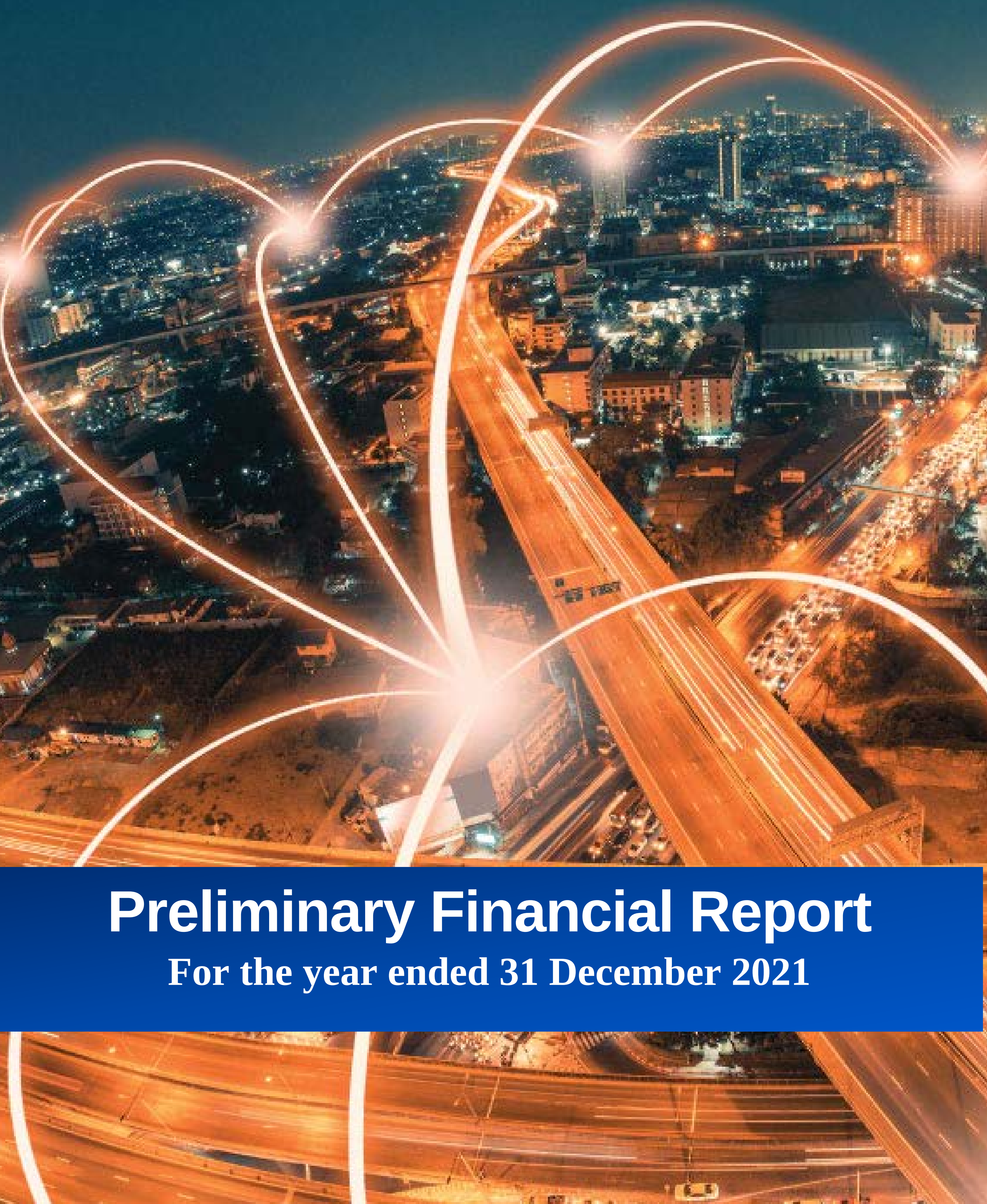
DIGI
communications n.v.



Preliminary Financial Report

For the year ended 31 December 2021

Table of Contents

INTRODUCTION

The consolidated financial information included in this Preliminary Financial Report is based on the Digi Communications N.V. ("Digi") Group's Unaudited IFRS Consolidated Financial Statements for the year ended 31 December 2021.

Financial and operational data from this Preliminary Financial Report are estimates. The final Annual Report for the year ended 31 December 2021 will include the final financial and operational data, which may vary significantly by reference to this Preliminary Financial Report. A final Annual Report will be released by Digi to the market as per the Financial Calendar announced on Bucharest Stock Exchange.

The Group's management is taking into consideration the change in accounting policy for Property, plant and equipment from fair value model to historic cost model as at 31 December 2021. The impact of voluntarily changing the policy is still under analysis at the current time.

DIGI COMMUNICATIONS N.V.
Preliminary Summary Consolidated Statement of Profit or Loss
for the year ended as at 31 December 2021
(all amounts are in thousand €, unless specified otherwise)

	Note	2021	2020
Continuing operations			
Revenues(2)	1	1,277,532	1,106,573
Operating expenses(1)	2	(1,107,598)	(927,871)
Other (expenses)/income	3	(417)	832
Operating profit(1)		**169,517**	**179,534**
Finance income	4	213	3,801
Finance expenses	4	(80,966)	(110,940)
Net finance costs		**(80,753)**	**(107,139)**
Profit before taxation from continuing operations (1)		**88,764**	**72,395**
Discontinued operation	5		
Loss before taxation from discontinued operation		**(15,236)**	**(47,726)**
Profit before taxation (1)		**73,528**	**24,669**

(1) The Group's management is taking into consideration the change in accounting policy for Property, plant and equipment from fair value model to historic cost model as at 31 December 2021. The impact of voluntarily changing the policy is still under analysis at the current time. As a consequence of the anticipated change, there will be significant impact on:

- Property, plant and equipment and Equity recognized in the Statement of Financial Position as at 31 December 2021 and comparative periods, and on
- Preliminary depreciation expenses included in the "Operating expenses" and preliminary deferred tax & income tax expense recognised in the Consolidated Statement of Profit and Loss as at 31 December 2021 and comparative period.

Therefore, the preliminary consolidated information presented above does not include an estimation of deferred tax and income tax and Net result of the year, nor the impact of this estimated change in policy.

The final results will be released by Digi to the market as per the Financial Calendar announced on Bucharest Stock Exchange.

(2) The result of the energy activity was presented in the Consolidated financial statements up to 31 December 2020 on a net basis. As of 31 December 2021, the results of the energy activity are presented on a gross basis, with full presentation as revenues and as operating expenses, respectively. The presentation of comparative information as of 31 December 2020 was restated accordingly, for comparability purposes.

These preliminary consolidated information as at 31 December 2021 are in the course of year-end audit. Significant adjustments and/or restatements of comparative information might occur until the issuance of the final consolidated financial statements. Therefore, the final results may vary significantly by reference to this Preliminary Financial Report.

Serghei Bulgac,
CEO

OTHER FINANCIAL AND OPERATING DATA

The following table shows Selected Financial Data and Ratios based on Digi group's consolidated financial data as at and for the years ended 31 December 2021 and 2020:

Selected Financial Data and Ratios

	As at and for the year ended 31 December	
	2021(6)	**2020**
	(€ millions, unless otherwise stated)	
Revenues		
Revenues from continuing operations	1,277.5	1,106.6
Revenues from discontinued operation	194.7	199.6
Total Revenues	**1,472.3**	**1,306.1**
Adjusted EBITDA		
Continuing operations		
Adjusted EBITDA(1)	**472.3**	**425.8**
Adjusted EBITDA Margin%	37.0%	38.5%
Adjusted EBITDA excl. IFRS 16	**409.9**	**374.2**
Adjusted EBITDA (%) excl. IFRS 16	32.1%	33.8%
Discontinued operation		
Adjusted EBITDA(1)	**52.6**	**54.0**
Adjusted EBITDA Margin%	27.0%	27.0%
Adjusted EBITDA excl. IFRS 16	**29.2**	**30.9**
Adjusted EBITDA (%) excl. IFRS 16	15.0%	15.5%
Total		
Adjusted EBITDA(1)	**524.9**	**479.8**
Adjusted EBITDA Margin%	35.7%	36.7%
Adjusted EBITDA excl. IFRS 16	**439.1**	**405.1**
Adjusted EBITDA (%) excl. IFRS 16	29.8%	31.0%
Net debt & Leverage		
Total consolidated debt(2)	**1,355.3**	**1,072.5**
Cash and cash equivalents(3)	19.6	6.5
Total consolidated net debt	**1,335.7**	**1,066.0**
Net Leverage Ratio(4)	**3.0x**	**2.6x**
CAPEX	**455(5)**	**371**

(1) Adjusted EBITDA includes the impact of IFRS 16, in total amount of €85.8 million.
(2) Total debt presented is as per the Senior Notes covenants (excluding IFRS 16 impact). It includes interest bearing loans and borrowings (non-current), interest bearing loans and borrowings (current), derivative financial liabilities, other long term liabilities, financial leases and excludes accrued interest.
(3) Cash and cash equivalents as at 31 December 2020, as reported in the Consolidated financial statements issued on 6 April 2021, was in amount of €10.6 million and included €4 million of cash equivalents regarding cash in transit from payments from collection intermediaries. As at 31 December 2021 such payments collected by intermediaries will be presented as part of Trade and other receivables. The presentation of comparative information as at 31 December 2020 in the table above was restated accordingly, for comparability purposes.
(4) Represents the ratio between total net debt and Adjusted EBITDA over a given period, as per the Senior Notes covenants.
(5) CAPEX excluding telecommunication spectrum licenses prices paid for acquisition or renewal in 2021 in Romania (€67.7 million) and for acquisition in Portugal (€33.8 million).
(6) Unaudited.

The following table shows our revenues generating units (RGUs) by geographic segment and business line and average revenue per unit (ARPU) by geographic segment as at and for the years ended 31 December 2021 and 2020:

	As at and for the year ended 31 December	
(RGUs: thousands; ARPU: €/period)	**2021**	**2020**
Group		
RGUs	**20,460**	**18,136**
ARPU	**5.7**	**5.7**
Continuing operations		
Romania		
RGUs		
Pay TV(1)	5,129	4,733
Fixed internet and data(2)	3,782	3,313
Mobile telecommunication services(3)	4,177	3,680
Fixed-line telephony(2)	984	1,044
ARPU(4)	**4.8**	**4.9**
Spain		
RGUs		
Fixed internet and data	480	204
Mobile telecommunication services(3)	2,972	2,334
Fixed-line telephony	165	72
ARPU(4)	**9.7**	**9.9**
Other(5)		
RGUs		
Mobile telecommunication services(3)	324	251
ARPU(4)	**6.9**	**7.8**
Discontinued operation(6)		
RGUs	2,447	2,505
ARPU(4)	**5.9**	**5.9**

(1) Includes RGUs for Cable television and DTH services.
(2) Includes residential and business RGUs.
(3) Includes mobile telephony and mobile internet and data RGUs.
(4) ARPU refers to the average revenue per RGU in a geographic segment or the Group as a whole, for a period by dividing the total revenue of such geographic segment, or the Group, for such period to the RGUs number.
(5) Includes Italy
(6) Hungarian operations were sold in January 2022. As at 31 December 2021 respective RGUs and ARPUs are presented as discontinued operation.

PRELIMINARY MANAGEMENT DISCUSSION AND ANALYSIS

Main variations are explained below:

1. Revenues

Our revenue for the year ended 31 December 2021 was €1,472.3 million, compared with €1,306.1 million for the year ended 31 December 2020, an increase of 12.7%, out of which revenues from continuing operations for the year ended 31 December 2021 were €1,277.5 million, compared to €1,106.6 million for the year ended 31 December 2020, an increase of 15.4%.

The result of the energy activity was presented in the Consolidated financial statements up to 31 December 2020 on a net basis. As of 31 December 2021, the results of the energy activity are presented on a gross basis, with full presentation as revenues and as operating expenses, respectively. The presentation of comparative information as of 31 December 2020 was restated accordingly, for comparability purposes.

Group RGU's increased from 18.1 million (out of which RGU for continuing operations were 15.6 million) as at 31 December 2020 to 20.5 million (out of which RGU for continuing operations were 18.0 million) as at 31 December 2021 (an overall increase of 13% and an increase of 15% for continuing operations), main contributors to the growth being Romanian's fixed internet and mobile services RGUs, as well as Spain's mobile RGUs.

2. Operating expenses

Our total operating expenses for the year ended 31 December 2021 were €1,310.3 million, compared with €1,136.1 million for the year ended 31 December 2020, an increase of 15.3%, out of which operating expenses from continuing operations for the year ended 31 December 2021 were €1,107.6 million, compared with €927.9 million for the year ended 31 December 2020, an increase of 19.4%.

Operating expenses grew in line with business development. We recorded increases in salaries and utilities expenses during the year.

The Group's management is taking into consideration the change in accounting policy for Property, plant and equipment from fair value model to historic cost model as at 31 December 2021. The impact of voluntarily changing the policy is still under analysis at the current time. As a consequence of the change, there will be significant impact on:

- Property, plant and equipment and Equity recognized in the Statement of Financial Position as at 31 December 2021 and comparative periods, and on
- Preliminary depreciation expenses included in the "Operating expenses" and preliminary deferred tax & income tax expense recognised in the Consolidated Statement of Profit and Loss as at 31 December 2021 and comparative period.

Therefore, preliminary depreciation expenses included in the "Operating expenses" presented above for year ended 31 December 2021 may vary significantly compared to final results which will be included in the Annual report for year ended 31 December 2021.

3. Other income/expenses

We recorded €0.4 million of Other expenses in the year ended 31 December 2021, compared to Other expenses of €2.7 million in the year ended 31 December 2020.

For the year ended 31 December 2021, Other expenses include accrued expenses for the period related to share option plans which are expected to be non-recurring.

For the year ended 31 December 2020, Other expenses include the net result from the sales of Invitel's operations in selected locations, as well as the net result for share option plans vested and expected to be non-recurring.

4. Net finance expenses

We recognized net finance expenses of €88.0 million in the year ended 31 December 2021, compared with net finance expenses of €142.7 million in the year ended 31 December 2020, a decrease of 38.3%, out of which net finance expenses from continuing operations for the year ended 31 December 2021 were €80.8 million, compared to €107.1 million for the year ended 31 December 2020, a decrease of 24.6%.

In 2021, the total net loss from foreign exchange was in amount of €21.3 million, compared with total net loss from foreign exchange in amount of €37.5 million in 2020, a decrease of 43.0%.

On 5 February 2020 we issued Senior Secured Notes in amount of €850 million. The proceeds were used to repay 2016 Senior Secured Notes of €550 million, partially prepay Senior Facilities Agreement (SFA) 2016 and repay Senior Facilities Agreement (SFA) 2018 respectively. We recorded expenses for early prepayment and accrued interest up to the repayment date of the 2016 Senior Secured Notes in amount of €16.6 million. At repayment date, upon exercise of call option, the fair value of the related embedded derivative assets was derecognized through profit and loss account and impacted finance expenses in amount of €40.0 million. These financial expenses were partially offset by finance revenues in the amount of €3 million, mainly due to fair value movement of embedded derivative assets related to 2020 Senior Secured Notes.

5. Subsequent events

Sale of Hungarian operations

On January 3, 2022, the Company's Romanian subsidiary (RCS&RDS) and 4iG Plc. (4 iG Plc.), one of the leading companies of the Hungarian IT and ICT market, successfully closed the transaction regarding the acquisition of DIGI Tavkozlesi Szolgaltato Ltd. (Digi Hungary) and of its subsidiaries, Invitel Távközlési Zrt, Digi Infrastruktura Korlatolt Felelossegu Tarsasag and I TV Ltd by 4iG Plc ("the Hungarian operations").

On 29 November 2021, the parties executed the sale and purchase agreement regarding the acquisition by 4iG Plc of the 100 percent stake held by RCS&RDS in Hungary's leading telecommunications and media service group and the assignment of all debts of Digi Hungary and of its subsidiaries to RCS & RDS. The transaction was subject to the fulfilment of certain conditions, including the Hungarian competition authority's clearance.

Following the fulfilment and/or waiver of the conditions established by the parties upon the execution of the sale and purchase agreement and the application of all relevant adjustments, on January 3, 2022 an aggregate price of approximately EUR 624.98 million has been received by RCS&RDS. The Company and its subsidiaries (the "Group") will use this amount for repayment of the financial debt of the Group as well as for further investments in their markets of operations and potentially new markets in Western Europe.

As per IFRS requirements, for accounting purposes, as at 31 December 2021 the Hungarian operations will be presented in the consolidated financial statements as discontinued operation in 2021 (comparative information related to 2020 is presented on a similar basis).

Partial repayment of debt

Following the receipt of the sales price of the Hungarian operations, in January 2022, the Group made partial repayment of the Group's financial debt in the aggregate amount of EUR 272 million. The outstanding balance of SFA 2020 and of the short term & working capital facilities from Romania were repaid.