tested for impairment at the end of each period. Based on the survey, there was no indication of impairment, so no impairment was accounted.

**Individually significant intangible assets:**

data in HUF in thousands

| Description   | Book value       | Amortization period | Amortization closing date |
|---|------------------|---------------------|---------------------------|
| Piaci (Market) KFI (Medical diagnostic tool software) | 319 208          | 3 years             | 30 April 2026             |
| PocketDoki  | 302 962          | 5 years             | 30 June 2027              |
| Optic cabel right to use                              | 953 873          | 20 years            | 31 December 2025          |
| Optic cabel right to use                              | 363 700          | 20 years            | 31 December 2025          |
| <b>on 31 December 2021</b>                            | <b>1 977 100</b> |                     |                           |

For intellectual property of significant value, the Company carries out an annual year-end present value test. For the proprietary software developed by Piaci (Market) KFI, the Company applied a discount rate of 7.62% for the IT services segment, while for PocketDoki a weighted average cost of capital of 9.38% was applied taking into account the different capital structure of the subsidiary (higher ownership expectation by Management). Due to the market demand for software, the return on software developed is significantly higher than the book value. The right to use the fibre optic cable is necessary for the core business of the subsidiary, without these lease rights the subsidiary cannot adequately serve its customers, so the recovery of these rights is tested for impairment of goodwill, taking into account the full market value of the subsidiary.

The company did not identify any indication of impairment loss during the examination.

**16. Lease rights lease transactions**

| Lease rights lease transactions      | Land and buildings | Machinery, vehicles | Total             |
|--------------------------------------|--------------------|---------------------|-------------------|
| Gross value                          | 16 455 290         | 7 235 875           | 23 691 165        |
| Accrued depreciation                 | -3 412 241         | -2 441 441          | -5 853 682        |
| <b>Net value on 31 December 2021</b> | <b>13 043 049</b>  | <b>4 794 434</b>    | <b>17 837 483</b> |

| Costs and expenditures related to lease transactions          | Amount         |
|---|----------------|
| Interest expenses   | 104 677        |
| Expenditures related to short-term lease transactions         | 291 755        |
| Expenditures related to small-value assets lease transactions | 21 979         |
| Variable lease transactions                                   | 0              |
| <b>Total profit and loss</b>                                  | <b>418 411</b> |

## 17. Contractual instruments

|                         | 31 December 2021 | 31 December 2020 |
|-------------------------|------------------|------------------|
| Contractual instruments | 397 601          | 0                |
| <b>net value</b>        | <b>397 601</b>   | <b>0</b>         |

The Group capitalises variable signing commissions directly attributable to customer contracts as a contractual asset, which are amortised on a straight-line basis over the term of the contracts.

The Group has identified customer contracts for two of its subsidiaries acquired during the period under review (Invitech ICT Services Kft. and Telenor Podgorica d.o.o.) for which the presentation and disclosure of contract assets in the financial statements is required. Neither the parent company nor its subsidiaries have previously incurred significant amounts of commissions on customer contracts that would have required presentation in prior periods.

## 18. Deferred tax receivables and liabilities

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

Regarding the calculation of the deferred tax, the Corporate Group employs 9 percent tax rate.

Regarding the identification of the differences resulting from the following deductible and taxable tax differentials is as follows:

|  | 31 December 2020 | Increase      | Utilization     | Acquisition    | 31 December 2021 |
|--|------------------|---------------|-----------------|----------------|------------------|
| Impairment of receivables                | 1 865            | 5 327         | 0               | 129            | 7 321            |
| Land and buildings, machinery, equipment | -20 072          | 5 746         | 0               | -60 448        | -74 775          |
| Provisions                               | 36 910           | 46 015        | -12 509         | 46 031         | 116 446          |
| Accrued and deferred loss                | 17 975           | 37 875        | -233 136        | 820 193        | 642 908          |
| <b>Deferred tax assets in total</b>      | <b>36 678</b>    | <b>94 963</b> | <b>-245 645</b> | <b>805 904</b> | <b>691 900</b>   |

|  | 31 December 2019 | Increase      | Utilization   | 31 December 2020 |
|--|------------------|---------------|---------------|------------------|
| Impairment of trade receivables          | 6 895            | 0             | -5 030        | 1 865            |
| Land and buildings, machinery, equipment | -24 592          | 0             | 4 520         | -20 072          |
| Provisions                               | 4 972            | 36 910        | -4 972        | 36 910           |
| Accrued and deferred loss                | 15 927           | 2 904         | -856          | 17 975           |
| <b>Deferred tax assets in total</b>      | <b>3 202</b>     | <b>39 814</b> | <b>-6 338</b> | <b>36 678</b>    |

## 19. Goodwill

4iG Plc. has extended the number of its subsidiary companies by acquisitions in 2021.

On 14 April 2021, 4iG acquired 70% shareholding of Spacenet Plc. Spacenet deals with implementation and maintenance of network, IT security, collaboration and data centre infrastructure solutions, and with high-level automatization and the support thereof.

On 12 May 2021, 4iG Plc. acquired 100% of the shares of **Portuguese Telecommunication Investments Kft.**, as a result of which it became a 75% shareholder of **Hungaro DigiTel Kft.** HDT is Hungary's dominant telecommunications operator and one of the region's leading telecommunications operators, providing VSAT and satellite broadcasting services to its customers through its satellite communication system. The turnover of HDT employing 45 employees at present exceeded 5.2 billion Hungarian Forints regarding 2020, thereof EBITDA accounted 3.1 billion Hungarian Forints in respect of the same year. Its clients include major private sector companies (banks, television companies) and accordingly public sector clients.

On 1 June, the Company acquired **the business share of Poli Computer PC Kft. ("Poli Computer") constituting 100% of its issued capital.** The acquisition of Poli Computer fits well into 4iG's growth strategy. As a result of the transaction, 4iG will have a total of 612 professionals working in IT outsourcing and operational services. Based on the expected revenues from the herein activity, the number of employees and orders, 4iG will become the market leader in this IT segment in Hungary.

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



Main data of subsidiary companies acquired in the current year:

| Description                                    | ACE<br>Network<br>Plc. | Hungaro<br>DigiTel Ltd. | Poli<br>Computer<br>PC Ltd. | Invitech ICT<br>Services<br>Ltd. | Telenor<br>Podgorica<br>D.o.o.** |
|--|------------------------|-------------------------|-----------------------------|----------------------------------|----------------------------------|
| Year of recognition                            | 2021                   | 2021                    | 2021                        | 2021                             | 2021                             |
| Recognition mode                               | Acquisition            | Acquisition             | Acquisition                 | Acquisition                      | Acquisition                      |
| Equity   | 70%                    | 75%                     | 100%                        | 100%                             | 100%                             |
| Investment value                               | 1 866 000              | 6 856 597               | 2 006 000                   | 96 909 120                       | 52 822 207                       |
| Book value of net asset                        | 560 104                | 5 419 539               | 321 152                     | 19 552 159                       | 21 539 140                       |
| Fair value / IFRS correction                   | -12 571                | 17 348                  | -116 658                    | 758 167                          | –                                |
| <b>Fair / IFRS net asset value</b>             | <b>547 533</b>         | <b>5 402 191</b>        | <b>204 494</b>              | <b>20 310 326</b>                | <b>21 539 140</b>                |
| <b>Of which:</b>                               |                        |                         |                             |                                  |                                  |
| Invested assets:                               | 298 030                | 4 278 676               | 507 777                     | 34 798 546                       | 20 823 724                       |
| Liquid assets                                  | 643 513                | 2 339 518               | 73 008                      | 2 372 992                        | 4 002 793                        |
| Inventories                                    | 11 089                 | 2 568                   | 27 472                      | 1 029 930                        | 567 678                          |
| Receivables and accrued<br>and deferred assets | 637 844                | 1 532 014               | 467 539                     | 8 334 267                        | 6 554 926                        |
| Long-term liabilities                          | -224 151               | -85 409                 | -42 640                     | -13 364 425                      | -4 755 009                       |
| Short-term liabilities                         | -818 792               | -652 581                | -828 663                    | -12 860 984                      | -5 268 548                       |
| Badwill  | –                      | –                       | –                           | –                                | –                                |
| Goodwill                                       | 1 482 727              | 2 429 716               | 1 801 506                   | 76 578 794                       | 31 283 067                       |
| Non-controlling interest                       | 164 260                | 975 309                 | –                           | –                                | –                                |
| Income since acquisition                       | 4 167 089              | 3 967 616               | 1 766 627                   | 8 321 175                        | –                                |
| Profit and loss since<br>acquisition           | 1 007 806              | 631 840                 | 180 936                     | 2 143 762                        | –                                |

\* Shareholding through Portuguese Telecommunication Investments Ltd.

\*\* Shareholding through 4iG Montenegro d.o.o.

The significant goodwill presented and disclosed herein in connection with Invitech ICT Services Kft. and Telenor Podgorica d.o.o. subsidiaries acquired in the current financial year is mainly the result of customer contracts, tangible assets and future economic benefits generated by them as well as utilizing the potential future synergies following the acquisitions.

In case of Hungaro DigiTel Kft., Invitech ICT Services Kft. and Telenor Podgorica d.o.o. fair value evaluation for assets and liabilities is in progress. In case of these incorporations involvement of an external valuator has taken place due to the nature of their activities and complexities, however the evaluations have not been finalized until the issuance of the financial statements.



In accordance with IFRS 3 Business Combinations, the Company will determine the fair value of the assets and liabilities identified in the acquisition no later than one year from the acquisition date and will present them highlighted in the 2022 financial statement.

- no significant PPA adjustments are expected for Hungaro DigiTel Kft. at the consolidated level

- PPA adjustments may be identified for Invitech ICT Services Kft. and Telenor Podgorica d.o.o., but no substantiated calculation and valuation in relation thereto is available at this time.

- In accordance with the provisions of IFRS3, the cost amounts have been recognised in the consolidated financial statements for 2021 as provisional amounts that represent a reliable estimate of fair values.

During the maximum one-year valuation period allowed by IFRS3, fair value valuation will be completed and fair values will be adjusted retroactive to the acquisition date if necessary to reflect information about facts and circumstances at the acquisition date that, if known, would have affected the valuation of the amounts recognised at that date.

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

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

Upon 2 April 2004, the accounted FreeSoft goodwill is due to the acquisition of FreeSoft Kft. in line with the set accounting rules of that time. The hereof company, later, merged into FreeSoft Rt., (the predecessor of 4iG Plc.). In 2021, the total value of goodwill increased significantly through the acquisition of three subsidiary companies.

The FreeSoft goodwill was allocated as cash-generating unit in respect of the IT activities taken over from FreeSoft acquisition. The evaluation of the cash-generating unit is calculated on the basis of the present value of future net transaction (DCF calculation). All goodwill realized during the acquisition of subsidiaries is related to the Group's IT activities and has therefore been allocated to this cash-generating unit.

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

The value of the accounted Goodwill continues to be measured in relation to the Corporate Group's (expanded due to mergers and acquisitions and significant growth in business) IT activities as a cash-generating unit. The recoverable amount of IT activity as an operating segment is recognized each year based on the same principles. Due to the constantly changing factors of the dynamically developing IT market, the DCF calculation is based on the precautionary principle, taking into account a 5-year time horizon.

For the IT segment and the IT Commercial segment, the Company has calculated the recoverable amount at weighted capital cost of 7.62% for the calculation of market value, taking into account the risks associated with the Company's growth and the expected capital increases and return expectations associated with the financing. The discount rate used in 2021 is therefore significantly higher than the previous year (4.52%). Compared to 2020, the macroeconomic environment has changed significantly, which has significantly increased both the return on invested capital and the return on debt. The growth rates determined in the DCF calculation have been determined by management in a historically conservative manner, based on historical data, for the next 5 years. Costs have been planned taking into account the expected growth rate of the sector and medium-term inflation expectations. In planning the most significant costs (personnel expenses), the Company has assumed an increase in the valuation that is higher than medium-term inflation.

Based on the evaluation of 2021, the DCF-based return on IT segment and IT trading as a cash generating unit:

|   |                           |
|---|---------------------------|
| Goodwill value of IT segment<br>31 December 2021          | Market value at valuation |
| <u>3 134 635</u>  | <u>25 674 968</u>         |
| Goodwill value of IT trade<br>segment<br>31 December 2021 | Market value at valuation |
| <u>1 482 727</u>  | <u>24 747 825</u>         |

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

The discount rates used to calculate the market amount for the telecommunication business are 7.2% in case of Invitech Group, 7.62% in case of Hungaro DigiTel analysis and 8% in case of Telenor Podgorica, taking into account the different capital structure of the companies and the different country risk classification for the Montenegrin subsidiary.

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 dynamic expansion of the group in 2022 have also been incorporated into management's expectations (both in terms of expected incremental revenue and cost optimisation). The combined present value of the cash flows from 2022-2026 and the residual value, calculated at 1.8% growth, significantly exceeds the book value of the goodwill of the cash-generating unit by more than 63%.

|  |  |
|--|--|
| Telecommunications<br>segment goodwill value<br>31.12.2021 | Market value according to<br>valuation |
| <b>110 321 677</b>   | <b>180 330 046</b>                     |

## 20. Other investments and over-the-year assets

The Corporate Group mostly indicates its investments in project companies in the balance sheet item of other investments.

| Name of the company                | Investment<br>in initial capital | Rate of votes<br>in % |
|------------------------------------|----------------------------------|-----------------------|
| Alliance Klaszter Menedzsment Ltd. | 350                              | 11.11                 |
| Ökopolisz Ltd.                     | 430                              | 14.28                 |
| iCollWare Ltd.                     | 700                              | 19.80                 |
| <b>on 31 December 2021</b>         | <b>1 480</b>                     | <b>-</b>              |

In addition to the above, the Group also shows its 24% share in Rotors & Cams Plc. in the balance sheet item other investments, which control is determined on the basis of the voting interest in the associate. The value of the share at the balance sheet date is 342,- HUF in thousands.

Main data of the report compiled in line with the principles of IFRS on affiliated enterprises as at 31 December 2021 are as follows:

Balance sheet total: 910 930,-HUF in thousands

Net profit and loss: -3 576,-HUF in thousands

Other over-the-year assets:

| Other over-the-year assets                         | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
| iCollWare Ltd. additional payment                  | 100 513             | 94 756              |
| Impairment of additional payment                   | -18 951             | -18 951             |
| Loans provided for employees                       | 50 760              | 0                   |
| Guarantee deposit                                  |                     | 6 000               |
| INNObyte Plc. Aranykosár share of investment funds | 101 842             | 82 715              |

|              |                |                |
|--------------|----------------|----------------|
| <b>Total</b> | <b>234 164</b> | <b>164 520</b> |
|--------------|----------------|----------------|

In the period under review, the Company Group made a new additional payment to iCollWare Kft. in the amount of HUF 5 757 thousand.

Innobyte Zrt. Gold Basket investment unit is an investment unit held as collateral for bank guarantees.

## 21. Liquid assets and cash equivalents

|                  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------|-----------------------------|-----------------------------|
| Cash-desk        | 8 704                       | 9 326                       |
| Bank             | 147 352 361                 | 7 195 455                   |
| Government bonds | 119 169 196                 | 0                           |
| <b>Total</b>     | <b>266 530 261</b>          | <b>7 204 781</b>            |

On 31 December 2021, the amount of 1 699 288,-HUF in thousands, while the amount of 278 082,-HUF in thousands in USD were available for the Corporate Group of liquid assets. The government bonds were purchased in the last days of December 2021 and were sold on 3 January 2022 with an end-December order, which is why they are shown as cash equivalents.

## 22. Trade receivables

|                                 | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Trade receivables               | 42 622 651                  | 17 505 447                  |
| Impairment of trade receivables | -6 696 595                  | -11 136                     |
| <b>Total</b>                    | <b>35 926 056</b>           | <b>17 494 311</b>           |

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

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

- trade receivables

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

Factors taken into account when measuring credit-related losses:

- whether the credit risk of financial instruments has increased significantly since initial recognition:
  - specific loans, contractual instruments: we consider these financial instruments to be of low credit risk, as these instruments are typically not past due on the reporting day, the risk of default is negligible
  - trade receivables: 3% of overdue receivables older than 30 days, no significant trade receivables depreciation has been made in previous years, there are no significant delays, therefore we consider the thereof receivables to be low risk
- Impaired financial assets: in the case of financial assets of customers recognised in the accounts, an amount of HUF 6 585 946 thousand was classified as impaired, of which HUF 6 345 561 thousand relates to Telenor Podgorica d.o.o. as well as HUF 311 099 thousand to the Invitech group acquired in the current financial year. Further receivables of HUF 23 668 thousand, which has since been sold and classified as other receivables, is also impaired, for which an impairment loss of 100% was recognised in the period under review
- forward-looking information (especially the effects of the Covid situation) was also taken into account when estimating credit-related loss. The Company has no significant receivables in the segments affected by Covid.
- in connection with trade receivables, the Company recorded a credit-related loss of 10 559,- HUF in thousands.

*Credit-related loss and impairment movements:*

| <b><u>Consolidated credit-related loss</u></b> | <b>Closing</b> | <b>Acquisition</b> | <b>Increase</b> | <b>Decrease</b> | <b>Opening</b> |
|--|----------------|--------------------|-----------------|-----------------|----------------|
| Trade receivables                              | 10 559         | 0                  | 0               | 577             | 11 136         |
| other receivables                              | 0              | 0                  | 0               | 0               | 0              |
| <b><u>Impaired financial assets</u></b>        |                |                    |                 |                 |                |
| Trade receivables                              | 6 585 946      | 7 322 107          | 63 200          | 799 361         | 0              |
| other receivables                              | 23 668         | 0                  | 0               | 6 000           | 29 668         |

The reason of the significant growth of the stock of trade is that the turnover of the Group upon the order accelerations and acquisitions grew significantly.

### 23. Other receivables and accrued and deferred assets

|                             | <u>31 December 2021</u>  | <u>31 December 2020</u> |
|-----------------------------|--------------------------|-------------------------|
| Other receivables           | 4 258 716                | 2 237 329               |
| Accrued and deferred assets | 6 756 165                | 3 160 422               |
| <b>Total</b>                | <b><u>11 014 881</u></b> | <b><u>5 397 751</u></b> |

The value of other receivables includes the hereinunder as follows:

|                                   | <u>31 December 2021</u> | <u>31 December 2020</u> |
|-----------------------------------|-------------------------|-------------------------|
| Advance payments                  | 2 080 709               | 1 937 565               |
| Liquid assets lent for short-term | 23 109                  | 21 876                  |
| Lease charge deposit              | 369 737                 | 124 973                 |
| Guarantees provided               | 164 857                 | 143 233                 |
| Receivables to government budget  | 109 437                 | 0                       |
| Other short-term receivables*     | 1 510 867               | 9 682                   |
| <b>Total</b>                      | <b><u>4 258 716</u></b> | <b><u>2 237 329</u></b> |

\* Company presents advances received with VAT using the gross method instead of the net method used in the 2020 financial statements. This presentation does not have a significant impact on either the 2020 or the 2021 financial statements, neither significantly influences the comparison of the current and previous years' figures. These details are disclosed using the gross method in the 2021 financial statements. Should advances received have been disclosed using the gross method in the previous year, the given row would have shown 599 284 HUF in thousands, whereas other receivables and accrued and deferred assets row would have shown 5 987 352 HUF in thousands.

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

Composition of accrued and deferred assets:

|   | <u>31 December 2021</u> | <u>31 December 2020</u> |
|---|-------------------------|-------------------------|
| Receivables under accrued and deferred assets | 5 007 860               | 2 931 968               |

|  |                         |                         |
|--|-------------------------|-------------------------|
| Costs and expenditures under accrued and deferred assets | 1 183 360               | 228 454                 |
| <b>Total</b>   | <b><u>6 191 220</u></b> | <b><u>3 160 422</u></b> |

The costs and expenditures under accrued and deferred assets include costs and expenditures invoiced prior to the balance sheet day but accounted for 2022. In line with IFRS 15 standard, the receivables under accrued and deferred assets include those items of the income which were actually performed in 2021, but only invoiced and documented at the beginning of 2022, and moreover, as it is set forth in IAS 20 standard, the state subsidy accrued for 2021 in proportion with the costs and in accordance with the intensity of the subsidy. Provided that the Company transfers control over the service on an ongoing basis, upon the conditions specified in the standard being met, it also continuously recognizes those arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service.

#### **24. Current income tax receivables / (liabilities)**

|                                   | <b><u>31 December<br/>2021</u></b> | <b><u>31 December<br/>2020</u></b> |
|-----------------------------------|------------------------------------|------------------------------------|
| Corporate income and dividend tax | -178 677                           | -324 060                           |
| Local business tax                | -124 561                           | -81 021                            |
| Contribution on innovation        | -43 359                            | -38 163                            |
| <b>Total</b>                      | <b><u>-346 597</u></b>             | <b><u>-443 244</u></b>             |

The amount of income tax receivables with minus sign is reclassified for liabilities in the balance sheet.

#### **25. Securities**

The Group evaluates its securities at fair value through profit or loss (equity instruments). On 31 December 2021 the security stock of the Corporate Group measured 17 150,-HUF in thousands as follows hereunder.

|                 | <b><u>31 December<br/>2021</u></b> | <b><u>31 December<br/>2020</u></b> |
|-----------------|------------------------------------|------------------------------------|
| Shares          | 17 150                             | 331 600                            |
| Business shares | 0                                  | 86 130                             |

| Total  | 17 150            | 417 730  |
|--|-------------------|--|
|  | Purchase<br>value | BSE<br>exchange<br>rate 31<br>December<br>2021 |
|  |                   | Fair value 31<br>December<br>2021              |
| 490,- quantity of Csokréta Holding shares (19.84%) | 237 500           | not relevant<br>12 250                         |
| 64,- quantity of EBPP.HU shares (9.14%)            | 94 100            | not relevant<br>4 900                          |
| <b>Total</b>                                       | <b>331 600</b>    | <b>17 150</b>                                  |

The fair value of the shares of EBPP.HU, Csokréta was estimated based on a sale and purchase agreement concluded on 31 December 2021, and the fair value of the shares was determined accordingly. The actual delivery of the shares took place in January 2022.

## 26. Inventories / Stocks

|                           | 31 December<br>2021 | 31 December<br>2020 |
|---------------------------|---------------------|---------------------|
| Work in progress          | 628 081             | 0                   |
| Goods                     | 2 188 930           | 3 337 542           |
| Materials                 | 181 898             | 77 814              |
| Refundable packaging      | 356                 | 218                 |
| Impairment of inventories | -55 954             | -55 955             |
| <b>Total</b>              | <b>2 943 311</b>    | <b>3 359 619</b>    |

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

## 27. Issued capital

As a result of capital increase the amount of issued capital of the Company is 1 984 158,-HUF in thousands, herewith the share capital of the Company consists of 99 207 921,- quantity of dematerialized registered equity share at the nominal value of 20,-HUF per each. Each share means 1 vote. Preference share or any other share granting special rights are not available. There is no voting rights attached to repurchased own shares.



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

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

|                      | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------------|-----------------------------|-----------------------------|
|                      | <u>                    </u> | <u>                    </u> |
| Opening value        | 1 880 000                   | 1 880 000                   |
| Increase             | 184 158                     | 0                           |
| Decrease             | 0                           | 0                           |
| <b>Closing value</b> | <b><u>2 064 158</u></b>     | <b><u>1 880 000</u></b>     |

The IFRS share capital equals with the share capital registered by Cégbíróság (in English: Company Registry Court). Share capital change occur in two steps. On 1 June 2021, Bartolomeu Investment Ltd. increased its share capital by share premium by 104 158,- HUF is thousands, and on 30 November 2021, the 4iG ESOP Organization received a share capital increase of 80 000,-HUF in thousands.

## **28. Repurchased own shares**

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

The change of stock of 4iG own shares owned by the Corporate Group (quantity) is presented in the hereunder chart as follows:

|              | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--------------|-----------------------------|-----------------------------|
|              | <u>                    </u> | <u>                    </u> |
| 4iG Plc.     | 4 857 078                   | 1 670 086                   |
| <b>Total</b> | <b><u>857 078</u></b>       | <b><u>1 670 086</u></b>     |

The repurchased value of own shares is 245 726,-HUF in thousands, while the exchange rate of the average price of thereof shares is 286.70,-HUF per quantity. The stock exchange closing exchange rate of the period was 854,-HUF per quantity, and the exchange rate of the average price measured 853,-HUF per quantity.

## 29. Capital reserve

|                      | <b>31 December<br/>2021</b>       | <b>31 December<br/>2020</b>     |
|----------------------|-----------------------------------|---------------------------------|
|                      | <u>                    </u>       | <u>                    </u>     |
| Opening value        | 816 750                           | 816 750                         |
| Increase             | 3 051 842                         | 0                               |
| Decrease             | <u>          0</u>                | <u>          0</u>              |
| <b>Closing value</b> | <b><u>          3 868 592</u></b> | <b><u>          816 750</u></b> |

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

### 30. Accumulated profit reserve

Accumulated profit reserve accounted for the previous year and profit and loss of period under review are aggregated in the row of accumulated profit reserve.

|                            | <u>31 December<br/>2021</u> | <u>31 December<br/>2020</u> |
|----------------------------|-----------------------------|-----------------------------|
| Accumulated profit reserve | 9 793 019                   | 4 928 921                   |

### 31. Exchange spread

The Group shows in the conversion difference on own equity the conversion difference arising on the conversion of the balance sheet and profit and loss account of foreign subsidiaries and the exchange difference arising on the revaluation of the affiliated loan denominated in foreign currency granted by the parent company to its subsidiaries.

### 32. Provisions

|   | <u>31 December<br/>2020</u> | Acquisition    | Increase       | Transfer        | Utilisation    | <u>31 December<br/>2021</u> |
|---|-----------------------------|----------------|----------------|-----------------|----------------|-----------------------------|
| Provisions accounted for unused vacation    | 92 287                      | 114 700        | 142 425        | 0               | -92 287        | 257 125                     |
| ESOP liabilities                            | 344 813                     | 0              | 0              | -344 813        | 0              | 0                           |
| Decommissioning and restoration obligations | 0                           | 698 645        | 0              | 0               | 0              | 698 645                     |
| <b>Total</b>                                | <b>437 400</b>              | <b>813 345</b> | <b>142 525</b> | <b>-344 813</b> | <b>-92 287</b> | <b>955 770</b>              |

|  | <b>31 December<br/>2019</b> | <b>Increase</b> | <b>Utilization</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------|--------------------|-----------------------------|
| Provisions accounted for unused vacation | 49 767                      | 92 287          | -49 767            | 92 287                      |
| For expected losses                      | 6 950                       | 0               | -6 950             | 0                           |
| ESOP liabilities                         | 0                           | 344 813         | 0                  | 344 813                     |
| <b>Total</b>                             | <b>56 717</b>               | <b>437 400</b>  | <b>-56 717</b>     | <b>437 400</b>              |

On 31 December 2020, regarding the item of the provisions in relation to the Corporate Group, 92 287,-HUF in thousands was accounted for the purposes of covering the costs related to the unused holidays of 2020. Herein provisions were marked back in 2021. In the year 2021, the members of the Corporate Group have set aside a provision of 257 125,- HUF in thousands for untaken leave. The provision of HUF 698,645 thousand acquired in the reporting period mainly consists of the discounted provision for the future recovery of the assets of Telenor Podgorica d.o.o.

### **33. Financial lease liabilities**

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

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

|   | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-----------------------------|-----------------------------|
| Financial lease liabilities (long-term)       | 14 490 303                  | 524 484                     |
| Financial lease liabilities (short-term)      | 3 583 676                   | 470 150                     |
| <b>Financial leasing liabilities in total</b> | <b>18 073 979</b>           | <b>994 634</b>              |

**Change chart of lease liabilities:**

| <b>Lease liabilities</b>   | <b>Total</b>      |
|----------------------------|-------------------|
| Opening liabilities        | 994 634           |
| Increase from acquisition  | 12 202 357        |
| Increase                   | 5 920 793         |
| Interest expense           | 104 677           |
| Decrease                   | 1 148 482         |
| <b>Closing liabilities</b> | <b>18 073 979</b> |

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

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

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

**34. Change in trade creditors and other accounts payable**

|  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
| Trade creditors and other accounts payable | <u>23 251 567</u>           | <u>18 882 421</u>           |
| <b>Total</b>                               | <b><u>23 251 567</u></b>    | <b><u>18 882 421</u></b>    |

In order to increase the Corporate Group's turnover, subcontractors and suppliers also had to be used to a greater extent. It is agreed with some suppliers that payment of the supplier invoice will only be due after the 4iG customer invoice has been settled.

### 35. Short- and long-term credits and loans

#### Short-term credits and loans

|                                  | <u>31 December<br/>2021</u> | <u>31 December<br/>2020</u> |
|----------------------------------|-----------------------------|-----------------------------|
| 4iG Plc.                         |                             |                             |
| Raiffeisen Bank revolving credit | 0                           | 2 970 000                   |
| DOTO Plc.                        | 100                         | 100                         |
| DTSM Ltd.                        | 0                           | 1 597                       |
| INNObyte Plc.                    | 0                           | 860                         |
| TR Consult Ltd.                  | 111                         | 46 162                      |
| <b>Total</b>                     | <u><b>211</b></u>           | <u><b>3 018 719</b></u>     |

The aforesaid data represent the amounts de facto called from and utilized from the available lending capacity for the Corporate Group.

The Bank Credit Agreement concluded between and by 4iG Plc. and Raiffeisen Bank was in force in the total appropriation of 6 450 000 thousand HUF on 01 January 2021 to the debit of which contracted.

- 1) Revolving credit in the amount of 4 620 000 000,-HUF in thousands expiring on 30 July 2021
- 2) bank credit overdraft in the amount of 4 500 000,-HUF in thousands expiring on 30 July 2021
- 3) bank guarantee facility in the amount of 1 331 111,-HUF in thousands expiring on 30 July 2021

The Bank Credit Agreement was not amended during the financial year 2021 and has been available with unchanged terms since January 2020, so that a pledge is registered in the register of pledges of the Hungarian Chamber of Civil Law Notaries (MOKK) in favor of Raiffeisen Bank as a block security for the amount of 7 420 000 000,-HUF on the Company's current receivables and a further 810 000 000,-HUF on its inventories.

In mid-2021, Raiffeisen Bank revised the Company's bank loan agreement and its sub-agreements, the parameters of which were only amended with regard to their expirations, so that the working capital loans were extended until 29 July 2022 and the Bank Guarantee facility until 31 July 2027.

For working capital financing, the Company had continuous use of the revolving credit until December 2021 - its opening amount was 2 970 000 000,-HUF and it was repaid in full at the end of the year, with the contractual amount available until expiry.

The Bank Credit Overdraft was drawn down minimally during 2021, thereof is available on the bank account of the Company as liquidity reserve.

The Company has paid a transaction interest (with floating rate) fixed at 1 month BUBOR on the drawn down amounts and a retention commission on the undrawn amounts.

INNObyte Zrt. repaid and terminated its short-term working capital loan in 2021.

In November 2021, ACE Network Zrt. entered into an overdraft facility agreement with K&H Bank Zrt. for an amount of HUF 250,000 thousand with a transaction interest rate fixed to Overnight BUBOR (variable interest rate), which is available as a liquidity reserve, with a utilisation rate of 0 as of the balance sheet date. As security for the contract, the Company provided a cash collateral and Garantiqa Hitelgarancia Zrt. provided a cash guarantee.

4iG Plc uses the bank guarantee facility for the purpose of its performance type commitments (tenders, performance, warranty) as stipulated in its contractor agreements with its customers. Out of the contracted amount, the bank guarantees issued by Raiffeisen Bank on behalf of the Company amounted to HUF 443 834 thousand as of 31.12.2021.

As security for certain performance and warranty guarantees, a total of HUF 45,298 thousand in cash collateral was deposited in an account with Raiffeisen Bank earmarked for this purpose.

The Beneficiaries of the bank guarantees did not apply to Raiffeisen Bank for any of the guarantees.

Bank guarantees issued on behalf of the Company at 31.12.2021:

| Reference  | Amount in HUF | Date of issuance | Maturity   | Type        | Beneficiary   |
|------------|---------------|------------------|------------|-------------|---|
| IGTE061294 | 1 159 200     | 2020.12.30       | 2021.12.31 | warranty    | IdomSoft Informatikai Zrt.                            |
| IGTE060490 | 5 000 000     | 2020.07.21       | 2022.01.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE060491 | 5 000 000     | 2020.07.21       | 2022.01.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE061984 | 31 385 827    | 2021.06.07       | 2022.06.30 | performance | Kormányzati Informatikai Fejlesztési Ügynökség        |
| IGTE060889 | 8 000 000     | 2020.10.20       | 2022.12.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062048 | 10 471 300    | 2021.06.15       | 2023.02.28 | performance | OFA Országos Foglalkoztatási Közhasznú Nonprofit Kft. |
| IGTE061416 | 7 000 000     | 2021.02.09       | 2023.10.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE061704 | 1 500 000     | 2021.04.15       | 2023.11.30 | performance | T-Systems Magyarország Zrt.                           |
| IGTE062161 | 15 000 000    | 2021.07.19       | 2025.02.28 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062162 | 10 000 000    | 2021.07.19       | 2025.02.28 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062447 | 10 000 000    | 2021.09.14       | 2027.07.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062448 | 10 000 000    | 2021.09.14       | 2027.07.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062449 | 10 000 000    | 2021.09.14       | 2027.07.31 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062469 | 165 377 156   | 2021.09.15       | 2022.08.24 | warranty    | Kormányzati Informatikai Fejlesztési Ügynökség        |
| IGTE062485 | 85 680 000    | 2021.09.17       | 2024.06.30 | performance | SYS IT Network Zrt.                                   |
| IGTE062490 | 14 500 000    | 2021.09.17       | 2025.03.30 | warranty    | MÁV FKG Kft.  |
| IGTE062491 | 15 000 000    | 2021.09.20       | 2025.07.22 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062492 | 10 000 000    | 2021.09.20       | 2025.07.22 | performance | Digitális Kormányzati Ügynökség Zrt.                  |
| IGTE062547 | 11 760 333    | 2021.09.29       | 2024.09.30 | warranty    | MÁV FKG Kft.  |
| IGTE062593 | 15 000 000    | 2021.10.08       | 2022.01.10 | tender      | BKK Zrt   |
| IGTE062656 | 500 000       | 2021.10.22       | 2022.01.31 | tender      | Médiaszolgáltatás - támogató és Vagyonkezelő Alap     |
| IGTE062757 | 1 500 000     | 2021.11.12       | 2022.02.14 | tender      | Országos Rendőr-Főkapitányság                         |

## Long-term loans and credits

| Description                 | 31 December<br>2021 | 31 December<br>2020 |
|-----------------------------|---------------------|---------------------|
| <i>INNObyte Zrt.</i>        |                     |                     |
| MFB Zrt. EDIOP credit       | 99 474              | 0                   |
| K&H Credit                  | 207 273             | 0                   |
| <i>4iG Nyrt.</i>            |                     |                     |
| Bond debts                  | 405 887 633         | 0                   |
| Interest payable on bond    |                     | 0                   |
| <i>Hungaro DigiTel Kft.</i> |                     |                     |
| Loan and interest payable   | 1 545 055           | 0                   |
| <b>Total</b>                | <b>407 739 435</b>  | <b>0</b>            |

### Innobyte Zrt.

On 09 May 2019, the subsidiary entered into a combined loan agreement with MFB Hungarian Development Bank for the development of the PocketDoki digital health measurement tool to support R&D&I activities of companies ("EDIOP loan") for a total amount of HUF 121 555 thousand with a maturity date of 25 April 2029. The EDIOP loan has been partially drawn down, the facility expired in December 2021, leaving a debt of HUF 99 474 thousand outstanding at the balance sheet date. The EDIOP loan is secured by a bank guarantee issued by K&H Bank for a total amount of HUF 122 000 thousand.

During 2021, Innobyte Zrt. terminated its short-term working capital loans with K&H Bank concluded in previous years and signed loan agreements with preferential interest rates (refinanced by Eximbank): a long-term working capital loan agreement for HUF 120 000 thousand with a maturity date of 15 November 2023 ("Exim Indemnifier") and a long-term working capital loan agreement for HUF 120 000 thousand with a maturity date of 30 August 2023 ("Exim Future Exporters"). The Exim Indemnity Loan was drawn down in a lump sum in January 2021 and the subsidiary will repay it after a grace period of 5 months at a monthly amount of HUF 10,909 thousand. The full amount of the Exim Future Exporters Revolving Loan has been drawn down.

The loans from K&H Bank are secured by pledge on receivables and cash payment guarantee of Garantiqa Hitelgarancia Zrt.

Bank guarantees issued on behalf of INNObyte Zrt:

| Bank     | Beneficiary                      | Currency | Amount in HUF | Type            | Maturity   |
|----------|----------------------------------|----------|---------------|-----------------|------------|
| K&H Bank | DXC Technology Magyarország Kft. | HUF      | 10 000 000    | warranty        | 2022.07.31 |
| K&H Bank | MFB Zrt.                         | HUF      | 61 000 000    | credit coverage | 2022.09.20 |
| K&H Bank | DXC Technology Magyarország Kft. | HUF      | 9 125 000     | warranty        | 2022.08.05 |
| K&H Bank | MFB Zrt.                         | HUF      | 61 000 000    | credit coverage | 2022.09.20 |



TR Consult Ltd.'s outstanding loan of HUF 46 000 thousand to Magnet Bank Zrt. at the end of 2020 was repaid in full during 2021.

### Corporate bonds:

In order to finance domestic and foreign share purchases during 2021, 4iG Plc conducted 3 successful auctions in the Growth Bond Program (NKP) announced by the National Bank of Hungary and a private issuance of bonds.

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

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

- 3) Between the two NKP auctions, 4iG Plc. issued a so called 4iG M&A Bond 2026 (ISIN: HU0000360813) bond, with an expiration of 5 years and an interest rate of 12 months BUBOR + 1.50%, with a total nominal value of HUF 100 billion on 27 September 2021. The series of 2 000,- quantity of bonds, each with a nominal value of HUF 50 million, will be amortized after a grace period of 2 years: 8% on the 2-4th anniversary and 76% at expiry, with interest payments due annually on the anniversary of the issue date. Following the issuance of the first tranche of the 4iG NKP Bond 2031/II series, on 23 December 2021, the Issuer repurchased 1 660,- quantity of 4iG M&A Bond 2026 for HUF 83 billion and paid the accrued interests thereof, reducing the outstanding liability of this serial bond to HUF 17 billion.

**Maturity analysis of credits (in thousands of Hungarian Forints):**

| <b>Creditor Bank</b>                 | <b>Type of credit</b> | <b>Lending capacity</b> | <b>Utilized</b> | <b>Maturity</b>  |
|--------------------------------------|-----------------------|-------------------------|-----------------|------------------|
| <i>4iG Plc.</i>                      |                       |                         |                 |                  |
| 4iG Raiffeisen Bank revolving credit | Revolving credit      | 4 620 000               | 0               | 30 July 2022     |
| 4iG Raiffeisen bank overdraft        | Bank overdraft        | 500 000                 | 0               | 30 July 2022     |
| <i>Poli Computer PC Kft.</i>         |                       |                         |                 |                  |
| Overdraft                            | overdrafts            | 50 000 000              |                 |                  |
| <i>INNObyte</i>                      |                       |                         |                 |                  |
| K&H Bank current asset credit        | Revolving credit      | 87 273                  | 87 273          | 15 November 2023 |
| K&H Bank current asset credit        | Revolving credit      | 120 000                 | 120 000         | 30 August 2023   |
| K&H Bank bank overdraft              | Bank overdraft        | 40 000                  | 0               | 15 November 2023 |
| MFB Zrt. EDIOP credit                | R & D & I credit      | 121 555                 | 99 474          | 25 April 2029    |
| <b>Total</b>                         |                       | <b>55 488 828</b>       | <b>306 747</b>  |                  |

The moratorium on loan repayments included in the government measures taken to mitigate the economic impact of the COVID-19 epidemic does not apply to the Company's loans, and repayments have not been rescheduled.

**36. Other short-term liabilities and accrued liabilities**

|  | <u>31 December 2021</u>  | <u>31 December 2020</u> |
|--|--------------------------|-------------------------|
| Tax liabilities and contributions                | 6 207 819                | 1 656 723               |
| Current income tax liabilities                   | 305 230                  | 443 244                 |
| Wage transfer liabilities                        | 683 395                  | 71 901                  |
| Advance payments received from customers**       | 7 638 855                | 2 461 474               |
| Advance payments received from central budget    | 366 898                  | 668 849                 |
| ACE Network Plc. contingent purchase price       | 500 000                  | 0                       |
| Bond's interests                                 | 1 387 589                | 0                       |
| Other liabilities                                | 77 267                   | 0                       |
| Accrued liabilities of revenues                  | 3 843 779                | 52 003                  |
| Accrued liabilities of expenses and expenditures | 6 765 771                | 1 382 754               |
| Subsidies received, deferred revenue             | 4 015 604                | 8 171                   |
| <b>Total</b>                                     | <u><b>31 792 207</b></u> | <u><b>6 745 519</b></u> |

\*\* Company presents advances received with VAT using the net method instead of the gross method used previously, the related impact on other receivables regarding the previous year is disclosed in note 22. Should gross method have been applied in prior year, balance for advance payments received from customer would have 3 051 076 HUF in thousands, whereas

balance of other liabilities and accrued liabilities would have risen to 7 335 121 HUF in thousands.

The Company does not have past due obligation in tax liabilities, and every company is also noted in the free of public-law debt database. Revenues mark off is mostly accounted for the invoiced annual support fees being due in following period.

The closure of the Research and Development project under the identification number of NVKP-16-2016-0005 with the title of *“Initiation of the National Innovation Onco-genomics and Precision Oncotherapy Programme and Integrated Development of the Related Technologies”* was performed as at 15 September 2021, and the final report was adopted. The received advance payment in amount of 60 443,-HUF in thousands was accounted.

The project involving 4iG Plc. under the title of *‘Development of a Complex Sensor System to Locate UAV Tools’* was closed by 31 August 2021. The adoption of the final report has not been adopted until the balance sheet day. The amount of 15 503,-HUF in thousands was adopted from the advance payment received.

The amount of 88 621,-HUF in thousands, as an advance payment, was provided for the project of *‘Application of Networked Technologies in the Field of Designing, Construction, Assembly and Maintenance of Steel Structures and the Related Services’* (2017-1.3.1.-VKE-2017-00040 identification number). The submitted report has not been adopted, yet.

The amount of 262 773,- HUF in thousands, as an advance payment, was transferred in relation to the tender, submitted under the title of *“Medical Diagnostics Equipment Supporting the Evaluation of Genetic Results”*, and issued within the framework of *“Support for Market-driven Research, Development and Innovation Projects (2019-1.1.1-PIACI KFI)”* upon the call for by Nemzeti Kutatási és Fejlesztési, Innovációs Hivatal (in English: National Research, Development and Innovation Office).

100 000,- HUF in thousands was allocated for the project entitled *“Centre for Higher Education and Industrial Cooperation - Development of Research Infrastructure”* (EDIOP-2.3.4-15-2020-00010). The advance payment was accounted in 2021.

INNObyte Zrt.'s *“Pocket Doc” - The Integrated Digital Health Meters (IDHM)* consists of a blood pressure, blood glucose and cholesterol meter, a heart rate and blood oxygen level smartwatch and a chest belt. Thereof development received 156 317,-HUF in thousands as advance payment.

The one-off fees received by Invitech ICT Services Ltd. for the transfer of the right of use in the amount of 3 185 951,- HUF in thousands were shown in the Subsidies received, deferred income row.

When acquiring Ace Network Zrt., under the agreement, 4iG Plc was entitled to retain HUF 500 million of the contractual purchase price until certain performance requirements were met.

This has been presented by the Company as other liabilities, the liability will be settled in 2022 as conditions are met.

Group discloses contract liabilities on the Advance payments received from customers line in the amount of 564 945 HUF in thousands.

The significant increase in the accrued expenses and deferred charges row is due to acquisitions made during the period under review.

### 37. Dividend liabilities accounted for owners

The Company's dividend liability to shareholders amounted to 2 211 910,- HUF in thousands, which, with exception of 42,-HUF in thousands, was paid through KELER Zrt. (in English: KELER Plc.) as of 26 July 2021.

### 38. The impact of the interest received on and provided for on cash flow

Regarding the interest revenues and interest expenses, the Corporate Group had the hereof items in relation to financing and acquisition activities in 2021.

|                            | <u>31 December<br/>2021</u> | <u>31 December<br/>2020</u> |
|----------------------------|-----------------------------|-----------------------------|
| Interests received         | 209 365                     | 2 238                       |
| Interests paid and payable | -2 319 020                  | -43 744                     |
| <b>Interest spread</b>     | <b><u>-2 109 655</u></b>    | <b><u>-41 506</u></b>       |

From paid and payable interests the amount of 2 086,-HUF in thousands is the interest of the bonds on a pro rata temporis basis.

### 39. Dividends received for investments

In 2021, the Corporate Group's dividends declared but not yet received from subsidiaries after 2020 were as follows:

|                          | <u>2021</u>           |
|--------------------------|-----------------------|
| DTSM Ltd.                | 26 072                |
| Humansoft Szerviz Ltd.   | 7 440                 |
| INNObyte Plc.            | 194 217               |
| TR Consult Ltd.          | 15 448                |
| Veritas Ltd.             | 27 802                |
| <b>Dividend in total</b> | <b><u>270 979</u></b> |

#### 40. Segment information

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

As of 2021, the three significant segments of the 4iG Group's activity are IT commerce (resale of hardware and software) and the provision of IT services (development, operation, support, assistance, implementation, and other IT services), and telecommunications activity. The effectiveness of the three aforementioned segments are presented hereunder up to the level of direct cost accountable for the activities. The segments' assets are divided in the ratio of the accounted depreciation and the sales revenue of the segments for the activities. No activities and over-invoicing have been performed between the segments.

The Company Group has considered whether business entities under some 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.

With regard to the year 2021, the turnover of no one customer exceeds 10% of revenue.

For the year 2021:

| Description  | IT services       | Trade             | Telecommu<br>nications | Other<br>activities | Total              |
|--|-------------------|-------------------|------------------------|---------------------|--------------------|
| Net sales revenue  | 45 616 428        | 39 108 041        | 8 565 279              | 363 405             | 93 653 153         |
| Cost of goods sold   | -1 112 243        | -32 136 355       | -847 470               | 0                   | -34 096 067        |
| Intermediations  | -23 801 798       | -648 599          | -398 775               | -145 165            | -24 994 337        |
| Other revenues   | 446 354           | 4 097             | 996 335                | 916 484             | 2 363 270          |
| <b>Hedge 1</b>   | <b>21 148 741</b> | <b>6 327 185</b>  | <b>8 315 369</b>       | <b>1 134 723</b>    | <b>36 926 018</b>  |
| Direct costs   | -13 342 789       | -1 531 107        | -3 555 887             | -169 493            | -18 599 276        |
| <b>Hedge 2</b>   | <b>7 805 952</b>  | <b>4 796 078</b>  | <b>4 759 483</b>       | <b>965 230</b>      | <b>18 326 743</b>  |
| Costs and expenditures that cannot be allocated directly to the segments |                   |                   |                        |                     | -10 403 221        |
| <b>Earnings before interest and tax (EBIT)</b>                           |                   |                   |                        |                     | <b>7 923 522</b>   |
| Financial profit and loss  |                   |                   |                        |                     | 813 703            |
| <b>Profit before tax</b>   |                   |                   |                        |                     | <b>8 737 225</b>   |
| <b>Segment assets</b>  | <b>33 866 496</b> | <b>20 290 408</b> | <b>436 700 351</b>     | <b>113 174</b>      | <b>490 970 429</b> |

Assets that cannot be  
allocated to the segments

8 965 969

**Assets in total**

**499 936 398**

**Segment liabilities**

**25 257 522**

**17 067 555**

**434 899 911**

**301 410**

**477 526 398**

**Liabilities that cannot be  
allocated to the segments**

5 152 555

**Liabilities in total**

**482 678 953**

For the year 2020:

| Description  | IT services       | Trade             | Other<br>activities | Total             |
|--|-------------------|-------------------|---------------------|-------------------|
| Net sales revenue  | 23 381 733        | 33 766 072        | 151 839             | 57 299 645        |
| Cost of goods sold   | 0                 | -27 446 142       | 0                   | -27 446 142       |
| Intermediations  | -12 551 359       | -1 262 121        | -111 933            | -13 925 413       |
| Other revenues   | 0                 | 0                 | 480 150             | 480 150           |
| <b>Hedge 1</b>   | <b>10 830 374</b> | <b>5 057 809</b>  | <b>520 056</b>      | <b>16 408 239</b> |
| Direct costs   | -6 953 599        | -1 375 281        |                     | -8 328 880        |
| <b>Hedge 2</b>   | <b>3 876 775</b>  | <b>3 682 528</b>  | <b>520 056</b>      | <b>8 079 359</b>  |
| Costs and expenditures that<br>cannot be allocated directly to<br>the segments |                   |                   |                     | -3 868 176        |
| <b>Earnings before interest and<br/>tax (EBIT)</b>                             |                   |                   |                     | <b>4 211 183</b>  |
| Financial profit and loss  |                   |                   |                     | -36 048           |
| <b>Profit before tax</b>   |                   |                   |                     | <b>4 175 135</b>  |
| <br>   |                   |                   |                     |                   |
| <b>Segment assets</b>  | <b>15 583 607</b> | <b>19 784 887</b> | <b>505 545</b>      | <b>35 874 039</b> |
| Assets that cannot be allocated<br>to the segments                             |                   |                   |                     | 1 988 984         |

**Assets in total** 37 863 023

**Segment liabilities** 12 729 896 16 478 667 191 856 29 400 419

**Liabilities that cannot be allocated to the segments** 783 778

**Liabilities in total** 30 184 197

## 41. Risk management

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

The Corporate Group is exposed to the hereinunder financial risks:

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

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

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

### Capital management

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

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

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

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



## Credit risk

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

The book value of the financial instruments shows the maximum risk exposures. The table below shows the Corporate Group's maximum exposure to credit risk as at 31 December 2021 and 31 December 2020.

|   | <b>31<br/>December<br/>2021</b> | <b>31<br/>December<br/>2020</b> |
|---|---------------------------------|---------------------------------|
| Trade receivables                                 | 35 926 056                      | 17 494 311                      |
| Other receivables and accrued and deferred assets | 8 993 367                       | 5 397 751                       |
| Securities  | 17 150                          | 417 730                         |
| Liquid assets and cash equivalents                | 266 530 261                     | 7 204 781                       |
| <b>Total</b>                                      | <b>311 466 834</b>              | <b>30 514 573</b>               |

Ageing of trade creditors and other accounts payable upon 31 December 2021 as as follows:

|                                   | <b>Debts</b>      |
|-----------------------------------|-------------------|
| Not due                           | 29 395 714        |
| 1 to 30 days past due             | 2 282 664         |
| between 30 to 90 days past due    | 1 613 844         |
| between 90 and 180 days past due  | 1 153 950         |
| between 180 and 360 days past due | 744 291           |
| due over 360 days                 | 735 593           |
| <b>Total</b>                      | <b>35 926 056</b> |

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

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

## Liquidity risk

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

Ageing of the trade creditors and other accounts payable on 31 December 2021 is as follows:

|                                   | <b>Debts</b>      |
|-----------------------------------|-------------------|
| Not due                           | 21 762 691        |
| 1 to 30 days past due             | 855 267           |
| between 30 to 90 days past due    | 523 505           |
| between 90 and 180 days past due  | 54 286            |
| between 180 and 360 days past due | 15 364            |
| due over 360 days                 | 40 454            |
| <b>Total</b>                      | <b>23 251 567</b> |

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

## Market risk

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

## Risk due to the Covid-19 (corona virus) pandemic

In the interest of the prevention of the economic effects of the Corona virus pandemic on the Company, the conditions of home-office work in relation to the workers were established and the hereof work was ordered.

The majority of the activities of 4iG Plc. includes software development, software implementation, software support, which can be performed in home-office so it, predictably, cannot cause significant loss from the turnover or profit. On account of the corona virus, the members of the Corporate Group compiled their estimations on the thereof. The aforesaid persons also investigated whether there is a substantial uncertainty for the continuous development in relation to the enterprise and they came to the conclusion that such uncertainty does not exist.

### Risk due to the war in Ukraine

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

### Sensitivity analysis

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

Exposure to foreign currency of the Corporate Group on 31 December 2021 was as follows:

|  | HUF         | EUR       | USD       | Total       |
|--|-------------|-----------|-----------|-------------|
| Trade receivables                          | 25 912 348  | 9 058 624 | 955 084   | 35 926 056  |
| Trade creditors and other accounts payable | 17 025 760  | 3 289 766 | 2 936 041 | 23 251 567  |
| Liquid assets                              | 260 619 024 | 5 592 692 | 318 545   | 266 530 261 |
| Credits, bonds                             | 407 739 646 | –         | –         | 407 739 646 |

The Corporate Group uses bank loans to finance its acquisitions and has raised funds through a significant bond issue, which has significantly increased its interest rate risk.

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

**Capital repayments on bonds**

| Years | 4iG BfGS bond 2031/I.<br>HU0000360276 | 4iG M&A Bond<br>2026<br>HU0000360813 | 4iG BfGS Bond 2031/II<br>HU0000361019 | Total       |
|-------|---------------------------------------|--------------------------------------|---------------------------------------|-------------|
| 2022  | 0                                     | 17 000 000                           | 0                                     | 0           |
| 2023  | 0                                     | 0                                    | 0                                     | 0           |
| 2024  | 0                                     | 0                                    | 0                                     | 0           |
| 2025  | 0                                     | 0                                    | 0                                     | 0           |
| 2026  | 1 545 000                             |                                      | 37 075 000                            | 55 620 000  |
| 2027  | 1 545 000                             | 0                                    | 37 075 000                            | 38 620 000  |
| 2028  | 1 545 000                             | 0                                    | 37 075 000                            | 38 620 000  |
| 2029  | 1 545 000                             | 0                                    | 37 075 000                            | 38 620 000  |
| 2030  | 1 545 000                             | 0                                    | 37 075 000                            | 38 620 000  |
| 2031  | 7 725 000                             | 0                                    | 185 375 000                           | 193 100 000 |

**Interest payments on bonds**

| Years | 4iG BfGS bond 2031/I.<br>HU0000360276 | 4iG M&A Bond<br>2026<br>HU0000360813 | 4iG BfGS Bond<br>2031/II<br>HU0000361019 | Total      |
|-------|---------------------------------------|--------------------------------------|--|------------|
| 2022  | 448 050                               | 450 588                              | 22 245 000                               | 23 143 638 |
| 2023  | 448 050                               | 591 600                              | 22 245 000                               | 23 284 650 |
| 2024  | 448 050                               | 544 272                              | 22 245 000                               | 23 237 322 |
| 2025  | 448 050                               | 496 944                              | 22 245 000                               | 23 189 994 |
| 2026  | 448 050                               | 449 616                              | 22 245 000                               | 23 142 666 |
| 2027  | 403 245                               | 0                                    | 20 020 500                               | 20 423 745 |
| 2028  | 358 440                               | 0                                    | 17 796 000                               | 18 154 440 |
| 2029  | 313 635                               | 0                                    | 15 571 500                               | 15 885 135 |
| 2030  | 268 830                               | 0                                    | 13 347 000                               | 13 615 830 |
| 2031  | 224 025                               | 0                                    | 11 122 500                               | 11 346 525 |

In line with its previously announced acquisition strategy, the Company plans to use and has used the proceeds from the bonds still unused for the previously announced acquisitions in 2022. The cash flow and revenue-generating capacity of the acquired companies will ensure that the Company can meet both its interest and capital liabilities from 2026.

## Interest sensitivity analysis

| <b>Actual interest</b>                        | <b>31 December 2021</b> |
|---|-------------------------|
| Profit before tax (without interests)         | 10 928 152              |
| Net value of interest expenses                | -2 190 927              |
| <b>Profit before tax</b>                      | <b>8 737 225</b>        |
| <b>Assets in total</b>                        | <b>497 914 883</b>      |
| <br>  |                         |
| <b>At interest rate rise</b>                  |                         |
| <b>1%</b>                                     |                         |
| Profit before tax (without interests)         | 10 928 152              |
| Net value of interest expenses                | -2 212 836              |
| <b>Profit before tax</b>                      | <b>8 715 316</b>        |
| <b><i>Change in profit before tax</i></b>     | <b><i>-21 909</i></b>   |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>-0.251%</i></b>   |
| <b>Net assets</b>                             | <b>497 892 974</b>      |
| <b><i>Change in net assets</i></b>            | <b><i>-21 909</i></b>   |
| <b><i>Change in net assets (%)</i></b>        | <b><i>-0.004%</i></b>   |
| <br>  |                         |
| <b>5%</b>                                     |                         |
| Profit before tax (without interests)         | 10 928 152              |
| Net value of interest expenses                | -2 300 473              |
| <b>Profit before tax</b>                      | <b>8 627 679</b>        |
| <b><i>Change in profit before tax</i></b>     | <b><i>-109 546</i></b>  |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>-1.254%</i></b>   |
| <b>Net assets</b>                             | <b>497 805 337</b>      |
| <b><i>Change in net assets</i></b>            | <b><i>-109 546</i></b>  |
| <b><i>Change in net assets (%)</i></b>        | <b><i>-0.022%</i></b>   |
| <br>  |                         |
| <b>10%</b>                                    |                         |
| Profit before tax                             | 10 928 152              |
| Net value of interest expenses                | -2 410 020              |
| <b>Profit before tax</b>                      | <b>8 518 132</b>        |
| <b><i>Change in profit before tax</i></b>     | <b><i>-219 093</i></b>  |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>-2.508%</i></b>   |
| <b>Net assets</b>                             | <b>497 695 790</b>      |
| <b><i>Change in net assets</i></b>            | <b><i>-219 093</i></b>  |
| <b><i>Change in net assets (%)</i></b>        | <b><i>-0.044%</i></b>   |

|   | 31 December 2021      |
|---|-----------------------|
| <b>At interest rate reduction</b>             |                       |
| <b>-1%</b>                                    |                       |
| Profit before tax                             | 10 928 152            |
| Net value of interest expenses                | -2 169 018            |
| <b>Profit before tax</b>                      | <b>8 759 134</b>      |
| <b><i>Change in profit before tax</i></b>     | <b><i>21 909</i></b>  |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>0.251%</i></b>  |
| <b>Net assets</b>                             | <b>497 936 792</b>    |
| <b><i>Change in net assets</i></b>            | <b><i>21 909</i></b>  |
| <b><i>Change in net assets (%)</i></b>        | <b><i>0.004%</i></b>  |
| <br>  |                       |
| <b>-5%</b>                                    |                       |
| Profit before tax                             | 10 928 152            |
| Net value of interest expenses                | -2 081 381            |
| <b>Profit before tax</b>                      | <b>8 846 771</b>      |
| <b><i>Change in profit before tax</i></b>     | <b><i>109 546</i></b> |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>1.254%</i></b>  |
| <b>Net assets</b>                             | <b>498 024 429</b>    |
| <b><i>Change in net assets</i></b>            | <b><i>109 546</i></b> |
| <b><i>Change in net assets (%)</i></b>        | <b><i>0.022%</i></b>  |
| <br>  |                       |
| <b>-10%</b>                                   |                       |
| Profit before tax                             | 10 928 152            |
| Net value of interest expenses                | -1 971 834            |
| <b>Profit before tax</b>                      | <b>8 956 318</b>      |
| <b><i>Change in profit before tax</i></b>     | <b><i>219 093</i></b> |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>2.508%</i></b>  |
| <b>Net assets</b>                             | <b>498 133 976</b>    |
| <b><i>Change in net assets</i></b>            | <b><i>219 093</i></b> |
| <b><i>Change in net assets (%)</i></b>        | <b><i>0.044%</i></b>  |

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

***Exchange rate sensitivity analysis***

|  | <b>31 December<br/>2021</b> |
|--|-----------------------------|
| <b>with actual exchange rates</b>            |                             |
| Non-monetary and forint-denominated assets   | 481 989 939                 |
| Foreign currency assets                      | 15 924 944                  |
| Denominated liabilities in Hungarian Forints | 474 431 631                 |
| Foreign currency liabilities                 | 6 225 807                   |
| <b>Net assets</b>                            | <b>17 257 445</b>           |
| <b>Profit before tax</b>                     | <b>8 737 225</b>            |

**At exchange rate rise**

1%

|   |                      |
|---|----------------------|
| Non-monetary and forint-denominated assets    | 481 989 939          |
| Foreign currency assets                       | 16 084 193           |
| Denominated liabilities in Hungarian Forints  | 474 431 631          |
| Foreign currency liabilities                  | 6 288 065            |
| <b>Net assets</b>                             | <b>17 354 436</b>    |
| <b><i>Change in net assets</i></b>            | <b><i>96 991</i></b> |
| <b><i>Change in net assets (%)</i></b>        | <b><i>0.562%</i></b> |
| <b>Profit before tax</b>                      | <b>8 834 216</b>     |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>1.110%</i></b> |

5%

|   |                       |
|---|-----------------------|
| Non-monetary and forint-denominated assets    | 481 989 939           |
| Foreign currency assets                       | 16 721 191            |
| Denominated liabilities in Hungarian Forints  | 474 431 631           |
| Foreign currency liabilities                  | 6 537 097             |
| <b>Net assets</b>                             | <b>17 742 401</b>     |
| <b><i>Change in net assets</i></b>            | <b><i>484 957</i></b> |
| <b><i>Change in net assets (%)</i></b>        | <b><i>2.810%</i></b>  |
| <b>Profit before tax</b>                      | <b>9 222 182</b>      |
| <b><i>Change in profit before tax (%)</i></b> | <b><i>5.550%</i></b>  |

10%

|  |                       |
|--|-----------------------|
| Non-monetary and forint-denominated assets   | 481 989 939           |
| Foreign currency assets                      | 17 517 438            |
| Denominated liabilities in Hungarian Forints | 474 431 631           |
| Foreign currency liabilities                 | 6 848 388             |
| <b>Net assets</b>                            | <b>18 227 358</b>     |
| <b><i>Change in net assets</i></b>           | <b><i>969 914</i></b> |
| <b><i>Change in net assets (%)</i></b>       | <b><i>5.620%</i></b>  |

|  |                  |
|--|------------------|
| <b>Profit before tax</b>               | <b>9 707 139</b> |
| <i>Change in profit before tax (%)</i> | <i>11.101%</i>   |

**At exchange rate rise**

|  | <b>31 December<br/>2021</b> |
|--|-----------------------------|
| -1%  |                             |
| Non-monetary and forint-denominated assets   | 481 989 939                 |
| Foreign currency assets                      | 15 765 695                  |
| Denominated liabilities in Hungarian Forints | 474 431 631                 |
| Foreign currency liabilities                 | 6 163 549                   |
| <b>Net assets</b>                            | <b>17 160 453</b>           |
| <i>Change in net assets</i>                  | <i>-96 991</i>              |
| <i>Change in net assets (%)</i>              | <i>-0.562%</i>              |
| <b>Profit before tax</b>                     | <b>8 640 234</b>            |
| <i>Change in profit before tax (%)</i>       | <i>-1.110%</i>              |

|  |                   |
|--|-------------------|
| -5%  |                   |
| Non-monetary and forint-denominated assets   | 481 989 939       |
| Foreign currency assets                      | 15 128 697        |
| Denominated liabilities in Hungarian Forints | 474 431 631       |
| Foreign currency liabilities                 | 5 914 517         |
| <b>Net assets</b>                            | <b>16 772 488</b> |
| <i>Change in net assets</i>                  | <i>-484 957</i>   |
| <i>Change in net assets (%)</i>              | <i>-2.810%</i>    |
| <b>Profit before tax</b>                     | <b>8 252 268</b>  |
| <i>Change in profit before tax (%)</i>       | <i>-5.550%</i>    |

|  |                   |
|--|-------------------|
| -10%   |                   |
| Non-monetary and forint-denominated assets   | 481 989 939       |
| Foreign currency assets                      | 14 332 450        |
| Denominated liabilities in Hungarian Forints | 474 431 631       |
| Foreign currency liabilities                 | 5 603 226         |
| <b>Net assets</b>                            | <b>16 287 531</b> |
| <i>Change in net assets</i>                  | <i>-969 914</i>   |
| <i>Change in net assets (%)</i>              | <i>-5.620%</i>    |
| <b>Profit before tax</b>                     | <b>7 767 311</b>  |
| <i>Change in profit before tax (%)</i>       | <i>-11.101%</i>   |

**42. Financial instruments**

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



**Financial instruments**

|  | At fair value<br>through<br>profit or loss | Loans, receivables<br>and liabilities shown<br>at depreciated<br>historical value<br>depreciated<br>historical value | Fair value through<br>other comprehensive<br>profit or loss | Book value         |
|--|--|--|---|--------------------|
| 2021.12.31                                       | FVTPL                                      | historical value   | FVTOCI*   | total              |
| <b>Book value of financial instruments</b>       |  |  |   |                    |
| <b>Financial assets</b>                          |  |  |   |                    |
| Equity instruments                               | 101 842                                    | -  | -   | 101 842            |
| Loans granted                                    | -  | -  | -   | -                  |
| Deposits   | -  | 9 000  | -   | 9 000              |
| Other financial investments                      | -  | -  | -   | -                  |
| Financial lease receivables                      | -  | -  | -   | -                  |
| Other  | -  | 86 436   | -   | 86 436             |
| <b>Financial investments in total</b>            | <b>101 842</b>                             | <b>95 436</b>  | <b>-</b>  | <b>197 278</b>     |
| Trade and other receivables                      | -  | 35 926 056   | -   | 35 926 056         |
| Financial lease receivables                      | -  | -  | -   | -                  |
| Liquid assets and cash equivalents               | -  | 266 530 261  | -   | 266 530 261        |
| Equity instruments, securities                   | 17 150                                     | -  | -   | 17 150             |
| Loans granted                                    | -  | 23 109   | -   | 23 109             |
| Other short-term financial instruments           | -  | 2 080 709  | -   | 2 080 709          |
| Advance payments                                 | -  | 369 737  | -   | 369 737            |
| Lease charge deposit                             | -  | 328 592  | -   | 328 592            |
| Other  | -  | 328 592  | -   | 328 592            |
| <b>Short-term financial instruments in total</b> | <b>17 150</b>                              | <b>305 258 464</b>   | <b>-</b>  | <b>305 258 464</b> |
| <b>Financial instruments in total</b>            | <b>118 992</b>                             | <b>305 353 900</b>   | <b>-</b>  | <b>305 472 892</b> |
| <b>Financial liabilities</b>                     |  |  |   |                    |
| Loans (Long-term credits, bonds)                 | -  | 407 739 435  | -   | 407 739 435        |
| Financial lease liabilities                      | -  | 14 490 303   | -   | 14 490 303         |
| Other long-term financial liabilities            | -  | -  | -   | -                  |
| <b>Long-term financial liabilities in total</b>  | <b>-</b>                                   | <b>422 229 738</b>   | <b>-</b>  | <b>422 229 738</b> |
| Trade creditors and other obligations            | -  | 23 251 568   | -   | 23 251 568         |
| Loans (short-term credits)                       | -  | 211  | -   | 211                |
| Advance payments received from customers         | -  | 6 409 568  | -   | 6 409 568          |
| Advance payments received from central budget    | -  | 523 214  | -   | 523 214            |
| Financial lease liabilities                      | -  | 3 583 676  | -   | 3 583 676          |
| Tax liabilities                                  | -  | 4 785 351  | -   | 4 785 351          |
| Other short-term financial liabilities           | -  | 3 947 796  | -   | 3 947 796          |
| <b>Short-term financial liabilities in total</b> | <b>-</b>                                   | <b>42 501 384</b>  | <b>-</b>  | <b>42 501 384</b>  |
| <b>Financial liabilities in total</b>            | <b>-</b>                                   | <b>464 731 122</b>   | <b>-</b>  | <b>464 731 122</b> |

Financial instruments

| 2020.12.31                                       | At fair value  | Loans, receivables and | Fair value     | Book value        |
|--|----------------|------------------------|----------------|-------------------|
|  | through        | liabilities shown at   | through other  |                   |
|  | profit or loss | depreciated historical | comprehensive  |                   |
|  |                | value Costs            | profit or loss |                   |
|  | FVTPL          | depreciated historical | FVTOCI*        | total             |
|  |                | value                  |                |                   |
| <b>Book value of financial instruments</b>       |                |                        |                |                   |
| <b>Financial assets</b>                          |                |                        |                |                   |
| Equity instruments                               | 82 715         | –                      | –              | 0                 |
| Loans granted                                    | –              | –                      | –              | –                 |
| Deposits   | –              | 6 000                  | –              | 6 000             |
| Other financial                                  | –              | –                      | –              | –                 |
| investments                                      | –              | 158 520                | –              | 158 520           |
| <b>Financial investments in total</b>            | <b>82 715</b>  | <b>81 805</b>          |                | <b>164 520</b>    |
| Trade and other receivables                      | –              | 17 494 311             | –              | 17 494 311        |
| Financial lease receivables                      | –              | –                      | –              | 0                 |
| Liquid assets and cash equivalents               | –              | 7 204 781              | –              | 7 204 781         |
| Equity instruments, securities                   | 417 730        | –                      | –              | 417 730           |
| Loans granted                                    | –              | 21 876                 | –              | 21 876            |
| Other short-term                                 | –              | 1 937 565              | –              | 1 937 565         |
| financial  | –              | 124 973                | –              | 124 973           |
| instruments                                      | –              | 152 915                | –              | 152 915           |
| <b>Short-term financial instruments in total</b> | <b>417 730</b> | <b>26 936 421</b>      |                | <b>27 354 151</b> |
| <b>Financial instruments in total</b>            | <b>500 445</b> | <b>27 018 226</b>      |                | <b>27 518 671</b> |
| <b>Financial liabilities</b>                     |                |                        |                |                   |
| Loans (Long-term credits)                        | –              | –                      | –              | –                 |
| Financial lease liabilities                      | –              | 524 484                | –              | 524 484           |
| Other long-term financial liabilities            | –              | 450 590                | –              | 450 590           |
|  | –              | <b>975 074</b>         |                | <b>975 074</b>    |
| <b>Long-term financial liabilities in total</b>  |                |                        |                |                   |
| Trade creditors and other obligations            | –              | 18 882 421             | –              | 18 882 421        |
| Loans (short-term credits)                       | –              | 3 018 719              | –              | 3 018 719         |
| Advance payments received from customers         | –              | 2 461 474              | –              | 2 461 474         |
| Advance payments received from central budget    | –              | 668 849                | –              | 668 849           |
| Financial lease liabilities                      | –              | 470 150                | –              | 470 150           |
| Tax liabilities                                  | –              | 2 099 968              | –              | 2 099 968         |
| Other short-term financial liabilities           | –              | 72 327                 | –              | 72 327            |
| <b>Short-term financial liabilities in total</b> | <b>–</b>       | <b>27 673 908</b>      |                | <b>27 673 908</b> |
| <b>Financial liabilities in total</b>            | <b>–</b>       | <b>28 648 982</b>      |                | <b>28 648 982</b> |

**Fair value hierarchy**

|                                       | 31 December 2021  |   |   |                        | 31 December 2020  |   |   |                        |
|---------------------------------------|---|---|---|------------------------|---|---|---|------------------------|
|                                       | 1st level<br>Not<br>modified<br>quoted<br>active<br>market<br>price | 2nd level<br>Assessment<br>processes<br>based on<br>available and<br>monitored<br>market data | 3rd level<br>Assessment<br>processes<br>based on not<br>available and<br>not monitored<br>market data | Fair value<br>in total | 1st level<br>Not<br>modified<br>quoted<br>active<br>market<br>price | 2nd level<br>Assessment<br>processes<br>based on<br>available and<br>monitored<br>market data | 3rd level<br>Assessment<br>processes<br>based on not<br>available and<br>not monitored<br>market data | Fair value<br>in total |
| <b>Financial assets</b>               |   |   |   |                        |   |   |   |                        |
| Equity instruments                    | –   | 101 842   | –   | 101 842                | –   | 82 715  | –   | 82 715                 |
| Debt securities                       | –   | 17 150  |   | 17 150                 | –   | 417 730   |   | 417 730                |
| Derivative transactions               | –   | –   | –   | –                      | –   | –   | –   | –                      |
| <b>Financial instruments in total</b> | <b>-</b>  | <b>118 992</b>  | <b>-</b>  | <b>118 992</b>         |   | <b>500 445</b>  | <b>-</b>  | <b>500 445</b>         |
| <b>Financial liabilities</b>          |   |   |   |                        |   |   |   |                        |
| Derivative transactions               | –   | –   | –   | –                      | –   | –   | –   | –                      |
| <b>Financial liabilities in total</b> | <b>–</b>  | <b>–</b>  | <b>–</b>  | <b>–</b>               | <b>–</b>  | <b>–</b>  | <b>–</b>  | <b>–</b>               |

#### 43. Transactions with affiliated parties

Transactions of officers in key positions with companies of other interest in the course of 2021:

Customer turnover:

|                                  |                  |
|----------------------------------|------------------|
| iKON Befektetési Alapkezelő Zrt. | 885 thousand HUF |
|----------------------------------|------------------|

Supplier turnover:

|              |                      |
|--------------|----------------------|
| MNVTD2C Zrt. | 534 697 thousand HUF |
|--------------|----------------------|

|                       |                     |
|-----------------------|---------------------|
| Torento Property Kft. | 99 927 thousand HUF |
|-----------------------|---------------------|

|  |                    |
|--|--------------------|
| FLZM53 Ingatlanhasznosító és Üzemeltető Kft. | 9 000 thousand HUF |
|--|--------------------|

|                                  |                  |
|----------------------------------|------------------|
| Ergonom Munkavédelmi Szolg. Kft. | 280 thousand HUF |
|----------------------------------|------------------|

|   |                    |
|---|--------------------|
| REPRO Ingatlanhasznosító és Üzemeltető Kft. | 7 067 thousand HUF |
|---|--------------------|

The turnover accounted for the transactions performed within the Corporate Group was measured to 2 714 482,-HUF in thousands being filtered upon consolidation.

#### 44. Remuneration of the Board of Directors and the Supervisory Board

With regard to the remuneration of the members of the Board of Directors, of the Supervisory Board and of the Audit Committee of the Company in the hereinabove said period is as follows. Pursuant to the General Meeting Resolution under the number of 37./2014(10.27), the members of the Board of Directors are entitled to receive remuneration in the amount of 175 000,-HUF per month per person, while the chairperson of the Board of Directors is eligible for 200 000,-HUF per month. In line with the general meeting resolution under the number of 42./2014(10.27.) issued by the General Meeting, the members of the Supervisory Board are entitled to receive remuneration in the amount of 155 000,-HUF per month per person, while the chairperson of the Supervisory Board is eligible for 175 000,-HUF per month. The members of the Audit Committee are not entitled to receive any remuneration for their work performed in thereof committee.

In accordance with IAS24 Standard Related Party Disclosures, the Company has identified the following key management personnel for whom the remuneration paid or payable for employee services during the period is set out below:

**Remuneration of 4iG Plc. executive officers**  
in 2021, in HUF

| Name                             | Company | Position   | Wage               | Honorarium        | Remuneration fee  | Other benefits | Total              |
|----------------------------------|---------|--|--------------------|-------------------|-------------------|----------------|--------------------|
| Jászai Gellért                   | 4iG     | Chairperson and Chief Executive Officer                  | 36 342 000         | 2 400 000         |                   | 420 000        | 39 162 000         |
| Linczényi Aladin                 | 4iG     | Member of the Board of Directors                         | 97 428 468         | 2 100 000         |                   | 420 000        | 99 948 468         |
| Blénessy László                  |         | Member of the Board of Directors                         | 25 350 000         | 2 100 000         |                   | 420 000        | 27 870 000         |
| Fekete Péter Krisztián           |         | Member of the Board of Directors                         | 36 150 000         | 2 100 000         |                   | 420 000        | 38 670 000         |
| Tóth Béla Zsolt                  | 4iG     | Member of the Board of Directors                         | 23 968 968         | 2 100 000         |                   | 420 000        | 26 488 968         |
| Pedro Vargas Santos David        | 4iG     | Member of the Board of Directors                         |                    | 1 417 500         |                   |                | 1 417 500          |
| Simon Zoltán                     | 4iG     | Chairperson of the Supervisory Board and Audit Committee |                    | 2 100 000         | 42 772 000        |                | 44 872 000         |
| Kunosi András                    |         | Member of the Supervisory Board and Audit Committee      |                    | 1 860 000         | 20 506 500        |                | 22 366 500         |
| Büdyné (Tóthné) dr. Rózsa Ildikó | 4iG     | Chairperson of the Supervisory Board and Audit Committee |                    | 1 860 000         |                   |                | 1 860 000          |
| <b>Total</b>                     |         |  | <b>219 239 436</b> | <b>18 037 500</b> | <b>63 278 500</b> | <b>100 000</b> | <b>302 655 436</b> |

#### 45. Contingent assets and contingent liabilities

On 31 December 2020, regarding the unclosed legal transactions and legal proceedings of 4iG Plc. in relation to inheritance from its merged subsidiary company upon acquisition, namely from HUMANSOFT Kft., were as follows:

|              | Type              | Description               | Return / cost | Date        | Company                          |
|--------------|-------------------|---------------------------|---------------|-------------|----------------------------------|
| As plaintiff | under enforcement | credits and its interests | 33 000 000    | in progress | Infokom-Innovátor Nonprofit Ltd. |

In addition, the Company initiated liquidation proceedings against more non-paying companies.

#### 46. Off-balance sheet items

On 21 December 2021, the Company signed an option sale agreement for the transfer of 50% of the shares and control rights of a subsidiary owned by the Company. Under the agreement, the option is exercisable from 1 April 2022 until the end of 2022. Under the agreement, the partner is entitled to exercise the option at current market value and therefore the Company has not recognised a value in the financial statements in relation to the option. The integration of the subsidiary and the parent company has been practically completed during the year 2021, therefore, even if the option were to be exercised later, the transfer of control of the subsidiary would only take place over a longer period of time and therefore has no impact on the 2021 financial statements.

#### 47. Continuing the enterprise

In light of the impact of the Corona Virus situation and the war in Ukraine, and after considering other market and liquidity risks, the Company has assessed and made estimates

as to whether there is any material uncertainty as to its ability to continue the enterprise and has concluded that it is appropriate to assume that it will continue as an enterprise for the foreseeable future and that there is no material uncertainty.

#### 48. 4iG ESOP Organization

In the course of the emergency situation, the Board of Directors of the Company, on the basis of the authorization of the Government Decree No. 102/2020 (IV.10.) on Derogations from Regulations on Operation of Partnerships and Corporations in case of emergency (hereinafter referred to as “Decree”) and acting on behalf of the General Meeting, on the 29 April 2020, by means of the Board of Directors Resolution No. 9/2020. (IV. 29.), adopted the initiation of the Employee Stock Option Plan (hereinafter referred to as “ESOP”) and the establishment of its organisation (hereinafter referred to as “ESOP Organization”) under the name of 4iG Employee Stock Option Plan Organization, abbreviated 4iG ESOP Organization and, moreover, the thereof Board of Directors adopted its articles of association (hereinafter referred to as “Articles of Association”) and its remuneration policy (hereinafter referred to as “ESOP Remuneration Policy”).

In the interest of the planned implementation of ESOP Remuneration Policy, the Company, as a founder, provided purchase option for the ESOP Organization in relation to the acquisition of 4iG Plc. equity shares in the amount of 2,500,000,- (namely two-million-five-hundred-thousand) quantity of the hereof at the nominal value of 20,-HUF per quantity under the ISIN identification number of HU0000167788. Herewith, the Company tries to realize enhanced interest in respect of the employees.

On the basis of Black-Scholes calculator, 4iG Plc. accounted 520 927,-HUF in thousands for staff costs through ESOP liabilities as a safeguard for expected ESOP Organization costs for 2021. Parameters considered during the measurement are as follows.

Taking into account the expected call of ESOP members, the Company recorded 520.9 million HUF personnel expenses for 2021 in proportion to 2021.

Disclosures related to share options:

- Section (b) of Paragraph 45 of IFRS 2

| Description  | Share option number (db) | Fair value (HUF in thousands) |
|--|--------------------------|-------------------------------|
| Outstanding at the beginning of the period (01 January 2021) | 2 500 000                | 2 067 975                     |
| Granted during the period under review                       | 0                        | 0                             |
| Forfeited during the period under review                     | 0                        | 0                             |
| Exercised during the period under review                     | 0                        | 0                             |
| Expired during the period under review                       | 0                        | 0                             |
| Outstanding at the end of the period                         | 2 500 000                | 2 067 975                     |
| Exercisable at the end of the period                         | 0                        | 0                             |

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

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

Parameters considered during the measurement are as follows:

- 2-year service period
- 27 employees participating in the option
- Black-Scholes model
- the weighted average share price: 827.19,-HUF
- exercise price: 20,-HUF
- expected volatility: 45.5%
- option life period: 2 years
- expected dividend 2.6%
- risk-free interest rate: 4.3%

By Resolution No. 17/2021 (IX.30.) of the General Meeting, 4iG Plc. has launched a new remuneration program (ESOP II.) based on a new remuneration policy in addition to the existing remuneration policy, under which 4 000 000,-quantity of 4iG shares were allocated to 4iG ESOP Organization as founders' assets by means of a capital increase. The employees participating in the program will have the opportunity to acquire thereof shares at the price subscribed by the ESOP Organization, provided that the conditions are met, and therefore the net assets and results of the Company have not been and will not be affected by ESOP II program in the year 2021 and thereafter.

#### **49. Events after the balance sheet day**

##### **49.1. Acquisition of 100% shareholding of DIGI Távközlési és Szolgáltató Kft. (in English: DIGI Telecommunications and Service Ltd.) and its subsidiaries (3 January 2022)**

4iG Plc. acquired the business share of DIGI Távközlési Szolgáltató Ltd. (hereinafter referred to as: "DIGI") and its subsidiaries, that is Invitel Plc. (in English: Invitel Plc.), I TV Plc. (in English: I TV Plc.) and DIGI Infrastruktúra Ltd. (in English: DIGI Infrastructure Ltd.) constituting 100% of its subscribed capital.

##### **49.2. Board of Directors' decision on share capital increase (25 January 2022)**

On 24 January 2022, by its Board of Directors Resolution No. 6/2022 (I.24.), in view of the General Meeting Resolution No. 21/2021 (IX.30.) adopted on 30 September 2021, the Board of Directors of 4iG decided to increase its share capital by 77 999 999 700,-HUF, i.e. Seventy-Seven-Billio-Nine-Hundred-Ninety-Nine-Million-Nine-Nundred-Ninety-Nine-Thousand-Seven-Hundred Hungarian Forints, made available to 4iG by iG COM Magántőkealap (in English: iG COM Private Equity Fund) (registered office: 1037 Budapest, Montevideo utca 8.; registration number: 6122-162; registration authority: Magyar Nemzeti Bank (in English: Hungarian

National Bank); administrator: iKON Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (in English: iKON Investment Fund Management Private Limited Company)/registered office: 1037 Budapest, Montevideo utca 8.; company registration number: 01-10-140332/) by way of a cash contribution, by placing new shares in a private placement.

Within the framework of the share capital increase, which will be implemented by the issue of 116 417 910,-quantity, i.e. One-Hundred-Sixteen-Million-Four-Hundred-Seventeen-Thousand-Nine-Hundred-and-Ten shares of 4iG with a nominal value of 20,-HUF, i.e. Twenty Hungarian Forints, and an issue value of 670,-HUF, i.e. six hundred and seventy Hungarian Forints (the "New Shares"), the share capital (issued capital) of 4iG will be increased by the amount of 2 328 358 200,-HUF, i.e. Two-Billion-Three-Hundred-Twenty-Eight-Million-Three-Hundred-Fifty-Eight-Thousand-Two-Hundred Hungarian Forints, with the excess of the cash contribution over the amount of the share capital increase, 75 671 641 500,-HUF, i.e. Seventy-Five-Billion-Six-Hundred-Seventy-One-Million-Six-Hundred-Forty-One-Thousand-Five-Hundred Hungarian Forints, being transferred to the capital reserve of 4iG.

In the context of the capital increase, iG COM Magántőkealap (in English: iG COM Private Equity Fund) has undertaken the obligation not to sell the 4iG shares it acquires in the course of the capital increase for a period of one (1) year from the date of the resolution on the capital increase (the "Lock-Up Period").

### **49.3. Signing of the contract for the acquisition of a 25.12% shareholding in 4iG Plc. (25 January 2022)**

Following the successful due diligence of 4iG Plc., a package of contracts for the acquisition of the 25.12% stake in 4iG as a result of a multi-stage process was signed between, among others, the investment company of Jászai Gellért Zoltán, KZF Vagyonkezelő Ltd. (in English: KZF Asset Management Ltd.), 4iG and Rheinmetall AG. Rheinmetall AG will acquire a 25.12 percent stake in 4iG through share purchase and capital increase, making it the largest international investor in the Hungarian IT and telecommunications group. The closing of the multi-stage transaction is conditional on the approval by the General Meeting of 4iG of the new articles of association and the new supervisory board member of 4iG and the consent of the Ministry of the Interior to the acquisition of Rheinmetall AG under the law on the control of foreign investments that are detrimental to Hungary's security interests.

According to the agreements, Rheinmetall AG will purchase 4iG shares from KZF Vagyonkezelő Ltd. in an over-the-counter (OTC) transaction. Rheinmetall AG will also participate in a multi-stage capital increase worth a total of 125 billion HUF, in which, as announced in November last year, iG COM Magántőkealap (in English: iG COM Private Capital Fund) and a fund managed by Alpac Capital will participate alongside Rheinmetall AG. The capital increase by share premium will be carried out by placing 4iG shares with an issue value of 670,-HUF. Main steps of the transaction series are:

- iG COM Magántőkealap will carry out a capital increase of 78 billion HUF in 4iG, with a lock-up period of 1 year for the share package to be acquired through the capital increase;
- 4iG convenes a General Meeting to have the new articles of association of 4iG and the new supervisory board member nominated by Rheinmetall AG approved by the shareholders of 4iG;



- Following a positive decision by the General Meeting, Rheinmetall AG purchases 24.9 million shares in an over-the-counter (OTC) transaction from the investment company of Jászai Gellért Zoltán, KZF Vagyonkezelő Kft., and raises capital in 4iG to the amount of 33.65 billion HUF, with a 24-month lock-up period for the share package acquired through the share purchase and capital increase;
- The fund managed by Alpac Capital will increase the capital of 4iG by 13.24 billion HUF.

As a result of the share package sale and the capital increase, the indirect ownership of Jászai Gellért Zoltán in 4iG is expected to decrease from 56.85 percent to 50.22 percent, so his influence over 4iG will not change significantly. Rheinmetall AG's stake in 4iG will amount to 25.12 percent.

#### **49.4. Signing of a non-binding Term Sheet Termination Agreement for the acquisition of 70% of TeleGroup Limited and 70% of TeleGroup Banja Luka (28 January 2022)**

4iG Plc. and Milomir Gligorijević (collectively the "Parties") have signed a joint termination agreement (hereinafter referred to as: the "Termination Agreement") on the joint termination of a non-binding agreement (the "Term Sheet") dated 20 September 2021 relating to the acquisition of 70% of the shares of TeleGroup Limited and TeleGroup Banja Luka ("TeleGroup"), including its subsidiaries.)

#### **49.5. Publication of the Articles of Association (2 February 2022)**

4iG Plc. has published its new Articles of Association.

#### **49.6. Share capital increase registered by the Company Registry Court (2 February 2022)**

With regard to the decision of the Board of Directors concerning the share capital increase published on 25 January 2022, the Company Registry Court, by its order No. Cg.01-10-044993/302, approved the registration of the changes in connection with the increase of the share capital of 4iG by the issue of new shares, and the share subscription and listing processes will therefore commence.

#### **49.7. Information on the share subscription and share transfer agreement for the acquisition of the majority stake in "ANTENNA HUNGÁRIA" Zrt. (in English: ANTENNA HUNGÁRIA Plc.) (2 February 2022)**

The Share Purchase Agreement concluded between AH and MVM Zrt. (in English: MVM Plc.), aimed at the acquisition of the 100% share package of AH NET Zrt. (in English: AH NET Plc.) (formerly known as MVM NET Zrt., in English: MVM NET Plc.), which, according to the official information of the Hungarian State, remains valid and in force, is still a part of the share subscription and transfer agreement concluded between 4iG and the Minister without Portfolio responsible for the Management of National Assets, acting on behalf of the Hungarian State, exercising the owner's rights over "ANTENNA HUNGARIA" Zrt. ("AH"), on 1 September 2021.

#### **49.8. EDISON Group analysis (09 February 2022)**

EDISON Investment Research Limited, one of the world's biggest investment research, investor relations and consulting firms performed another analysis on 4iG Plc., which is available via the hereinunder link in English as follows:

[4iG – New regional ICT/telecoms group emerging | Edison \(edisongroup.com\)](#)

#### **49.9. Signing of the amendment to the contract for the acquisition of 51% of the shares of Space-Communications Ltd. (09 February 2022)**

Hungaro Digitel Kft. (in English: Hungaro Digitel Ltd.) (hereinafter referred to as: "the Purchaser", "HDT"), a subsidiary of 4iG and Antenna Hungária Zrt. and Space-Communication Ltd (hereinafter referred to as: "Spacecom") (HDT and Spacecom together the "Parties"), have today signed an amendment to the contract entered into between the Parties on 11 October 2021 for the acquisition of 51% of the shares of Space-Communications Ltd. Pursuant to the Amendment, the Parties have agreed to extend the deadline for the fulfilment of the closing conditions until 28 February 2022.

#### **49.10. Termination of option right due to the change of strategic interests (11 February 2022)**

On 21 December 2021, the Company signed an option sale agreement for the transfer of 50% of the shares and control rights of a subsidiary owned by the Company at market value. Subsequent to the balance sheet date, the Company terminated this option with effect from 11 February 2022 before expiry due to a change in its strategic interests and therefore agreed to compensate the partner with a consideration of HUF 13.2 billion, in which amount the partner will increase the Company's capital.

#### **49.11. On the acquisition of the majority stake in ANTENNA HUNGÁRIA Zrt. as a result of a capital increase by way of contribution (22 February 2022)**

Mager Andrea, Minister without Portfolio responsible for the Management of National Assets, on behalf of the Hungarian State, and 4iG have agreed on the closing of the implementation of the share subscription and share transfer agreement (hereinafter referred to as: the "Closing Agreement") in connection with the acquisition of 4iG's stake in "ANTENNA HUNGÁRIA" Zrt. (hereinafter referred to as: "ANTENNA HUNGÁRIA Zrt."). As the first step, 4iG will acquire a 71.6 percentage stake in ANTENNA HUNGÁRIA Zrt. by way of capital increase through contribution of its 100% shares in DIGI Távközlési és Szolgáltató Kft. and its subsidiaries (Invitel Zrt., DIGI Infrastruktúra Kft., and i-TV Zrt, hereinafter collectively referred to as: "DIGI Group"), in 4iG Montenegro d.o.o. Podgorica (hereinafter referred to as: "4iG Montenegro"), which is the sole owner of Telenor d.o.o. Podgorica (hereinafter referred to as: "Telenor Montenegro"), and Invitech ICT Services Kft. (in english: ICT Services Ltd.) ('Invitech').

#### **49.12. Board of Directors' decision on share capital increase (23 January 2022)**

With view to General Meeting Resolution No. 21/2021 (IX.30.) adopted on 30 September 2021, with its Board of Directors Resolution No. 2/2022. (II.23.), on 23 February 2022, the Board of Directors of 4iG resolved to increase its share capital by Rheinmetall Aktiengesellschaft (registered office: Rheinmetall Platz 1., Düsseldorf, Germany DE-40476; registration number: HRB 39401) making available to 4iG 33 650 000 270,-HUF, i.e. Thirty-Three-Billion-Six-Hundred-and-Fifty-Million-Two-Hundred-and-Seventy Hungarian Forints in the form of a cash contribution, by issuing new shares in a private placement. The capital increase of Rheinmetall Aktiengesellschaft is part of a multi-stage transaction announced on 25 January 2022, in which institutional investors will implement capital increase in the total amount of 125 billion in 4iG Plc.

#### **49.13. Extraordinary general meeting (24 February 2022)**

4iG Plc. held an Extraordinary General Meeting on 30 September 2022, at which the following main resolutions were adopted:

##### **General Meeting Resolution No. 3/2022 (II.24.):**

The General Meeting adopted the Remuneration Policy of the Company by means of an opinion voting in accordance with the content of the proposal.

##### **General Meeting Resolution No. 4/2022 (II.24.):**

The General Meeting elected Helmut Paul Merch (mother's name: Edith Siegel; date of birth: 20 February 1956; residential address: Rheinmetall Platz 1, 40476 Düsseldorf, Germany; tax number: 122/5413/5635; agent for service of process: CMS Cameron McKenna Nabarro Olswang LLP Hungary Branch) as a new member of the Supervisory Board of the Company for an indefinite term of office as of 24 February 2022. The remuneration of the members of the Supervisory Board is set by the Board of Directors in Board of Directors Resolution No. 5/2020 (XI.25.), adopted by the Board of Directors with the authority of the General Meeting, at 155 000,-HUF gross/month.

##### **General Meeting Resolution No. 5/2022 (II.24.):**

The General Meeting repealed General Meeting Resolution No. 21/2021 (IX.30.).

##### **General Meeting Resolution No. 6/2022 (II.24.):**

The General Meeting repealed General Meeting Resolution No. 23/2021 (IX.30.).

##### **General Meeting Resolution No. 7/2022 (II.24.):**

The General Meeting resolved to authorise the Board of Directors for a period until 31 May 2022 to increase the share capital of the Company, by any method(s) of capital increase permitted by law, including conditional capital increase, (i) by issuing 19 761 381,- quantity ordinary shares with a nominal value of 20,-HUF, i.e. twenty Hungarian Forints each and an issue value of 670,- HUF, i.e. Six-Hundred-Seventy Hungarian Forints (Series A), granting the

same rights, in private placement, (ii) 9 463 882,- quantity ordinary shares with a nominal value of 20,- HUF, i.e. Twenty Hungarian Forints each and an issue value of 850,- HUF, i.e. Eight-Hundred-Fifty Hungarian Forints (Series A), granting the same rights, by granting which authorisation the General Meeting, that is the shareholders expressly consent to the increase of the share capital to be decided by the Board of Directors in accordance with this resolution. The authorization shall be subject to all related issues and resolutions on decisions otherwise referred to the scope of the general meeting, particularly – but not exclusively – the necessary amendments of the Articles of Association of the Company.

**General Meeting Resolution No. 8/2022 (II.24.):**

The General Meeting adopted the amended Articles of Association of the Company, which were published after the General Meeting.

**General Meeting Resolution No. 9/2022 (II.24.):**

The General Meeting adopted the consolidated text of the Rules of Procedure of the Supervisory Board, in force, as amended, with the content as presented.

**49.14. Company foundation (28 February 2022)**

On 25 February 2022, 4iG Plc. incorporated a subsidiary company registered by the Fővárosi Törvényszék Cégbírósága (in English: Company Registry Court of Budapest-Capital Regional Court) under name 4iG Albania Private Limited Liability Company.

**49.15. EDISON Group analysis (28 February 2022)**

EDISON Investment Research Limited, one of the world's biggest investment research, investor relations and consulting firms performed another analysis on 4iG Plc., which is available via the hereinunder link in English as follows:

[4iG – Another major building block falls into place | Edison \(edisongroup.com\)](#)

**49.16. Closing of the transaction for the acquisition of a 25.12% shareholding in 4iG Plc (03 March 2022)**

The transactions signed between Jászai Gellért Zoltán's investment company, KZF Asset Management Ltd., 4iG and Rheinmetall AG for the acquisition of a 25.12% share in 4iG by Rheinmetall AG have been completed as a result of a multi-stage process.

**49.17. Acquisition of 80.27 per cent of the block of shares of ALBtelecom sh.a and decision of the Board of Directors on share capital increase (03 March 2022)**

The closing of the share sale and purchase agreement announced by 4iG Plc. on 08 December 2021 has been completed following the approval of the Albanian authorities, whereby 4iG acquired an 80.27% block of shares in ALBtelecom sh.a ("ALBtelecom").

With view to the authorisation granted by General Meeting Resolution No. 7/2022 (II.24.) adopted on 24 February 2022, and the multi-step transaction for the acquisition of a share package in ALBtelecom, as a result of which one of the most significant family enterprises of Turkey, ÇALIK HOLDING ANONIM SIRKETI (registered office: Büyükdere Cad. No: 163 Esentepe, Şişli, Istanbul, Turkey, registration number: 309281; hereinafter referred to as: "ÇALIK"), as an institutional investor, will acquire a stake of around 3 percent in 4iG, with its Board of Directors Resolution No. 3/2022. (III.04.), on 4 March 2022, the Board of Directors of 4iG resolved to increase its share capital by putting the receivables (the "Receivable") at the disposal of 4iG by way of a non-cash contribution in kind in the amount of 8 044 299 700,- HUF, which, calculated at the EUR/HUF exchange rate of the Hungarian national Bank on 7 December 2021, corresponds to 22 000 000,-EUR provided by ÇALIK as the transferor, through the issue of new shares in a private placement.

#### **49.18. Indirect acquisition of a 99.899 per cent block of shares in One Telecommunications sh.a. (21 March 2022)**

4iG Plc. acquired 100 per cent of the shares in Albania Telekom Invest AD following the successful procedure before the Albanian Competition Authority and the financial closing of the transaction. Albania Telekom Invest AD is the owner of 99.899 percent of the shares of One Telecommunications sh.a. (hereinafter referred to as: "ONE"). By closing of the transaction, 4iG has indirectly acquired the Albanian ONE mobile operator.

#### **49.19. Release of shares (21 March 2022)**

As of 21 March 2022, a total of 176 105 673,-quantity, i.e. One-Hundred-and-Seventy-Six-Million-One-Hundred-and-Five-Thousand-Six-Hundred-and-Seventy-Three quantity ordinary shares with a nominal value of 20,- HUF each, giving the same rights as the shares already listed on the Budapest Stock Exchange, were released in connection with the capital increase decided by the Board of Directors on 24 January 2022, 23 February 2022 and 4 March 2022.

#### **49.20. Extraordinary general meeting (31 March 2022)**

4iG Plc. held an Extraordinary General Meeting on 31 September 2022, at which the following main resolutions were adopted:

##### **General Meeting Resolution No. 2/2022 (III.31.):**

The General Meeting hereby adopts the final balance sheet and the inventory of assets and liabilities and its final financial statements of TR Consult Limited Liability Company.

##### **General Meeting Resolution No. 3/2022 (III.31.):**

The General Meeting hereby adopts the final balance sheet and the inventory of assets and liabilities and its final financial statements of DOTO Systems Private Limited Company.

**General Meeting Resolution No. 4 and 5/2022 (III.31.):**

The General Meeting hereby adopts the final balance sheets and inventories of assets and liabilities and the issuance of the auditor's report thereon, including the auditor's report itself regarding TR Consult Limited Liability Company and DOTO Systems Private Limited Company in connection with their merger into the Company as of 31 December 2021.

**General Meeting Resolution No. 6/2022 (III.31):**

The General Meeting hereby resolves to authorize the Board of Directors to acquire the Company's own shares for the following reasons:

- I. to use the own shares as acquisition consideration, or
- II. to preserve the Company's flexibility for possible further capital structure optimization, redemption and/or investments of shares, or
- III. the Company, in addition to the existing options, has further possibility to establish and operate share-based incentive systems, or
- IV. to allow the Company to establish or change share-like or hybrid financing instruments and other investment structures.

The General Meeting hereby resolves to authorize the Board of Directors to acquire own shares as follows (Section 3:223 (1) of the Hungarian Civil Code):

- I. Method of acquiring own shares: own shares may be acquired for consideration and free of charge, in exchange trading, by public offer or, unless the law excludes it, in over-the-counter trading, including by exercising a right secured by a financial instrument entitling the holder to acquire own shares (e.g. option right, conversion right, etc.).
- II. The authorization shall entitle to acquire shares of all types and nominal values issued by the Company.
- III. The quantity (number) of shares that may be acquired under the authorization: the total nominal value of the own shares held by the Company may not exceed 25% of the share capital at any time.
- IV. The duration of the authorization shall be 18 months from the date of the resolution of the General Meeting.

If the share is acquired for consideration, the lowest amount of consideration payable for a share is 1,- HUF (i.e. one Hungarian Forint), the highest amount may not exceed 150% of the highest of the following:

1. the price of the highest of the transactions regarding 4iG shares concluded on the Budapest Stock Exchange ("BSE") on the transaction date, or
2. the highest average price of the daily turnover-weighted average prices for 4iG shares of the 90 BSE trading days preceding the day of the transaction, or
3. the turnover-weighted average price of 4iG shares for the 90 BSE trading days preceding the date of (i) the conclusion of a contract (including, in particular, a sales agreement, option right or other security agreement) on the basis of which the own shares were acquired, or (ii) the acquisition of financial instruments giving the right to acquire own shares, or (iii) exercise of the option right or pre-emptive right, the exercise of the rights granted by the security agreement or the exercise of the financial instruments giving the right to acquire own shares, or, or

4. the closing price of 4iG shares for the BSE trading days preceding the date of (i) the conclusion of a contract (including, in particular, a sales agreement, option right or other security agreement) on the basis of which the own shares were acquired, or (ii) the acquisition of financial instruments giving the right to acquire own shares, or (iii) exercise of the option right or pre-emptive right, the exercise of the rights granted by the security agreement or the exercise of the financial instruments giving the right to acquire own shares.

The authorization shall be subject to all the related issues and resolutions on decisions otherwise referred to the scope of the general meeting.

**General Meeting Resolution No. 7/2022 (III.31.):**

The General Meeting amended Articles 1.4 and 11.10.2 of the Articles of Association of the Company and published the amended Articles of Association.

**49.21. Increase of share capital (1 April 2022)**

The Board of Directors of 4iG Plc. decided on 1 April 2022 with the Board of Directors' Decision No. 3/2022 (IV.01.) in view of the authorization granted to it in the General Meeting resolution No. 7/2022 (II.24.) to privately increase the share capital by making available to 4iG a claim of 13 240 124 600,- HUF - equivalent to 37 500 000,- EUR at an exchange rate of 353,07 EUR/HUF - (the "Claim") provided by Bartolomeu Investments Limited Liability Company (registered office: 1085 Budapest, Kálvin square 12., company registration number: 01-09-347440, "Bartolomeu") as a contributor by way of a non-cash contribution, by placing new shares on market (the "Share Capital Increase"). 4iG has previously informed capital market participants of the multi-step capital increase on 25 January 2022, whereby Bartolomeu, owned by a fund managed by Alpac Capital, will participate in the current Share Capital Increase.



## MANAGEMENT REPORT



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## Consolidated profit and loss indicators

| Description (data in thousands of Hungarian Forints)                           | 2021              | 2020              | Change +/- in percentage |
|--|-------------------|-------------------|--------------------------|
| <b>Net sales revenues</b>  | <b>93 653 153</b> | <b>57 299 644</b> | <b>63.44%</b>            |
| <b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b> | <b>12 093 586</b> | <b>5 047 386</b>  | <b>139.60%</b>           |
| Earnings before interest and taxes (EBIT)                                      | 7 923 522         | 4 211 183         | 88.15%                   |
| Profit after tax (PAT)   | 7 161 444         | 3 438 803         | 108.25%                  |
| <b>Total comprehensive income</b>  | <b>7 297 587</b>  | <b>3 438 803</b>  | <b>112.21%</b>           |
| <b>Value per share</b>   |                   |                   |                          |
| EBITDA**   | 126.0             | 53.7              | 134.64%                  |
| Net earnings per share (EPS)**   | 74.6              | 37.7              | 97.88%                   |
| Diluted EPS indicator**  | 73.4              | 37                | 98.65%                   |
| Own equity**   | 179.8             | 81.7              | 120.07%                  |

\*at the end of the period

\*\* in Hungarian Forint

### 1. General Information on the Issuer

|                              |  |
|------------------------------|--|
| Name of the company:         | 4iG Nyilvánosan Működő Részvénytársaság (in English: 4iG Public Limited Company) (former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. (in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares)) |
| Legal status of the company: | Public Limited Company   |
| Registered office:           | 1037 Budapest, Montevideo u. 8.  |
| Place of business:           | 1037 Budapest, Montevideo utca 2/C.<br>1037 Budapest, Montevideo utca 4.<br>1037 Budapest, Montevideo utca 6.<br>1107 Budapest, Somfa utca 10.   |
| Branch business:             | 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:                  | 12011069-2-44  |
| Statistical number:          | 12011069-6201-114-01   |
| Share capital:               | 2 064 158 420,-HUF   |

Date of foundation: 08 January 1995  
Date of transformation: 02 April 2004  
Date of being listed on the stock exchange: 22 September 2004

## 2. Information on shares

Type of shares: registered equity share, dematerialized  
Nominal value of the shares: 20,- HUF per quantity  
Quantity of the shares: 103 207 921,- quantity  
ISIN-code of the shares: HU 0000167788  
Series of the shares: "A"  
Serial number of the shares: 0000001 – 103207921  
Repurchased own shares: 857 078 quantity  
Held by 4iG ESOP Organization: 4 000 000 quantity

Other information related to the shares:

- Each share shall hold the same rights and each share shall mean 1 vote.
- The shares are registered in "PREMIUM" share category in Budapest Stock Exchange and represents the issued share capital in full, and there are not be other existing issued equity holding at 4iG Plc.
- Purchase of the shares is not restricted, there are not rights of first refusal, but the transfer of the shares shall be exclusively performed after debiting or crediting the securities settlement account. In case of a share transfer, the shareholder can practise his or her shareholder's rights if the name of the new shareholder is registered into the share register.
- The share register of the Company is kept by KELER Zrt. (in English: Central Clearing House and Depository Plc.).
- Particular management rights are not specified.
- We are not aware of any shareholder's agreement related to management rights.
- Employee share ownership system operates at the Company since 2020.
- There are no restrictions in relation to voting rights, with that, no voting rights are attached to repurchased own shares. As of 31 December 2021, the quantity of repurchased own shares of the Company was amounted to 857 078,- quantity. Shares held by 4iG ESOP Organization amounting to 4,000,000,- quantity have voting rights.
- Minority rights: Shareholders holding at a minimum of 1 percentage of the votes shall have the right to convene the general meeting of the Company upon indicating the reason and the aim at any time.
- In line with the Articles of Association, the designated officers are elected by simple majority by the General Meeting.
- Operational management of the Company is performed by the Board of Directors.

- The General Meeting makes decision on the share capital increase on the basis of the submission of the Board of Directors. There is no need of the General Meeting decision regarding the performance of the share capital increase, if, in line with the authorization of the Articles of Association, it shall be only exercised within the scope of the board of directors. Upon compilation the herein Business Report, the Board of Directors is entitled to issue new shares.
- Following the public takeover bid, there is no an existing agreement coming into force, or amended or terminated as a reason of the change in the ownership structure of the entrepreneur.
- There is no an existing agreement concluded by and between the Company and its executive officer, or its employee which, in the event of resignation of the executive officer or employee's termination by notice, or of the legal relationship of the executive officer or that of the employee's is unlawfully expired, or the legal relationship is terminated on the grounds of public takeover bid, lays down indemnification.
- Jászai Gellért Zoltán, the chairperson and the chief executive officer of 4iG Plc., acquired 100% of the business shares owned by KZF Vagyonkezelő Kft. (in English: KZF Asset Management Private Limited Liability Company) on 14 June 2019. Upon other and further share transactions performed on the herein day, KZF Vagyonkezelő Kft. and herewith Jászai Gellért Zoltán indirectly acquired 32.01% shareholding in 4iG Plc. He made a binding takeover bid for the rest of the shares until the prescribed deadline of 28 August 2019.
- With regard to the general meeting held on 26 July 2018, the Company made a decision on the split of the shares. By virtue of thereof the nominal value of the shares was changed to 100,- HUF per quantity. The 4iG Plc. shares were traded at the nominal value of 100,-HUF per quantity in standard section at Budapest Stock Exchange as at 5 October 2018. The General Meeting of the Company held on 25 April 2019, the Company made a decision on the split of the shares. By virtue of the thereof the nominal value of the shares was changed to 20,-HUF per quantity. The shares of 4iG Plc. are traded at the nominal value of 20,-HUF per quantity at Budapest Stock Exchange as of 17 June 2019.
- The CEO of Budapest Stock Exchange reclassified 4iG shares into Premium category as of 19 June 2019.
- In connection with the capital increases resolved as of 1 June 2021, a total of 5 207 921,-quantity, i.e. five-million-two-hundred-and-seven-thousand-and-nine-hundred-and-twenty-one Series "A" ordinary shares with a nominal value of 20,-HUF each, granting the same rights as the shares already listed, were listed on the Budapest Stock Exchange on 1 July 2021.
- The Extraordinary General Meeting of 30 September 2021 resolved to issue 4 000 000 quantity, i.e. four million quantity Series "A" ordinary shares with a nominal value of 20,- HUF each, granting the same rights as the shares already listed, to the 4iG ESOP Organization.  
The issuance was completed on 30 November 2021.

### 3. Ownership structure

|  | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
| KZF Vagyonkezelő Kft. (in English: KZF Asset Management Private Limited Liability Company) | 52.34%              | 57.47%              |
| Manhattan Invest Ltd.  | 3.00%               | 3.29%               |
| MANHATTAN Magántőkealap (in English: MANHATTAN Private Equity Fund)                        | 1.52%               | 1.03%               |
| Bartolomeu Investments Ltd.  | 5.05%               | n.d.                |
| 4iG own share shareholding   | 0.83%               | 1.78%               |
| Held by 4iG ESOP Organization  | 3.88%               | n.d.                |
| Free float   | 33.38%              | 36.43%              |
| <b>Total</b>   | <b>100.00%</b>      | <b>100.00%</b>      |

### 3. Officers

With regard to the period between 1 January 2021 and 31 December 2020, the executive officers of 4iG Plc. were the hereinunder listed persons.

#### 3.1. Company Management

Board of Directors: Jászai Gellért Zoltán, Chairperson of the Board of Directors,  
Chief Executive Officer

Tóth Béla Zsolt, member of the board of directors  
Linczényi Aladin Ádám, member of the board of directors  
Blénessy László, member of the board of directors  
Fekete Péter Krisztián, member of the board of directors  
Pedro Vargas Santos David, member of the board of directors

Supervisory Board: Simon Zoltán, chairperson of the Supervisory Board  
Kunosi András, member  
Büdyné dr. Rózsa Ildikó member

Audit Committee: Simon Zoltán, chairperson of the Audit Committee  
Kunosi András, member  
Büdyné dr. Rózsa Ildikó member

#### 3.2. Remuneration of the officers

With regard to the remuneration of the members of the Board of Directors, of the Supervisory Board and of the Audit Committee of the Company in the hereinabove said period is as follows. Pursuant to the General Meeting Resolution under the number of 37./2014(10.27), the members of the Board of Directors are entitled to receive remuneration in the amount of

175 000,-HUF per month per person, while the chairperson of the Board of Directors is eligible for 200 000,-HUF per month.

In line with the general meeting resolution number 42./2014(10.27.), the General Meeting made the decision that the members of the Supervisory Board are entitled to receive remuneration in the amount of 155 000,-HUF per month per person, while the chairperson of the Supervisory Board is eligible for 175 000,-HUF per month. The members of the Audit Committee are not entitled to receive any remuneration for their work performed in thereof committee.

### 3.3. 4i G Shareholding of the Executive Officers on 31 December 2021

| Name                  | Position                              | Direct capital shareholding (quantity) | Indirect capital shareholding (quantity) | Direct and indirect (quantity) | Capital shareholding rate (%) |
|-----------------------|---------------------------------------|--|--|--------------------------------|-------------------------------|
| Jászai Gellért Zoltán | Chairperson – Chief Executive Officer | 0                                      | 58 692 930                               | 58 692 930                     | 56.87%                        |
| Tóth Béla Zsolt       | member of the board of directors      | 1 052 200                              | 0  | 1 052 200                      | 1.02%                         |
| Blénessy László       | member of the board of directors      | 590 765                                | 0  | 590 765                        | 0.57%                         |

### 3.4. Persons entitled to sign herein Report

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

### 3.5. Appointment and removal of the officers

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

### 3.6. Competence of the officers

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



#### **4. Report and Declaration on Corporate Governance Liability**

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

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

#### **5. Amendment of the Articles of Association**

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

## 6. Subsidiary companies

| Name of the subsidiary company                      | Registered office                                      | Capital shareholding |      | Notes   |
|---|--|----------------------|------|---|
|   |  | 2021                 | 2020 |   |
| 4iG Montenegro Doo                                  | Seika Zaida 2, Podgorica                               | 100%                 | n.d. | Incorporated: 11 October 2021                     |
| ACE Network Plc.                                    | 1124 Budapest, Lejtő út 17/A. III. em.                 | 70%                  | n.d. | Acquired: 13 April 2021                           |
| CarpathiaSat Ltd.                                   | 1037 Budapest, Montevideo u. 8.                        | 51%                  | 51%  | Incorporated: 17 August 2020                      |
| DOTO Systems Plc.                                   | 1037 Budapest, Montevideo u. 8.                        | 100%                 | 60%  | Incorporated: 03 July 2019                        |
| DTSM Ltd.   | 1037 Budapest, Montevideo u. 8.                        | 100%                 | 100% | Acquired: 07 December 2020                        |
| Humansoft Szerviz Ltd.                              | 1037 Budapest, Montevideo u. 8.                        | 100%                 | 100% | Incorporated: 17 April 2019                       |
| Hungaro DigiTel Ltd.                                | 2310 Szigetszentmiklós / Lakihegy, Komp u. 2.          | 75%                  | n.d. | through PTI Ltd.                                  |
| INNObyte Plc.                                       | 1115 Budapest, Bartók Béla út 105-113. 6. em.          | 70%                  | 70%  | Acquired: 14 October 2020                         |
| INNOWARE Ltd.                                       | 1113 Budapest, Karolina út 65.                         | 70%                  | 70%  | through INNObyte                                  |
| Invitech ICT Services Ltd.                          | 2040 Budaörs, Edison utca 4.                           | 100%                 | n.d. | Acquired: 30 September 2021                       |
| InviTechnocom Ltd.                                  | 2040 Budaörs, Edison utca 4.                           | 100%                 | n.d. | through Invitech                                  |
| Poli Computer PC Ltd.                               | 1037 Budapest, Montevideo u. 8.                        | 100%                 | n.d. | Acquired: 01 June 2021                            |
| Portuguese Telecommunication Investments Ltd. (PTI) | 1085 Budapest, Kálvin tér 12.                          | 100%                 | n.d. | Contributed by capital increase: 12 May 2021      |
| Telenor doo Podgorica                               | Bb Square of the Republic, Podgorica 81000, Montenegro | 100%                 | n.d. | Acquired: 21 December 2021 through 4iG Montenegro |
| TR Consult Ltd.                                     | 1037 Budapest, Montevideo u. 8.                        | 100%                 | 100% | Acquired: 09 July 2020                            |
| Veritas Consulting Ltd.                             | 1037 Budapest, Montevideo u. 8.                        | 100%                 | 100% | Acquired: 10 September 2019                       |

## 7. Major events of the period (in chronological order)

### 7.1. Acquisition of 24% of the Rotors & Cams Zrt. block of shares (26 January 2021)

4iG Plc. concluded a share transfer contract and acquired 24% of the block of shares of Rotors & Cams Zrt. (hereinafter referred to as: "Rotors & Cams").

## **7.2. Conclusion of large amount contract (02 February 2021)**

The tender submitted by the consortium including T-Systems Magyarország Zrt. (in English: T-Systems Hungary Private Limited Company), Officium Szolgáltató Kft. (in English: Officium Service Provider Private Limited Liability Company) and 4iG Plc. was announced to be the successful tender upon the open EU public procurement procedure named 'Budapalota IT Infrastructure' called for by Magyar Nemzeti Bank (in English: Hungarian National Bank) (registered office: 1054 Budapest, Szabadság tér 8-9.; hereinafter referred to as: "MNB"). Contract value: 2 617 950 265,-HUF + VAT.

## **7.3. Announcement of large amount successful tender (02 February 2021)**

The tender submitted by 4iG Plc. was announced to be the successful tender upon the open EU public procurement procedure named 'Realisation of KLIR System' called for by Magyar Nemzeti Bank (in English: Hungarian National Bank) (registered office: 1054 Budapest, Szabadság tér 8-9.; hereinafter referred to as: "MNB"). The total value of the procedure is 1 022 378 624,-HUF + VAT.

## **7.4. A business share sales contract on the acquisition of 100% shareholding of the business shares in Poli Computer PC Kft. concluded by KZF Vagyonkezelő Kft. (03 February 2021)**

A business share sales contract on 100% shareholding acquisition was concluded by and between KZF Vagyonkezelő Korlátolt Felelősségű Társaság (in English: KZF Asset Management Private Limited Liability Company) (hereinafter referred to as: "KZF"), the main shareholder of 4iG Plc., and Poli Computer PC Kft. (hereinafter referred to as: "Poli Computer"). The business share of Poli Computer is going to get into the ownership of 4iG by means of contributions-in-kind performed by KZF. The herein transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal (in English: Hungarian Competition Authority) (hereinafter referred to as: "GVH").

## **7.5. Participation in NKP program announced by MNB (08 February 2021)**

In the interest of the future growth strategy, and as a precondition for the participation in NKP program called for by Magyar Nemzeti Bank (in English: Hungarian National Bank) (hereinafter referred to as: "MNB"), 4iG Plc. met the requirements needed for the participation in the aforesaid independent credit rating procedure. With regard to the requirements included in the General Meeting Resolution Number 3/2019 (IX.05.), 4iG Plc. planned to issue bonds for the purposes of acquisition up to the total appropriation of 15 billion Hungarian Forints.

## **7.6. Announcement of large amount successful tender (15 February 2021)**

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company) (hereinafter referred to as: "DKÜ"). In the procedure there were three different joint bidder consortiums announced to be the successful one by DKÜ, and the joint bidder

consortium managed by 4iG was one of them. The total appropriation of the umbrella agreement is net 14 800 000 000,-HUF.

#### **7.7. Signing a preliminary draft agreement on 75% shareholding acquisition in Hungaro DigiTel Kft. (23 February 2021)**

A preliminary draft agreement (hereinafter referred to as: the "Agreement") was concluded by and between 4iG Plc., Antenna Hungária Zrt. (hereinafter referred to as: "AH") and Portuguese Telecommunication Investments Kft. (hereinafter referred to as: "PTI"), as a company being in the indirect management of Alpac Capital - Sociedade de Capital de Risco, S.A., in the interest of 75% shareholding acquisition in Hungaro DigiTel Kft. (hereinafter referred to as: "HDT"). In accordance with the Agreement, AH would sell 25% business share for 4iG while 50% of PTI business share would be accounted for 4iG by means of contributions-in-kind, following the performance of the necessary procedures. The transaction may be performed following the business share evaluation, the conclusion of the final version of the sales contract and the contract on contribution-in-kind, and the competition oversight proceeding carried out by Gazdasági Versenyhivatal (hereinafter referred to as: "GVH").

#### **7.8. Analysis by EDISON Group (04 March 2021)**

EDISON Investment Research Limited, one of the world's biggest investment research, investor relations and consulting firms, following the flash report for the fourth quarter of 2020, performed an analysis on 4iG Plc., which is available via the hereinafter link in English as follows:

<https://www.edisongroup.com/publication/strong-q4-helps-4ig-beat-fy20-estimates/28973>

#### **7.9. Credit rating review of Scope Ratings (04 March 2021)**

Scope Ratings GmbH (hereinafter referred to as: "Scope Ratings") (www.scoperatings.com), as an independent international credit rating agency, has subjected 4iG to a positive review following the announcement of a 75% majority acquisition of Hungaro DigiTel Kft. (hereinafter referred to as: "HDT"). The analysis of the Scope Ratings is available on the hereinafter webpage as follows:

<https://www.scoperatings.com/#!search/research/detail/166751EN>

#### **7.10. Signing of a share purchase agreement aiming the acquisition of 70% of the block of shares in Spacenet Plc. (10 March 2021)**

4iG Plc. has signed a share purchase agreement to acquire 70% of the majority controlling influence of Spacenet Zrt. (hereinafter referred to as: "Spacenet"). The herein transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal (in English: Hungarian Competition Authority) (hereinafter referred to as: "GVH").

#### **7.11. Successful bond auction (25 March 2021)**

4iG Plc. announced that it has successfully conducted an auction in the Growth Bond Program, resulting in the issuance of "4iG NKP Bond 2031/I." (ISIN: HU0000360276), with a ten-year

maturity period and an average yield of 2.7328% (coupon rate: 2.9%), for a total nominal amount of 15.45 billion HUF on 29 March 2021.

#### **7.12. Signing of the preliminary draft agreement for the acquisition of a 100% shareholding in DIGI Távközlési és Szolgáltató Kft. (29 March 2021)**

4iG Plc. has signed a preliminary draft, non-binding agreement with RCS & RDS Consortium (hereinafter referred to as: "RCS & RDS") on the acquisition of DIGI Távközlési Szolgáltató Kft. (in English: DIGI Telecommunications Service Provider Private Limited Liability Company) and its subsidiary companies, i.e. Invitel Zrt. and i-TV Zrt. The planned transaction may be completed by the end of September 2021, following the due diligence of the DIGI Group, the signing of the final sales contract and the necessary regulatory procedures.

#### **7.13. 4iG Plc. Board of Directors resolution on the annual ordinary general meeting of the Company**

Since the management of the public limited company is entitled to decide on all issues that are on the agenda of the previously published invitation to the ordinary general meeting, pursuant to Subsection (2) of Section 9 of Government Decree No. 502/2020 (XI. 16.) on the Re-implementation of the Derogations from Regulations on Operation of Partnerships and Corporations in case of Emergency (hereinafter referred to as: "Decree"), in connection with the proposals and resolutions related to the items on the agenda of the General Meeting ("General Meeting") announced on the 29th of April 2021, the Board of Directors of 4iG Plc. made the following resolutions on the 29th of April 2021 acting under the authority of the General Meeting:

##### **Board of Directors Resolution Number 3/2021. (IV. 29.)**

The Board of Directors, acting under the authority of the General Meeting, resolved to approve with content in accordance with the proposal

- the submission of the Board of Directors regarding the reports, balance sheet and profit and loss account for the year 2020, and the 2020 profit distribution;
- the Board of Directors' report on the Company's business activity for the year 2020;
- the Auditor's report on the examination of the annual reports, and description of the verification clause;
- the Audit Committee's report on the reports for the year 2020;
- the Supervisory Board's report on the reports for the year 2020;
- the report of the Board of Directors on the management of the Company and on the financial situation and business policy of the Company.

In line with IFRS (International Financial Reporting Standards), the Company's main data concerning the annual report for the year 2020 are as follows:

- 35 274 599,- thousands in Hungarian Forints assets/capital and resources altogether;
- 7 163 128,- thousands in Hungarian Forints own equity
- 3 160 054,- thousands in Hungarian Forints profit after tax

In line with IFRS (International Financial Reporting Standards), the Company's main data of the (consolidated) annual financial statement for 2020 are as follows:

- 37 863 023,- thousands in Hungarian Forints assets/capital and resources altogether;
- 7 678 826,- thousands in Hungarian Forints own equity
- 3 438 803,- thousands in Hungarian Forints comprehensive profit after tax

The Board of Directors, acting under the authority of the General Meeting and having regard to the content of the disclosed annual financial statement for the year of 2020, shall hereby make the decision that, for the business year of 2020, to pay dividend disbursement in the amount of 2 212 000,- thousands in Hungarian Forints, namely Two-Billion-Two-Hundred-and-Twelve-Million Hungarian Forints. The Board of Directors, acting under the authority of the General Meeting, moreover, shall make the decision to authorize the Board of Directors of the Company to define the date of the dividend payment upon taking the actual liquidity situation into account, with that, the payment of the dividend shall be performed until 31 December 2021, the latest.

**Board of Directors Resolution Number 4/2021. (IV. 29.)**

Acting under the authority of the General Meeting, the Board of Directors decided to approve the Corporate Governance Report of the Company for the year of 2020 with the content in accordance with the submission.

**Board of Directors Resolution Number 5/2021. (IV. 29.)**

Taking into account the standpoint of the Nomination and Remuneration Committee of the Company, acting under the authority of the General Meeting, the Board of Directors has concluded that the President-CEO and the members of the Board of Directors performed their work in 2020 with the priority of the interests of the Company in mind, in view of which, acting under the authority of the General Meeting, the Board of Directors decides to grant the Members of the Board of Directors and CEO hold-harmless warrants for 2020.

**Board of Directors Resolution Number 6/2021. (IV. 29.)**

Acting under the authority of the General Meeting, upon this resolution, the Board of Directors shall hereby approve the re-appointment of INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság (registered office: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F.; company registration number: 01-09-063211; tax number: 10272172-2-42; hereinafter referred to as: "INTERAUDITOR Kft." or "Auditor") as of 01 May 2021 until the adoption of the individual and consolidated annual financial statements for the year of 2021, but not later than until 30 April 2022.

The Board of Directors, acting under the authority of the General Meeting, and on the basis of the prior negotiation with the Auditor, shall make the decision that, in respect to the individual annual financial statement of the Company compiled in line with IAS-IFRS, the remuneration of the Auditor is to be 8 700,-thousands in Hungarian Forints + VAT, namely Eight-Million-Seven-Hundred-Thousand Hungarian Forints + VAT (with the gross value of 11

049,- thousands in Hungarian Forints), whereas, in respect to the consolidated annual financial statement of the Company, thereof is defined in the amount of 2 700,- thousands in Hungarian Forints + VAT, namely Two-Million-Seven-Hundred-Thousand Hungarian Forints + VAT (gross values of the thereof is 3 429,-Hungarian Forints).

The Board of Directors, acting under the authority of the General Meeting and by this resolution, approved the appointment of Freiszberger Zsuzsanna (mother's maiden name: Böczkös Rózsa Mária; residential address: 2440 Százhalombatta, Rózsa utca 7.; chamber registration number: 007229) as the person personally responsible for the audit by INTERAUDITORr Kft.

**Board of Directors Resolution Number 7/2021. (IV. 29.)**

Acting under the authority of the General Meeting, the Board of Directors approved the Remuneration Policy of the Company by means of an opinion voting with the content in accordance with the submission.

**Board of Directors Resolution Number 8/2021. (IV. 29.)**

The Board of Directors, acting under the authority of the General Meeting, resolved to amend the Articles of Association of the Company as follows. Amendments to the Articles of Association are marked as follows: the deleted text is struck through and the newly inserted text is indicated in italics and bold editing mode. The particular provisions of the Articles of Association are amended as follows:

- "2.2. The Company's foreign-language (English)  
company name is: 4iG Public Limited Company
- The Company's foreign-language (English)  
abbreviated company name is: 4iG Plc.
- 2.3. The Company's foreign-language (German)  
company name is: 4iG Offene Aktiengesellschaft  
The Company's foreign language (German)  
abbreviated company name is: 4iG Offene AG
- 2.2.4. Registered office of the Company: 1037 Budapest, Montevideo utca 8.
- 2.3.5. Branch business(es) of the Company: H-8000 Székesfehérvár, Seregélyesi út 96.  
6782 Mórahalom, Röszei út 43.  
6722 Szeged, Tisza Lajos körút 41.  
4025 Debrecen, Barna utca 23.
- 2.4.6. Place(s) of business of the Company: 1037 Budapest, Montevideo utca 2/C  
1037 Budapest, Montevideo utca 6."

#### “14. AUTHORIZED SIGNATURE

The following persons are entitled to sign for the Company

- a) the chairperson of the Board of Directors, independently,
- b) two members of the Board of Directors, jointly,
- c) the company manager with any member of the Board of Directors jointly, a member of the Board of Directors with an employee authorized by the Board of Directors to sign on behalf of the Company jointly;
- d) two employees granted by the Board of Directors with the right of representation jointly,

as set out in the signature specimen. Two of the employees authorized by the Board of Directors to sign on behalf of the Company, jointly, according to the signature specimen.”

#### **Board of Directors Resolution Number 9/2021. (IV. 29.)**

With its present resolution, the Board of Directors, acting under the authority of the General Meeting, elects Mr. Pedro Vargas Santos David (mother's name: Maria Filomena De Brito Vargas Lopes David; date of birth: 1 August 1984; address: AE Downtown Dubai, Standard Chartered Tower 5th floor; tax identification number: 8429464859, agent for service of process: Kovács Márton Law Office, 1085 Budapest, Kálvin tér 12.) as a new member of the Board of Directors with joint procuration right, for an indefinite period starting from the 29th day of April 2021. The remuneration of the members of the Board of Directors is set by Board of Directors' Resolution No. 4/2020 (XI.25.), adopted by the Board of Directors acting under the authority of the General Meeting, in the gross amount of 175 000,-HUF / month.

#### **7.14. Announcement of large amount successful tender (11 May 2021)**

The tender of the consortium led by 4iG Plc. in the open EU public procurement tender procedure for the "Supply of Supercomputer and Storage", organised by Kormányzati Informatikai Fejlesztési Ügynökség (in English: Governmental Agency for IT Development) was announced as the winning bid. Total value of the procedure based on the summary document is: 3 138 582,- HUF in thousands + VAT. 4iG Plc.'s share of the value of the procedure is: 1 883 149,- HUF in thousands + VAT.

#### **7.15. The purchase of Hungaro DigiTel Kft. (12 May 2021)**

4iG Plc. acquired a 75% stake in Hungaro DigiTel Kft. (hereinafter referred to as: "HDT") through a previously disclosed multi-step process, i.e. through a contribution contract and related sale and purchase agreement between 4iG and Bartolomeu Investments Kft. (hereinafter referred to as: "Bartolomeu"), as an indirectly managed company of Alpac Capital - Sociedade de Capital de Risco, S.A. Pursuant to this contribution contract, following the completion of the necessary transactional steps and procedures, by bringing the 100% quota of Portuguese Telecommunication Investments Ltd. (hereinafter referred to as: "PTI") into 4iG as contribution in kind, Bartolomeu Investments Ltd. will become a shareholder of 4iG. As a subsequent step of the transaction, PTI purchased the 25% quota of Antenna Hungária Zrt. in HDT. As a result, 4iG became the 75% shareholder of HDT.



#### **7.16. Analysis of WOOD & Company (26 May 2021)**

Prague-based WOOD & Company, one of the leading investment banks and analysts in emerging European markets, has prepared a comprehensive analysis of 4iG Plc, which is available in English at the following link:

[View Document | WOOD & Company](#)

WOOD & Company will regularly monitor and analyse the operations and prospects of 4iG Plc on behalf of the Company in the future.

#### **7.17. Share capital increase (01 June 2021)**

Having regard to General Meeting Resolution No 2/2019 (IX.05.) passed on the 5th day of the month of September of the year 2019, by its Board Resolution No. 2/2021 (VI.01.), on the 1st day of the month of June of the year 2021, the Board of Directors of 4iG resolved to increase its share capital by making available to 4iG its 100% business share in Portuguese Telecommunication Investments Limited Liability Company ("PTI") (hereinafter referred to as: the "Business Share"), provided by Bartolomeu Investments Limited Liability Company (hereinafter referred to as: "Bartolomeu") as a contributor, by way of a non-monetary contribution, in the form of a private placement of new shares. Within the framework of the share capital increase, which will be implemented by the issue of 5 207 921,-quantity, i.e. five-million-two-hundred-and-seven-thousand-nine-hundred-and-twenty-one quantity of shares of 4iG with a nominal value of 20,-Hungarian Forint, i.e. twenty Hungarian Forint, and an issue value of 606,-Hungarian Forint, i.e. six hundred and six HUF each, 104 158 420,-Hungarian Forint, i.e. one-hundred-and-four-million-one-hundred-and-fifty-eight-thousand-four-hundred-and-twenty Hungarian Forint, is credited to the share capital (issued capital), while 3 051 841 706,-Hungarian Forint, i.e. three-billion-and-fifty-one-million-eight-hundred-and-forty-one-thousand-seven-hundred-and-six Hungarian Forints, is credited to the capital reserve, the amount of the contribution, i.e. the amount of the increase in the share capital is 3 156 000 126,-Hungarian Forint, i.e. three-billion-one-hundred-and-fifty-six-million-one-hundred-and-twenty-six Hungarian Forints. Bartolomeu has already committed in writing to receive the new 4iG shares issued. The placing of the new 4iG shares is considered to be private pursuant to Subsection 1 of Section 5 Point 95 of the Act of CXX of 2001 on Capital Market (hereinafter referred to as: the "Capital Markets Act") and Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are admitted to trading on a regulated market and repealing Directive 2003/71/EC (hereinafter referred to as: the "EU Regulation").

#### **7.18. Purchase of Poli Computer PC Ltd. (01 June 2021)**

4iG Plc. acquired 100% of the share capital of Poli Computer PC Ltd. (hereinafter referred to as: "Poli Computer") through a share purchase agreement. 4iG has taken significant steps to continuously increase its competences and strengthen its position among the major IT companies in Hungary. The acquisition of Poli Computer fits well into 4iG's growth strategy. As a result of the transaction, 4iG will have a total of 612 professionals working in IT outsourcing and operational services. Based on the expected revenues from the herein

activity, the number of employees and orders, 4iG will become the market leader in this IT segment in Hungary. At present, Poli Computer provides IT services for 25 corporations. The turnover thereof regarding the year of 2020 reached 2.51 billion Hungarian Forints, and thereof EBITDA accounted 218 billion Hungarian Forints.

#### **7.19. Articles of Association of 4iG Plc. following the capital increase (01 June 2021)**

4iG Plc has prepared and published its Articles of Association in a consolidated structure, also including the capital increase.

#### **7.20. Changes in senior management (07 June 2021)**

4iG Plc. has resolved to entrust the management of the area and processes to an independent manager. In line with the decision, Linczényi Aladin Ádám, member of the Board of Directors, will be responsible for the development of the holding organisation and the implementation of the growth strategy as Deputy CEO. As Deputy CEO, Tápai Tamás, who has just joined the management of the companies group, will be responsible for the day-to-day operational management of 4iG's IT department. Tápai Tamás is an engineering teacher with a degree in engineering and IT engineering, with experience in project management, senior management and corporate governance in a multinational environment. His professional career is marked by companies such as Audi Hungária Motor Kft., Daten-Kontor Kft. and MOL Nyrt. Between 2014 and 2016, he was the IT Manager of the Central and Eastern European region of Sanofi-Aventis Zrt., then between 2016 and 2020, he was the Head of Development and then Deputy CEO of T-Systems Hungary Ltd., responsible for IT. For the last year he has been running his own business. Tápai Tamás will take up his position as Deputy CEO of 4iG from 8 June 2021.

#### **7.21. EDISON Group analysis (14 June 2021)**

EDISON Investment Research Limited, one of the world's biggest investment research, investor relations and consulting firms, following the flash report for the first quarter of 2021, performed an analysis on 4iG Plc., which is available via the hereinunder link in English as follows:

[4iG - Executing at pace on its five-year plan | Edison \(edisongroup.com\)](https://www.edisongroup.com/4iG-Executing-at-pace-on-its-five-year-plan)

#### **7.22. Signing of a non-binding letter of intent to acquire 51% of the shares of Space-Communications Zrt. (14 June 2021)**

On 14 June 2021, 4iG Public Limited Company, together with its subsidiaries Hungaro DigiTel Kft. and CarpathiaSat Zrt. (hereinafter collectively referred to as: "4iG") signed a non-binding letter of intent with Space-Communications Zrt. (hereinafter referred to as: "Spacecom", "Target"), a leading Israeli satellite fixed-location broadcasting and communications service provider. Spacecom operates a fleet of four AMOS satellites in different geosynchronous orbits, providing broadcast and broadband satellite services to customers worldwide. Listed on the Tel Aviv Stock Exchange, Spacecom had revenues of USD 88 million and EBITDA of USD 52 million in 2020.

Under the preliminary terms, Spacecom will issue shares to 4iG representing, following the issue, approximately 51% of the issued and outstanding share capital and voting rights of the Target (partially diluted) in exchange for an amount of approximately ILS 215 million (reflecting a price of ILS 8.5 per share), as detailed in the Annex to this announcement (hereinafter referred to as: the "Proposed Transaction"). The Proposed Transaction is conditional upon the successful completion by 4iG of the negotiations and due diligence processes and the execution by the Parties of the Final Agreements on mutually satisfactory terms, subject to the approval of Spacecom's general meeting and the consent of third parties, including the Israeli Ministry of Communications. Following the consummation of the Proposed Transaction, 4iG shall appoint new directors such that the directors appointed by 4iG shall constitute a majority of the members of the Board of Directors of Spacecom. 4iG and Spacecom have agreed to an exclusivity period to finalise the Transaction, with 4iG's objective being to complete due diligence and to finalise the negotiation of the definitive transaction documentation.

### **7.23. Announcement of a successful large amount tender (16 June 2021)**

Médiaszolgáltatás-támogató és Vagyonkezelő Alap (in English: the Media Service Support and Asset Management Fund) (hereinafter referred to as: "MTVA") announced the winning bid of the joint tenderers 4iG Plc., Antenna Hungária Zrt., Appsters Kft. in the procurement procedure "IT support and further development of the MTVA complex media content management and distribution system". The procurement procedure was a negotiated public procurement procedure with publication of a contract notice in accordance with the EU procedures (EKR000208332021). The objective of the procurement is to provide IT support and further development of the complex web-based media content management and distribution system of the Médiaszolgáltatás-támogató és Vagyonkezelő Alap (in English: Media Service - Support and Asset Management Fund), as well as its process, technological, architectural and infrastructural renewal for a period of 48 months. The value of the tender is 4 436 264 184 Hungarian Forint + VAT.

### **7.24. Contract conclusion (22 June 2021)**

The bid of 4iG Plc. was declared the winning bid in the EU open public procurement procedure announced by MVM Démász Áramhálózati Kft. (registered office: 6724 Szeged, Kossuth Lajos sgt. 64-66.), MVM Égáz-Dégáz Földgázhálózati Zrt. (6724 Szeged, Pulcz utca 44.), MVM Főgáz Földgázhálózati Kft. (1081 Budapest, János Pál pápa II tér 20.), for "IT Development Umbrella Agreement - Provision of Systems Integration, Integration Development and Expert Services for Technical Systems". The objective of the project is to provide system integration, integration development and expert services related to IT Development - Technical Systems, which are the subject of the Umbrella Agreement, for 4iG. Assessment, analysis, design, implementation and testing of the integration needs of the operational systems supporting the core business managed by MVM Hálózat NKM ÜFM (in English: MVM Network NKM TSO). Performance of integration development tasks for HAP system components, and expert support of IT strategy and operational developments. The value of the umbrella agreement is 1 500 000,- thousands in Hungarian Forints + VAT.

#### **7.25. Scope Ratings credit rating review (25 June 2021)**

Scope Ratings GmbH (hereinafter referred to as: "Scope Ratings") ([www.scoperatings.com](http://www.scoperatings.com)), an independent international credit rating agency, has issued a new analysis of 4iG, which is available in English via the link below:

<https://www.scoperatings.com/#search/research/detail/167884EN>

#### **7.26. The release of new shares issued (01 July 2021)**

A total quantity of 5 207 921,-quantity, i.e. Five-Million-Two-Hundred-and-Seven-Thousand-Nine-Hundred-and-Twenty-One Series "A" ordinary shares with a nominal value of 20,-HUF each, giving the same rights as the shares already listed on the Budapest Stock Exchange, were released in connection with the capital increases decided by the Board of Directors on 1 June 2021. Given that the newly released shares were admitted to trading on Budapesti Értéktőzsde (in English: Budapest Stock Exchange) today, they have been released with the same ISIN code HU0000167788 as the shares already listed.

The newly issued shares, a total of 5 207 921,-quantity i.e. Five-Million-Two-Hundred-and-Seven-Thousand-Nine-Hundred-and-Twenty-One quantity of shares, were registered today by Bartolomeu Investments Korlátolt Felelősségű Társaság (registered office: 1085 Budapest, Kálvin tér 12. ; company registration number: 01-09-347440), as a result of which the number of 4iG shares directly held by it and conferring voting rights increased from 0,-quantity, i.e. zero, to 5 207 921,-quantity, i.e. five-million-two-hundred-and-seven-thousand-nine-hundred-and-twenty-one shares, and herewith its voting rights in 4iG increased from 0% to 5.30%.

#### **7.27. Announcement of large amount successful tender (02 July 2021)**

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company) (hereinafter referred to as: "DKÜ"). The public procurement procedure for the conclusion of the umbrella agreement for the "Procurement of servers and storage and related services (SRVT21)" for entities subject to Government Decree 301/2018 (27.XII.) was carried out in two parts. Part 1: Procurement of homogeneous servers and storage, and Part 2: Procurement of inhomogeneous servers and storage. The total appropriation of the umbrella agreement is net 204 724 000 000,-Hungarian Forint.

#### **7.28. Signing of a non-binding Term Sheet for the acquisition of 100% stake in Telenor d.o.o., Podgorica (09 July 2021)**

4iG has signed a preliminary non-binding agreement (hereinafter referred to as: the "Term Sheet") with the company PPF TMT Bidco 1 B.V. to acquire 100% of the shares of Telenor Crna Gora d.o.o., Podgorica (hereinafter referred to as: "Telenor Montenegro" or "Target Company"), including its subsidiary companies. The proposed transaction is expected to be completed by the end of November 2021, following due diligence of Target Company and its

subsidiary companies, the signing of the Sale and Purchase Agreement and the approval of the Montenegrin Competition Authority.

With regard to and due to the 338 thousand subscribers and revenues of 43 million Euro in 2020, Telenor Montenegro is the absolute market leader in the Montenegrin mobile segment. The Podgorica-based Target Company's main revenue comes from private and business subscribers (67%). Telenor Montenegro has 150 privately-owned base stations covering all major roads, most tunnels and all beaches and winter resorts in Montenegro. As a result, Telenor Montenegro's 4G-based mobile services are available to 98% of the Montenegrin population, therewith providing a stable growth platform.

The potential acquisition of the Target Company is in line with 4iG's regional expansion strategy, which 4iG intends to further strengthen in the Southeast European region in the coming period.

### **7.29. Dividend payment (26 July 2021)**

With the assistance of KELER Plc., 4iG Plc. has started to pay a dividend of 22.49,-HUF per share for the year 2020.

### **7.30. Establishment of a Technical Advisory Board (26 July 2021)**

At 4iG Plc, a Technical Advisory Board of 3 to 9 members with appropriate professional competence has been established by the Board of Directors of 4iG Plc, subordinate to the Board of Directors, in accordance with Clause 11.10.12 of the 4iG Articles of Association and Clause 2.7 of the 4iG Rules of Procedure. The tasks of the Technical Advisory Board include, among others, the development of international relations and complex advisory tasks. In order to achieve herein tasks, the members of the Technical Advisory Board include current and former leaders and key figures from both Hungarian and foreign governmental and non-governmental organisations, who support the work of the Board with their various professional backgrounds. Members of the Technical Advisory Board: Czakó Borbála, Nancy Brinker, Karen Tramontano, Martonyi János and Lantos Csaba.

### **7.31. Large amount development contract (30 July 2021)**

4iG Plc. and Magyar Exporthitel Biztosító Zrt. (in English: Hungarian Export Credit Insurance Plc., hereinafter referred to as: "MEHIB") (seat of business: 1065 Budapest, Nagymező u. 46-48.) concluded a contract on the procurement and support of MEHIB insurance CORE providing negotiating and released procurement procedure named CORE (Centralized Online Real-Time Exchange). During the project, 4iG Plc will deliver MEHIB's new business management system, perform the related integrations and migrate data from the existing system to the new system. After the implementation, 4iG will provide manufacturer and integrator support for the system. Contract value: 2 960 270,-EUR + VAT, including the fee of the implementation and 2+2 years of system support.

**7.32. Signing of the Term Sheet for the acquisition of the majority stake in ANTENNA HUNGÁRIA Zrt. (25 August 2021)**

4iG Plc. has signed a preliminary agreement ("Term Sheet") with the Minister without portfolio responsible for the management of national assets representing the Hungarian State, exercising the ownership rights of "ANTENNA HUNGÁRIA" Zrt., on the acquisition of the stake in ANTENNA HUNGÁRIA Zrt. as a result of a capital increase by way of a contribution (hereinafter referred to as: "Transaction"). Under the preliminary terms of the Agreement, the telecommunications profile companies coming under the ownership of 4iG contributed to a joint company with the State, i.e. ANTENNA HUNGARIA Zrt. The Transaction allows 4iG to acquire a majority stake in Antenna Hungária Zrt. (in English: Antenna Hungaria Plc.). The parties are expected to decide on the contribution of the companies corresponding to the profile of the national telecommunications company after the finalisation of the preliminary agreements and the due diligence and asset valuation of ANTENNA HUNGARIA Zrt.

The aim of the Transaction is to create such a strategy telecommunications and telecommunication infrastructure service provider company that, in addition to competitive market services, by combining public and private capital, will represent the national interests in the industry with sufficient weight.

**7.33. The acquisition of the 100% stake in DOTO Systems Zrt. (in English: DOTO Systems Plc.) (27 August 2021)**

On 27 August 2021, 4iG Plc., as the majority shareholder of DOTO Systems Zrt., acquired all ordinary shares issued by DOTO Systems Zrt., thus becoming the sole shareholder of DOTO Systems Zrt.

**7.34. Announcement of large amount successful tender (03 September 2021)**

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company) (hereinafter referred to as: "DKÜ"). The public procurement procedure for the conclusion of an framework agreement for "Application Development and Operations Support Services (SWF)" for entities subject to Government Decree 301/2018 (27.XII.) in two parts. Part 1: MS.NET and MS Business Intelligence development services, the second part: Java or Business Intelligence development services. In both parts of the procedure, the Digital Government Agency announced four different joint bidding consortiums as the winning bidders, of which the joint bidding consortium led by 4iG was one of the winners in the second part.

The total amount of the framework agreement is net 90 000 000 000,-Hungarian Forints. The total appropriation of the second Part 11 is net 60 000 000 000,-Hungarian Forints.

The framework agreement does not provide for automatic orders, and specific purchases will be re-tendered between the consortium participating in the framework agreement on the basis of the needs of the organisations concerned. The maximum duration of the framework agreement is 48 months from its entry into force.

### **7.35. Announcement of large amount successful tender (03 September 2021)**

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company) (hereinafter referred to as: "DKÜ"). The public procurement procedure for the conclusion of a framework agreement for "Application Development and Operations Support Services (SWF)" for entities subject to Government Decree 301/2018 (27.XII.) in two parts. Part 1: MS.NET and MS Business Intelligence development services, the second part: Java or Business Intelligence development services.

In both parts of the procedure, the Digital Government Agency announced five different joint bidding consortiums as the winning bidders, of which the joint bidding consortium led by 4iG was one of the winners in both parts.

The total amount of the framework agreement is net 520 000 000 000,-Hungarian Forints.

The umbrella agreement does not provide for automatic orders, and specific purchases will be re-tendered between the consortium participating in the framework agreement on the basis of the needs of the organisations concerned.

The maximum duration of the umbrella agreement is 48 months from its entry into force.

### **7.36. Large amount successful tender announcement (09 September 2021)**

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company) (hereinafter referred to as: "DKÜ"). The public procurement procedure for the conclusion of a framework agreement for "Procurement of Active and Passive Network Devices" for entities subject to Government Decree 301/2018 (27.XII.) in two parts. Part 1: homogeneous network devices and accessors, second part: procurement of general network devices and accessors. In first part of the procedure, the Digital Government Agency announced five, and in the second part of thereof four different joint bidding consortiums as the winning bidders, of which the joint bidding consortium led by 4iG was one of the winners in both parts.

The total amount of the framework agreement is net 300 000 000 000,-Hungarian Forints.

The umbrella agreement does not provide for automatic orders, and specific purchases will be re-tendered between the consortium participating in the framework agreement on the basis of the needs of the organisations concerned.

The maximum duration of the umbrella agreement is 42 months from its entry into force.

### **7.37. Signing of the contract for the acquisition of 100% of the shares of Invitech ICT Services Kft. (13 September 2021)**

4iG has signed a share purchase agreement for the acquisition of 100% of the shares of Invitech ICT Services Korlátolt Felelősségű Társaság (in English: Invitech ICT Services Limited Liability Company) (registered office: 2040 Budaörs, Edison utca 4; company registration number: 13-09-190552; court of registration: Budapest Környéki Törvényszék Cégbírósága (in English: Company Registry Court of the Court of Justice of Budapest Environs; "Invitech") (the

"Transaction") with Rotamona Limited, the owner of Invitech. The herein Transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal (in English: Hungarian Competition Authority) (hereinafter referred to as: "GVH").

With more than 600 employees, Invitech is one of the leading players in Hungary in the field of high-capacity optical backbone networks and wholesale services to market players, with a lead role in several areas. The company provides managed info-communications services to more than 5 000 corporate, institutional and wholesale customers. Its portfolio includes broadband business internet, data centre, IT security and cloud solutions, voice and IT services. Invitech's own fibre network is the second largest in the country, with 11 border crossing points and a total national coverage of 11 000 km. The Company operates IT equipment for 23 000 end-users, has five data centres of its own and its infrastructure services are used by all the national mobile operators.

### **7.38. Signing of a non-binding Term Sheet for the acquisition of a 70% stake in TeleGroup Limited and TeleGroup Banja Luka (20 September 2021)**

4iG has signed a preliminary non-binding agreement (hereinafter referred to as: the "Term Sheet") with Milomir Gligorijević to acquire 70% of the shares of TeleGroup Limited, and TeleGroup Banja Luka (hereinafter referred to as: "TeleGroup" or "Target Companies"), including its subsidiary companies. The planned transaction is expected to close by the end of December 2021, following due diligence of the Target Companies and their subsidiaries, the signing of the Sale and Purchase Agreement and the necessary competition authority approvals.

### **7.39. Successful bond auction (24 September 2021)**

4iG Plc. has privately issued the floating rate 4iG M&A Bond 2026 (ISIN: HU0000360813; "Bond") with a maturity date of 27 September 2026. The private placement of the Bond with a nominal value of 50 000 000, Hungarian Forint, i.e. Fifty-Million Forint, was completed on 24 September 2021 on total nominal value.

Total aggregate face value of the 4iG M&A Bond 2026 is 100 000 000 000,- Hungarian Forints.

### **7.40. A Scope Ratings credit rating agency review (25 September 2021)**

Scope Ratings GmbH ("Scope Ratings"), an independent international rating agency, has published a review alert on 4iG's credit rating, which is available in English via the link below: [Scope changes 4iG's rating under review direction to possible downgrade from developing outcome \(scoperatings.com\)](https://www.scoperatings.com/news/scope-ratings-reviews/scope-ratings-reviews-4ig-credit-rating-under-review-direction-to-possible-downgrade-from-developing-outcome)

### **7.41. Conclusion of a large amounting contract (27 September 2021)**

4iG's bid was announced as the winning bid in the EU open tender procedure for the "Procurement of a Central Data Storage" launched by Magyar Nemzeti Bank (in English: the Hungarian National Bank) (hereinafter referred to as: MNB) and the contract was signed.

Purpose of the procurement: The HPE 3PAR 7200 series corporate central data storage products have reached the end of their planned lifetime. This required the introduction of a new storage device with a higher performance and service position than the existing one, while increasing capacity. The central repository is the core equipment of the IT infrastructure



of MNB. The equipment to be delivered must be able to support the data storage needs for the next 7 years, the server park, the data processing systems, virtualised tools and solutions, with high availability.

The total appropriation of the umbrella agreement is net 1 924 835 800,-Hungarian Forint.

#### **7.42. Extraordinary general meeting (30 September 2021)**

4iG Plc. held an Extraordinary General Meeting on 30 September 2021, at which the following main resolutions were adopted:

##### **General Meeting Resolution No. 3/2021 (IX.30.):**

The General Meeting, exercising the option provided by Section 8 (1) of Act CLXXVI of 2013, on the Reorganisation, Merger and Demerger of Certain Legal Persons (hereinafter referred to as: "Reorganisation Act"), resolves, within the framework of a resolution, on a merger (Merger) pursuant to Act V of 2013, on the Civil Code (hereinafter referred to as: "Civil Code") and the Reorganisation Act, in the framework of which TR Consult Korlátolt Felelősségű Társaság (registered office: 1037 Budapest, Montevideo utca 8. ; company registration number: 01-09-686917; court of registration: Fővárosi Törvényszék Cégbírósága (in English: Company Registry Court of Budapest-Capital Regional Court) will be merged into 4iG Nyilvánosan Működő Részvénytársaság (registered office: 1037 Budapest, Montevideo u 8.; company registration number: 01-10-044993; court of registration: Fővárosi Törvényszék Cégbírósága), whereby the entire assets of TR Consult Korlátolt Felelősségű Társaság will be transferred to 4iG Nyilvánosan Működő Részvénytársaság as the general legal successor. The business company acting as the successor company in the Merger is 4iG Nyilvánosan Működő Részvénytársaság.

##### **General Meeting Resolution No. 4/2021 (IX.30.):**

The General Meeting, exercising the option provided by Section 8 (1) of Act CLXXVI of 2013, on the Reorganisation, Merger and Demerger of Certain Legal Persons ("Reorganisation Act"), resolves in a resolution on a merger (Merger) pursuant to Act V of 2013, on the Civil Code ("Civil Code") and the Reorganisation Act, in the framework of which DOTO Systems Zártkörűen Működő Részvénytársaság (registered office: 1037 Budapest, Montevideo utca 8. ; company registration number: 01-10-140395; court of registration: Fővárosi Törvényszék Cégbírósága (in English: Company Registry Court of Budapest-Capital Regional Court) will be merged into 4iG Nyilvánosan Működő Részvénytársaság (registered office: 1037 Budapest, Montevideo u 8.; company registration number: 01-10-044993; court of registration: Fővárosi Törvényszék Cégbírósága), whereby the entire assets of DOTO Systems Zártkörűen Működő Részvénytársaság will be transferred to 4iG Nyilvánosan Működő Részvénytársaság as the general legal successor. The business company acting as the successor company in the Merger is 4iG Nyilvánosan Működő Részvénytársaság.

**General Meeting Resolution No. 5/2021 (IX.30.):**

The General Meeting adopted the Reorganisation Plan (hereinafter referred to as: “Merger Plan”) annexed to the proposal. The General Meeting also adopted the draft balance sheets and draft inventory of assets and liabilities of the Merging Companies, which are part of and annexed to the Reorganisation Plan (Merger Plan), and the auditor's report on these drafts.

**General Meeting Resolution No. 6/2021 (IX.30.):**

The General Meeting adopted the draft balance sheet and the draft inventory of assets and liabilities of the Receiving Company (before the Merger) and the draft balance sheet and the draft inventory of assets and liabilities of the Successor Company resulting from the Merger, which are part of and annexed to the Reorganisation Plan (Merger Plan), as well as the auditor's report on these drafts and the report of the Supervisory Board and the Audit Committee, in such a way that in the course of the audit of the draft asset balance sheets published on 31 August 2021, it was established that the cost value of the bonds issued by the Receiving Company, listed in the draft balance sheets of the Receiving Company was incorrectly stated, resulting in an overstatement of both liabilities and accrued income of almost 3.5 billion Hungarian Forint. As a result of the correction, there was no change in the Receiving Company's own equity, the balance sheet total decreased by 3 486 000,- Hungarian Forint therefore the balance sheet total is correctly 45 239 850 000,-Hungarian Forint, i.e. Forty-Five-Billion-Two-Hundred-and-Thirty-Nine-Million-Eight-Hundred-and-Fifty-Thousand Hungarian Forints.

**General Meeting Resolution No. 7/2021 (IX.30.):**

The General Meeting adopted the Articles of Association of the Successor Company, which form part of and are annexed to the Reorganisation Plan (hereinafter referred to as: “Merger Plan”).

**General Meeting Resolution No. 8/2021 (IX.30.):**

The General Meeting adopted the Merger Agreement as part of and annexed to the Reorganisation Plan (Merger Plan).

**General Meeting Resolution No. 9/2021 (IX.30.):**

The General Meeting resolved that the 4iG Shareholders intending to withdraw shall be paid 95.60,-HUF (i.e. Ninety-Five point Sixty-Hungarian Forint) per share at the nominal value of 20.00,-Hungarian Forint within sixty (60) days of the registration of the reorganisation by the court of registration, by applying Section 6 of Point 3 of the Reorganisation Act. The names of the withdrawing shareholders and the number of shares they hold are recorded in the minutes of the General Meeting. The shares of the withdrawing shareholders shall become own shares of the Company. In view of the fact that the acquisition of treasury shares takes place in connection with a merger, pursuant to Section 3:223 (3) of the Civil Code, no prior authorisation of the Board of Directors by the General Meeting is required for the acquisition of treasury shares.

**General Meeting Resolution No. 10/2021 (IX.30.):**

The General Meeting set the date of the draft balance sheet and the draft inventory of assets and liabilities as 30 June 2021, while the date of the merger (Merger) was set as 31 December 2021 (Merger Date), with the proviso that if, for whatever reason, the Court of Registration were to enter the Merger in the Commercial Register on a date after 31 December 2021, the Merger Date shall be the date on which the Court of Registration cancels the Merging Companies from the Commercial Register.

**General Meeting Resolution No. 17/2021 (IX.30.):**

Pursuant to the Government Decree No. 102/2020. (IV.10.) on Derogations from Regulations on Operation of Partnerships and Corporations in case of Emergency, within the framework of the Employee Stock Ownership Plan (ESOP) established by the Board of Directors, acting under the authority of the General Meeting, by Board Resolution 9/2020 (IV.29.) of 29 April 2020, the General Meeting adopts the launch of a new remuneration programme based on a new remuneration policy ("New Remuneration Programme") in addition to the remuneration programme based on the existing remuneration policy.

**General Meeting Resolution No. 18/2021 (IX.30.):**

The General Meeting resolved to amend Clause 10.4 of the Articles of Association of the Company as proposed by the Board of Directors.

**General Meeting Resolution No. 20/2021 (IX.30.):**

The General Meeting resolved to increase the share capital of the Company by 4 000 000, i.e. Four.Million shares with a nominal value of 20.00,-HUF each, of a total nominal value of 80 000 000,-HUF, i.e. Eighty-Million Hungarian Forints, under identification number ISIN HU0000167788, by private placement of new 4iG Ordinary Shares, with the issue price of these shares equalling the average share price published on the Budapest Stock Exchange during the 180-day period preceding the decision on the capital increase. In the capital increase, the subscription priority of shareholders will be excluded in order to fully implement the New Remuneration Programme, with the right of the ESOP Organisation to receive the shares until 30 November 2021.

**General Meeting Resolution No. 21/2021 (IX.30.):**

With its present resolution, the General Meeting repealed its resolution No. 2/2019 (IX.05.) and at the same time authorized the Board of Directors for a period of two (2) years to increase the share capital of the Company, including the conditional increase of the share capital, with the Board of Directors being entitled to authorize any increase of the share capital of the Company, by any method(s) of capital increase permitted by law and with any frequency, up to a maximum total amount of 7 000 000 000,-HUF, i.e. Seven-Billion Hungarian Forints, and is entitled to determine the issue value other than the nominal value. The authorization shall be subject to all related issues and resolutions on decisions otherwise referred to the scope

of the general meeting, particularly – but not exclusively – the necessary amendments of the Articles of Association of the Company.

**General Meeting Resolution No. 22/2021 (IX.30.):**

In order to promote the dynamic development of the Company and thus attract investors, with its present resolution, the General Meeting repealed its resolution No. 3/2019 (IX.05.), and at the same time, the General Meeting authorised the Board of Directors for a period of two (2) years to issue corporate bonds by the Company up to a total amount of 400 000 000 000,-HUF, i.e. Four-Hundred-Billion Hungarian Forints, which may be performed both publicly and privately. The authorization shall be subject to all the related issues and resolutions on decisions otherwise referred to the scope of the general meeting.

**General Meeting Resolution No. 23/2021 (IX.30.):**

In order to ensure the full implementation of the capital increase and the bond issue, the General Meeting approved the addition of a future clause to the Articles of Association of the Company to the effect that the General Meeting shall be entitled to exclude the pre-emptive subscription rights of shareholders on the basis of a proposal by the Board of Directors, including a justification and a presentation of the proposed issue value of the shares. The General Meeting further authorises the Board of Directors to exclude the preferential subscription rights of shareholders in the context of the authorisation to increase the share capital ending on 30 September 2023, taking into account the above reasons.

**General Meeting Resolution No. 24/2021 (IX.30.):**

With its present resolution, the General Meeting resolved to appoint Interauditor Consulting Korlátolt Felelősségű Társaság (in English Interauditor Consulting Limited Liability Company) (registered office: 1074 Budapest, Vörösmarty u. 16-18. A. ép. fsz. 1/F.; company registration number: 01-09-388885; court of registration: Fővárosi Törvényszék Cégbírósága; hereinafter referred to as: "Interauditor Kft." or "Auditor") from the day the Auditor is registered by the Hungarian National Chamber of Auditors in the Chamber's register. The Auditor shall be elected as the Company's Auditor for the period until the adoption of the individual and consolidated annual reports for the year 2021, but not later than 30 April 2022.

The General Meeting, on the basis of the prior negotiation with the Auditor, shall make the decision that, in respect to the individual annual financial statement of the Company compiled in line with IAS-IFRS, the remuneration of the Auditor is 8 700 000,-Hungarian Forint + VAT, namely Eight-Million-Seven-Hundred-Thousand Hungarian Forints + VAT (with the gross value of 11 049 000,- Hungarian Forints), whereas, in respect to the consolidated annual financial statement of the Company, thereof is defined in the amount of 4 700 000,-Hungarian Forint + VAT, namely Four-Million-Seven-Hundred-Thousand Hungarian Forints + VAT (with the gross value of 5 969 000,-Hungarian Forints).

The General Meeting further approves by the present resolution the appointment of Freiszberger Zsuzsanna (mother's maiden name: Böczkös Rózsa Mária; address: 2440 Százhalmbatta, Rózsa utca 7.; chamber registration number: 007229) as the person personally responsible for the audit by Interauditor Kft.

**General Meeting Resolution No. 25 and 26/2021 (IX.30.):**

The General Meeting resolved to amend the Articles of Association of the Company in accordance with the proposal of the Board of Directors, and the amended, consolidated Articles of Association were published by the Company on 30 September 2021.

**7.43. Acquisition of 100% of the business quota of Invitech ICT Services Kft. (30 September 2021)**

Following a successful procedure before Gazdasági Versenyhivatal (in English: Hungarian Competition Authority), 4iG has acquired 100% of the share capital of Invitech ICT Services Korlátolt Felelősségű Társaság (registered office: 2040 Budaörs, Edison utca 4.; company registration number: 13-09-190552; registration authority: Budapest Környéki Törvényszék Cégbírósága; "Invitech").

**7.44. Signing of the contract for the acquisition of 51% of the shares of Space-Communications Ltd. (11 October 2021)**

On 11 October, Hungaro DigiTel Kft. (HDT), a joint subsidiary of 4iG Plc. (75%) and Antenna Hungária Zrt. (25%), entered into a definitive agreement with Space-Communication Ltd. (SpaceCom) to acquire a 51% share package of the company. At the closing of the Transaction, SpaceCom will issue to the Purchaser 26 028 593,-quantity of ordinary shares in an exceptional private placement representing approximately 51% of the issued and outstanding share capital and voting rights, when issued, for a total consideration of 221 243 040,-ILS (reflecting a price of 8.5,-ILS per share) (hereinafter referred to as: "Purchase Price" and "Exceptional Private Placement").

**7.45. Incorporation of 4iG Plct (11 October 2021)**

4iG Plc. has established a 100%-owned subsidiary, which has been registered with the Register of Companies of the Court of Podgorica under the name "4iG Montenegro" Podgorica on 11 October 2021.

**7.46. Signing of the contract for the acquisition of 100 per cent of the share package of Telenor d.o.o. Podgorica (27 October 2021)**

The local subsidiary of 4iG Plc (4iG Montenegro) and PPF Telecom Group entered into a definitive agreement on the acquisition of 100 percent of the share package of Telenor d.o.o. Podgorica (Telenor Montenegro). The company, on the basis of its turnover, the leader in the Montenegrin mobile operator market with 413 thousand subscribers and 436 base stations, will strengthen 4iG's telecom portfolio. The transaction could be completed by the end of the year, subject to the outcome of the necessary competition proceedings.

**7.47. Signing of a trilateral agreement with Rheinmetall AG (25 November 2021)**

4iG Plc. has entered into a trilateral preliminary agreement with the investment company of Jászai Gellért Zoltán, KZF Vagyonkezelő Kft., 4iG Plc. and Rheinmetall AG (hereinafter referred to as: "Rheinmetall"). As a result of the agreement, Düsseldorf-based Rheinmetall, a major

player in the international defence and automotive industries, will acquire a total of 25.1 percent of 4iG Plc. through the transactions, making it 4iG's largest international strategic investor.

**7.48. Publication of an investor prospectus (30 November 2021)**

4iG Plc. has published an investor prospectus on the Company's planned acquisitions.

**7.49. Signing of the sale and purchase agreement for the acquisition of the 100% stake of DIGI Távközlési és Szolgáltató Kft. and its subsidiaries (30 November 2021)**

Following the completion of due diligence, 4iG Plc. has signed a definitive sale and purchase agreement with RCS & RDS Group (hereinafter referred to as: "RCS & RDS") for the acquisition of the 100% stake of DIGI Távközlési Szolgáltató Kft. (hereinafter referred to as: "DIGI") and its subsidiaries, i.e. Invitel Zrt., I TV Zrt. and DIGI Infrastruktúra Kft.

**7.50. Scope Ratings credit rating agency review (02 December 2021)**

Scope Ratings GmbH (hereinafter referred to as: "Scope Ratings"), an independent international credit rating agency, has issued a new analysis of 4iG, which is available in English via the link below:

[Scope downgrades 4iG's issuer rating to B+/Stable \(scooperatings.com\)](https://www.scooperatings.com)

**7.51. Agreement on the acquisition of a 80.27 block of shares of ALBtelecom sh.a (8 December 2021)**

4iG Plc. has entered into a definitive sale and purchase agreement to acquire 80.27 percent of the share package of ALBtelecom sh.a (hereinafter referred to as: "ALBtelecom") from Cetel Telekom, a majority-owned subsidiary of Çalik Holding, Turkey.

4iG's co-owner in ALBtelecom will remain the Albanian State, which will continue to exercise its minority ownership rights in the company through the Albanian Ministry of Economy (13.78%) and the Albanian Post (2.47%). ALBtelekom's share package will be transferred to 4iG in a multi-stage transaction, which will result in Çalik Holding, one of Turkey's largest family-owned companies, acquiring a stake of around 3% in the national info-communications enterprise as an institutional investor. The cooperation could open up further joint business opportunities for Çalik Holding and 4iG in the Balkans and Central Asia.

The acquisition of a controlling majority stake in ALBtelekom is subject to the approval of the Albanian competition authority.

**7.52. Successful bond auction under the Bond Funding for Growth Scheme of the Hungarian National Bank (15 December 2021)**

As a result of the successful auction executed within the framework of the Bond Funding for Growth Scheme announced by the Hungarian National Bank, 4iG will issue the bond named "4iG FGS Bond 2031/II." (ISIN: HU0000361019), with a ten-year maturity, amortizing from the end of the fifth year, with a fixed interest rate of 6.00% per annum, nominal value of 50 000

000,- HUF, with an average yield of 5.8026 %, in a total nominal value of 287.75 billion HUF, on 17 December 2021.

#### **7.53. Announcement of a large-amount winning bid (21 December 2021)**

Digitális Kormányzati Ügynökség Zrt. (in English: Digital Government Agency Private Limited Company) (hereinafter referred to as: "DKÜ") has announced the bid of the consortium led by 4iG as the winning bid as a result of the centralised procurement procedure launched by the re-launch of the competitive tender procedure "Application Support and Software Development Tasks for the Specialised Systems of NÉBIH" (in English: National Food Chain Safety Office) by Élelmiszerlánc-biztonsági Centrum Nonprofit Kft. (in English: Food Chain Safety Centre Non-Profit Ltd.).

The consortium is responsible for the efficient operation of NÉBIH's IT systems, for the provision of the necessary extensive operational tasks and for facilitating the implementation of the related continuous improvements.

The total value of the procedure is 10 572 200 000,-HUF + VAT, which includes the basic quantity plus an optionally exercisable order of up to 30% of the basic quantity during the contract period, i.e. until 14 September 2026.

#### **7.54. Acquisition of the 100% share package in Telenor d.o.o. Podgorica (21 December 2021)**

4iG Montenegro, the Montenegrin subsidiary of 4iG Plc., acquired 100% of the share package of Telenor d.o.o. Podgorica (hereinafter referred to as: "Telenor Montenegro") following the successful procedure before the Montenegrin Competition Authority and the financial closing of the transaction.

With this transaction, 4iG has taken a significant step forward in the implementation of its growth strategy in the Western Balkan telecommunications market. Telenor Montenegro is the country's largest mobile operator, the absolute market leader in the Montenegrin mobile segment with revenues of €44 million in 2020 and 413 thousand subscribers. The company has an outstanding infrastructure of its own, thanks to the 436 base stations covering mountainous and resort areas under its ownership. Telenor reaches 98% of the population of Montenegro with its 4G mobile services, which provides the company with a stable growth platform.

#### **7.55. On the bond issue planned under the Bond Funding for Growth Scheme programme announced by the Hungarian National Bank (15 December 2021)**

On 17 December 2021, the Board of Directors of 4iG, on the basis of the authorisation granted by the General Meeting in General Meeting Resolution No. 22/2021 (IX.30.), decided to issue further bonds as a new tranche of bonds within the framework of the re-issue of the "4iG BFGS Bond 2031/II." (ISIN HU0000361019) issued in the context of the Bond Funding for Growth Scheme programme announced by the Hungarian National Bank at the total nominal value of 287 750 000 000,-HUF (ISIN HU0000361019).

The bonds will be issued by auction to the invited investors specified in the Information Memorandum relating to the bonds. The offered total nominal amount of the Bonds to be

issued under the re-issue is 85 000 000 000,-HUF. The bonds to be issued under the re-issue will form a series with the already issued bonds named "4iG BFGS Bond 2031/II.". The auction for the bonds to be issued under the re-issue will take place on 27 December 2021.

**7.56. Agreement for the indirect acquisition of the 99.899 per cent share package of ONE Telecommunications sh.a. (23 December 2021)**

4iG Plc. has entered into a sale and purchase agreement for the acquisition of ATI Albanian Telecom Invest Ltd, Adarna EOOD, Guri Enterprises B.V. and River Styxx Capital EAD, under 100 percent ownership of Albania Telekom Invest AD. Albania Telekom Invest AD is the owner of 99.899 percent of the shares of ONE Telecommunications sh.a. (hereinafter referred to as: ONE). Through this transaction, 4iG indirectly acquires the Albanian mobile operator ONE. The transaction may close following the Albanian regulatory procedures.

**7.57. Successful bond auction under the Bond Funding for Growth Scheme of the Hungarian National Bank (27 December 2021)**

As a result of the successful auction executed within the framework of the Bond Funding for Growth Scheme announced by the Hungarian National Bank, 4iG will issue the bond named "4iG FGS Bond 2031/II." (ISIN: HU0000361019), with a ten-year maturity, amortizing from the end of the fifth year, with a fixed interest rate of 6.00% per annum, nominal value of 50 000 000,- HUF, issued within the framework of re-issue, with an average yield of 6.2446 %, in a total nominal value of 83 billion HUF on 29 December 2021. As previously announced, 4iG intends to use the proceeds from the bond issue for acquisitions.



**8. Non-financial report for the financial statements of 31 December 2021**

## OUR MISSION, OUR APPROACH

As a key, leading player in the Hungarian IT sector, our company creates value for its customers throughout the entire IT lifecycle: from the formulation of demand through the development of complex systems to the maintenance of reliable operation. Our competitiveness stems from the fact that our operations are based on stable, predictable, large corporate foundations, but at the same time an agile, innovative, start-up approach is also present in our activities. As a listed company, our processes and activities are transparent, our financial and professional results are public.

The change in the information and communication technology (ICT) market has accelerated greatly as technology has become a key, unavoidable building block of business in recent years, further strengthened by the effects of COVID-19. Adapting to these market trends, 4iG is shaping its portfolio and expanding its staff: combining traditional and innovative elements, it progresses shaping the future of the domestic ICT market and digital business. Our approach goes beyond IT systems: we believe in partnership based on joint innovation and solutions tailored to the rhythm and business goals of our clients, be it a system that can be implemented almost immediately or the result of individual, customized development.

## OUR COMPETENCES

Thanks to our company's 30-year history, a fine-tuned service portfolio has developed, which includes elements capable of serving basic IT needs, as well as future-proof, innovative solutions. The company considers orders received from clients as a value chain, thanks to which it has become able to advise on the development of clients' IT needs, to design and implement, as well as to operate them. In terms of system solutions, 4iG mainly offers medium and large enterprise standard and custom solutions to its clients. These include high-availability, monolithic infrastructure systems and business applications that include the design and delivery, implementation, and integration of hardware and software license needs to the client's system environment. Our company has distributor and integrator certifications from the largest global technology companies, such as DELL, HPe, Cisco, SAP, Oracle, Symantec, Lenovo.

In addition to software, hardware and network infrastructure solutions, our company prioritizes custom software development, cyber security and industry-specific solutions such as IPAR4.0-based technologies. In the area of custom software development, we employ more than 150 colleagues. Our company strives to have the highest possible rate of its total staff to be constituted by technical professionals.

Our colleagues are constantly working to create both time-resistant and future-building solutions. We have significant expertise in our innovative target areas such as Block Chain, Artificial Intelligence, Machine Learning and are constantly researching the expandability of the application areas of these technologies.

## COMMERCIAL APPROACH

4iG is committed to having orders in a proportionate manner for ongoing, operation, support-type assignments and project-type orders. It strives to receive as many operational opportunities as possible in connection with the project constructions. Thanks to the company's past, we have a significant number of buyers that come extensively from most industries. Our clients include SMEs, large companies and international companies in the domestic competitive sector, as well as a significant part of state-owned companies.

Our commercial strategy is two-dimensional. On the one hand, it strives to retain existing clients, and on the other hand, it is constantly researching opportunities to expand its clientele. This approach underpins the fundamental goal of the company's management to ensure the sustainability of continuous growth.

## MARKET PRESENCE

Today, 4iG has become one of the most important players in the domestic market. Its growth also has a positive effect on the smaller players in the market by constantly looking for opportunities for cooperation, and it also supports its expansion and growth through acquisitions in addition to organic opportunities. The transparent, reliable operation of the company, its solutions delivered in high quality have a serious customer retention effect, and they can also have an exemplary effect on competitors. We believe that the company's domestic profitability can provide a solid basis for foreign expansion as well.

## KNOWLEDGE AND HUMAN FOCUS

The client is at the heart of our company's activities, and the basic condition of our operation is correct and accurate customer service. To this end, we continuously train our specialists to solve our clients' problems, using the latest, reliable technologies and with a short response time, regardless of the segment of IT involved. In addition, we always keep in mind that man is behind the technical need. The three basic conditions for business success are the coordination of technology, processes and the human factor, so in addition to the continuous training of our colleagues, we also consider the education of our clients to be equally important. To reduce risks, we regularly hold security awareness training sessions as well as consulting workshops to help one operate more efficiently digitally. It is important for our company to provide a liveable workplace, with which we contribute to creating a healthy work-life balance. Within the framework of our welfare program, our colleagues can participate in various activities, where, in addition to maintaining health, team building also plays a significant role. 4iG Plc. offers its employees a wide range of career opportunities, from the internship level to the expert and management level. We are open to accepting those beginning their careers who, with their thinking, new ideas and creativity, make the work of our teams, and overall, the operation of our large company even more dynamic. Through our own development, we all contribute to the success of our clients and our company.

## **ETHICS AND ANTI - CORRUPTION COMPLIANCE**

The 4iG Group operates a compliance program aimed at establishing a value-conscious corporate culture. The business of 4iG Group spans over several countries, so the Companies Group recognizes and analyses the legal, regulatory and practical differences between the countries in question while operating the Companies Group in a legal and ethical manner.

4iG Plc. is committed to the transparency and cleanliness of its processes, in accordance with which it pays special attention to the fact that the internal processes of the companies' group, its internal regulations related to ethics and conflicts of interest comply with international requirements. The 4iG Group Code of Conduct for Ethics and Business states in principle that the 4iG Group does not tolerate any form of corruption (including bribery, gratuities given to officials, redistribution, extortion, abuse of power for personal gain, influence unjustified advantages and gifts with the intention of influencing) in relation to those operating in the competition (private) or in the public or municipal sector.

The 4iG Group strictly prohibits its employees and any person acting on behalf of or representing the 4iG Group from offering, giving, soliciting, accepting or collecting an undue advantage. Employees and others acting on behalf of or representing the 4iG Group may never offer or hand over (or authorize to offer or hand over) funds or other advantages for the purpose of exercising undue influence over an official or providing an unlawful business advantage (or even only to give the appearance of these).

In order to operate the effective controls required to manage the risks related to corruption, in 2020, 4iG Plc. introduced an anti-corruption management system and - as a result of the adequacy of the applied controls - in December 2020 it was among the first domestic companies to obtain the MSZ ISO 37001:2019 certificate. The 4iG Group has explored and assessed the corruption risks arising in the course of its operations in detail, and has determined that a higher-than-low corruption risk can be identified, especially in relations with suppliers, clients and other business partners. 4iG Plc. secures the corruption risks especially through the creation of the right regulatory environment (in addition to the Code of Ethics already referred to, the 4iG Group has several other anti-corruption regulatory documents; e.g. Compliance Function Code, Anti-Corruption and Bribery Policy, Gift Policy), the anti-corruption education of our colleagues, the development of a value-conscious corporate culture, the creation of conflict of interest rules, securing the transparency of decision-making processes, the screening and qualification of business partners and internal audit.

## QUALITY MANAGEMENT

We have designed our integrated management system by taking into account industry best practices, standards and norms in mind. We regularly review and improve its operations for customer satisfaction. (ISO 9001, ISO 14001; ISO 20000-1, ISO 27001; ITIL4) Our standard-based management system is designed to provide requirements for the continuous monitoring, maintenance and continuous improvement of all of our company's business processes. Developing and maintaining a standard management system is a long-term strategic decision for our company.

Our principle is customer focus and providing the highest possible level of service. We pay special attention to ensuring and maintaining customer satisfaction, fully investigating incoming customer complaints and defining related measures, thus ensuring a high level of satisfaction of our customers' needs.

We regularly measure our customers' satisfaction, and we use the results in the development of our quality management system in accordance with MSZ EN ISO 9001:2015. In connection with this, the 4iG Group is not satisfied with the introduction of operation according to ISO standards, but continuously determines metrics with which the efficiency of management systems can be measured, and their evaluation provides an opportunity for continuous improvement. During the operation of the 4iG Group's integrated management system (quality, environmental and information security management system), it continuously monitors key financial and non-financial indicators, from which it assesses and monitors the achievement of goals set according to various ISO standards along the PDCA cycle.

Regular internal audits verify the achievement of policy objectives, compliance with relevant instructions and provisions, and the implementation of action plans identified in previous audits.

Each year, the effective operation of the integrated management system is certified by an external independent certification body for every three-year certification cycle.

The 4iG Group is committed to being part of, helping and developing the community and environment in which it operates. Our company considers it important to stand by exemplary and value-creating initiatives. Be it culture or sport, science and innovation, or current social problems. At the same time, all sponsored and supported individuals and organizations are expected to act in accordance with the ethical values and principles of the 4iG Group.

## ENVIRONMENTAL PROTECTION

The 4iG Group is committed to preventing environmental damage and hazards and reducing the health, safety and environmental risks arising from its operations. The Company fulfils service activities but does not market material or substances being dangerous to the environment, and does not own the herein stocks. To keep directives on environmental protection is highly important to the Company. The company has an environmental management system established according to the MSZ EN ISO 14001:2015 standard at the group level and aims to obtain the energy management system certificate according to MSZ EN ISO 50001:2019 by 2021.

The sparing treatment of natural resources and energy is a key element of our company's environmental strategy, our long-term goal is to develop and apply technical solutions and processes that lead to material and energy savings while reducing the burden on the environment, as well as reducing environmental risks.

Our Company: – complies with the relevant technological rules in all its activities; human and environmental focus, the use of recycled materials, and the introduction of waste reduction technologies and procedures are key considerations in the design of the workplace environment; the marketed and traded products shall hereby comply with RoHS directives in every case. In all cases, we use the assistance of a legally qualified, expert company in the destruction of unrepairable, discarded devices and parts, and they carry out the regular removal and destruction.

#### **4iG PLC. PRINCIPLES OF SECURITY**

In all cases, 4iG Nyrt. and its subsidiaries act with utmost care to ensure the safety of their clients, suppliers and their own employees. The corporate group considers security and safety as business advantage to its competitors. The Company focuses on maintaining existing trust in partners by deepening employee security awareness through internal policies, training and development.

In the course of its operations and the performance of the services it provides, the 4iG Group is committed to complying with the guidelines set out in the MSZ ISO/IEC 27001:2014 standard by recognizing it as mandatory for itself. To ensure business continuity, the 4iG Group takes all necessary information protection measures, designing all its data management processes in accordance with data protection and information security requirements.

In order to ensure the highest possible level of protection regarding personal data, the 4iG Group has comprehensive policies and regulations that respond to all points of the relevant legislation, through the creation and documentation of which our colleagues work more security-consciously and help our partners through awareness.

#### **INFORMATION AND INTEREST SYSTEM**

In 2020, the Company and its subsidiary companies operated under a common corporate governance system. Processes are transparent, following everyday needs as much as possible to ensure operational flexibility. In 2021, we refine our organization and the related interest system and we try to adjust the thereof to our new strategy to support the realization of the targeted results at a maximum level.

#### **POLICY ACHIEVEMENTS**

##### **Results of Anti-corruption Policy**

Our company operates an Ethics and Compliance reporting line, which is also available on the 4iG website. The reports received during the year were investigated and it was decided to take the necessary measures. A full compliance-focused audit was performed, as a result of which we identified the Company's corruption risks and defined the controls aimed at managing the risks. After that, 4iG Plc. was one of the first in Hungary to obtain a certificate accredited by Akkreditáló Hatóság (in English: National Accreditation Authority) for its management system developed according to the ISO 37001 standard. We provided anti-corruption and ethics

training in relation to the hereinabove, as a result of which 97% of our employees passed the examination and made statements on anti-corruption on two levels (Employee and Senior Management / Board of Directors) in accordance with the standard requirement.

Our most important anti-corruption indicators:

- full investigation of notifications received
- conducting annual audits
- continuous monitoring of controls
- participation rate in trainings

#### Results of environmental policy

In the course of its operations, 4iG Plc. pays great attention to environmental protection and communicates its related objectives in its environmental policy to its employees and stakeholders, in line with environmental goals and programs. The Quality Management organizational unit compiles a list of the Company's activities to be audited at planned intervals.

In the list, it divides the processes into sub-activities, through which the environmental impacts can be identified, the assessment of which serves as a basis for selecting the significant ones from the many impacts, and the Company can focus its resources on them when defining environmental goals, plans and programs.

We are continuously monitoring the implementation of the environmental programs launched in the current year, the most important of which are the reduction of fuel consumption by 5%, the reduction of paper consumption by 10%, and the implementation of selective waste collection in office units.

We evaluated our suppliers involved in our environmental management system and found them to be suitable in the assessment taking into account environmental considerations, i.e. we requested them to submit their permits in connection with the disposal of waste.

During the selective collection and storage of waste, we pay special attention to avoiding the mixing of hazardous and other wastes, thereby preventing environmental pollution and reducing the environmental impact. In the recent period, we have placed great emphasis on reducing the amount of electronic waste and recycling it as much as possible.

We introduced our subcontractors to the basic requirements of our environmental management system (application of the 'Environmental Information Document' as an annex to the Contracts).

Our most important environmental indicators:

- hazardous and non-hazardous waste collection
- fuel consumption
- reducing energy consumption

#### Results of information security policy

The 4iG Group conducts regular audits to ensure that the objectives set out in the information security policy are being met and that the relevant instructions and procedures are being followed by those concerned. If an irregular process or employee behaviour is experienced, the necessary action is taken to correct the problem. As a basic training for new entrants introduced in the current year, our employees receive information security education in accordance with our policy within the framework of the 'Welcome Day' designed for them to get to know the Company.

#### Results of quality policy

Based on 'our vision, our mission', we are continuously developing our quality management system in proportion to the growth of 4iG, and we are examining the adequacy and effectiveness of our processes. We ensure the compliance of the group of suppliers and subcontractors with the certification in the interest of the responsibility undertaken for quality.

In the current year, the GRC (Governance, Risk Management, Compliance) system was introduced, which promotes transparent operation, greatly helping to monitor operational processes.

#### Our most important indicators:

- completion of an annual audit program
  - monitoring the effectiveness of corrective actions taken for nonconformities identified during the audit
- number of follow-up audits
- full investigation of complaints received
- participation rate in trainings



## **REPRESENTATION**

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

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

I, the undersigned, shall hereby undertake that the data of the statement included in the report for the year 2021 and the contents of the analyses and the conclusions are in compliance with reality.

Dated as of 08 April 2022 in Budapest

Jászai Gellért  
Chairperson Chief Executive Officer

Tóth Béla Zsolt  
member of the Board of Directors

**4iG Nyrt.**

**Cím:** H-1037 Budapest, Montevideo u. 8.

**Tel.:** +36 1 270 7600

**Fax:** +36 1 270 7679

**Web:** [www.4ig.hu](http://www.4ig.hu)