ANNUAL REPORT

4iG

2019

CONTENT

The Board of Directors of the Company approved the Report within the scope of competence of the general meeting, on the basis of the authorization of decree no. 102/2020. (IV.10.) on divergent provisions concerning the operation of personal and asset pooling organizations during the State of Emergency took the Resolution of the Board of Directors No. 1/2020. (IV. 29.) by written decision without holding a meeting on the 29th of April 2020.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF
4iG Nyrt.

Report on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards

Opinion

We have audited the consolidated financial statements of **4iG Nyrt. and its subsidiaries** (hereinafter collectively referred to as "the Group"),prepared in accordance with the International Financial Reporting Standards, which consolidated financial statements comprise the consolidated statement of financial position for the year ended on 31 December 2019 – in which the identical total amount of assets and liabilities is **HUF 24.109.338 thousand** –, the consolidated statement of comprehensive income for the financial year then ended – in which the net profit for the year is **HUF 2.826.944 thousand in profits** –, a consolidated statement of changes in equity, a consolidated statement of cash flows, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the EU and with the Act C of 2000 on accountancy applicable in Hungary (hereinafter: „Accountancy Act").

Basis for the opinion

The audit was performed in line with the Hungarian National Audit Standards and in compliance with the acts and laws on accounting applicable in Hungary. A more thorough description of our liability prescribed by these standards is contained in the section of this report titled „ The liability of the auditor for the audit of the consolidated financial statements".

We are independent from the Group in accordance with applicable laws in force in Hungary and the "Regulations on the (Ethical) Rules of Conduct for Auditors and Disciplinary Procedures" of the Chamber of Hungarian Auditors and in respect of matters not regulated therein, in accordance with the "Code of Ethics for Professional Auditors" issued by the International Ethics Standards Board for Accountants (IESBA Code), and we comply with other norms of ethics mentioned in those norms, as well.

We are convinced that the audit evidence obtained by us provides sufficient and suitable ground for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the current consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have complied with our responsibilities described in the section "Auditor's Responsibility for the Audit of the Financial Statements", including the matters detailed below. Accordingly, our audit included performing procedures to obtain audit evidence about the risks of material misstatement of the financial statements. The results of our audit procedures, including those performed to address the following matters, provide the basis for our auditor's opinion on the financial statements.

Key audit matters	Audit procedures carried out
Measurment of goodwill	
The matter below has been described in detail in point 17. of the Notes to the consolidated financial statement. When performing the (at least) yearly compulsory impairment test at 2019, the Group has not accounted impairment after the goodwill relating to the IT division with initial value of HUF 722 million, recognized at the financial statements when FreeSoft Kft, former subsidiary of the Group, had been merged into the Company. The book value of goodwill at the end of 2019 is HUF 411 million. The Group has calculated the recoverable amount of the goodwill by the use of Discounted Cashflow Model (DCF). Measurement of FreeSoft goodwill at the period end (and possible impairment) was considered to be a key audit matter, as the use of DCF model is based on significant presumptions and professional judgement of the management.	We reviewed the methodology used by management to measure goodwill to determine whether it is in accordance with IFRS and whether it has been applied consistently. During the course of our audit we have examined the presumptions and calculations of the DCF model. The audit also included consultation with relevant expert of our audit company such as partner responsible for business valuations. Management of 4iG Nyrt. has also confirmed to us the thoroughness and reasonableness of the presumptions and plans of the model in their management representation letter. We have concluded that the valuation model was profoundly set up to reach an adequate conclusion, therefore we consider the carrying value of the goodwill appropriate.
Revenue recognition	
Presentations of the matter are set out in Notes 3 (revenue) and 21 (prepaid revenues) to the notes to the financial statements. Accurate revenue recognition is considered a fundamental risk as the Company performs significant volume of software development and other IT projects over a longer period of time and has accordingly reviewed and applied the requirements of IFRS 15 International Financial Reporting Standard- Revenue from Contracts with Customers. The Company recognizes the sales revenue for the given year according to the stage of completion of the projects. Revenue recognition is considered a key area, on the one hand due to the number and size of the related contracts, and on the other hand due to the appropriate support for the accounting of projects by stage of completion.	In the course of our audit procedures, we assessed whether the Company's accounting policies are appropriate for accounting for revenue and in accordance with IFRS 15 International Financial Reporting Standard- Revenue from Contracts with Customers. We assessed the controls and processes related to the accounting and auditing of customer contracts. In addition, we tested and reconciled the documentation supporting the sales revenue and accounted costs related to significant projects by sampling, as well as the documentation of the degree of completion of the projects and the accuracy of the calculations. Revenue transactions around the balance sheet date and credit notes issued after the balance sheet date were tested on a sampling basis to determine that revenue was recognized for the appropriate period.

	We performed basic analytical procedures on the revenue accounts and verified the accuracy of the information related to revenue presented in the notes. We consider the sales revenue realized by the Company to be adequate.
Leasing contracts	
Leases are disclosed in Note 30 to the financial statements. From 1 January 2019, the Company has applied IFRS 16 Leases. The first-time adoption of IFRS 16 is considered a key issue because of the significant volume of leases and the reasonableness of the assumptions used in accounting. The value of right-of-use asset recognized by the Company as of 31 December 2019 is HUF 693,936 thousand, the value of the lease obligation is HUF 699,024 thousand, of which the short-term part is HUF 363,843 thousand.	We assessed the controls and methods used in identifying leases and examined the assumptions and parameters used by the Company (such as discount rates, maturities) and the exceptions used in accordance with IFRS 16. We examined the breakdown of the short-term and long-term portion of the lease liability recognized at the balance sheet date. We examined by sampling the correctness of the initial value and change of the right-of-use asset and lease obligation accounted for on the basis of each leasing contract, as well as the correctness of the recognized interest expense and year-end revaluation.

Other information: The consolidated Annual Report

Other information consists of the consolidated annual report of **4iG Nyrt. and its subsidiaries** for the year 2019. Management is responsible for the preparation of this consolidated annual report in accordance with the accounting act and applicable provisions of other legal regulations. The opinion on the consolidated financial statements expressed in the "Opinion" section of our independent auditor's report does not relate to the consolidated annual report.

Our responsibility in connection with our audit of the consolidated financial statements is to read the consolidated annual report and in the course of this, to assess whether the consolidated annual report is in any material way inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit or whether otherwise it appears that it contains any material misstatements. If on the basis of our work we reach the conclusion that the other information contains any material misstatement, it is our obligation to report this and the nature of the misstatement.

In accordance with the accounting act, we are also responsible for assessing whether the consolidated annual report is in accordance with the accounting act and applicable provisions of other legal regulations, and to express an opinion about this and the consistency between the consolidated annual report and the consolidated financial statements.

As 4iG Nyrt. is a listed company, based on the Accounting Act, our responsibility is to consider whether the consolidated annual report is compliant with the requirements set out in points (e) and (f) of subsection (2) of Section 95/B of the Accounting Act. Based on the Accounting Act, we also have to declare whether the information set out in points (a) to (d) and point (g) of subsection (2) of Section 95/B of the Accounting Act has been made available in the consolidated annual report.

In our opinion, the 2019 consolidated annual report of **4iG Nyrt. and its subsidiaries** – including requirements set out in points (e) and (f) of subsection (2) of Section 95/B of the Accounting Act - is consistent with the 2019 consolidated financial statements of **4iG Nyrt. and its subsidiaries** prepared in accordance with the International Financial Reporting Standards, and the consolidated annual report has been prepared in accordance with the provisions of the Accounting Act.

The information set out in points (a) to (d) and point (g) of subsection (2) of Section 95/B of the Accounting Act has been made available in the consolidated annual report. The consolidated annual report does not consist non-financial information report set out in 95/C. §, and 134. § (5) points of the Accounting Act, as the Group is not obliged to report such information based on 95/C. section of the Accounting Act.

As other laws do not stipulate any other requirements on the consolidated annual report for the Group, we express no opinion in this respect.

We are not aware of any other material inconsistencies or material misstatements in the consolidated annual report, therefore we have nothing to report in this regard.

Management's [and appointed managers'] Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and according to the specific situation to disclose information relating to the company as a going concern. Furthermore, management is responsible for preparing the consolidated financial statements based on the principle of going concern. Management must rely on the principle of going concern, unless a different provision prevents the application of such principle and there are any facts or circumstances inconsistent with continuing as a going concern.

Persons appointed as managers are responsible for supervising the process of the Group's financial reporting.

The liability of the auditor for the audit of the consolidated financial statements

It is our goal to obtain assurance during the audit that the consolidated financial statements do not contain any substantial false statements either originating from fraud or mistake, furthermore to issue our independent audit report containing our opinion based on the audit. The sufficient degree of certainty is a high-level certainty, yet there is no guarantee that the audit performed in line with the Hungarian National Audit Standards reveals all existing false statements. The false statements may originate from fraud or mistake and they qualify as substantial if it may be reasonably expected that these independently or jointly influence the business decisions of the readers of the consolidated financial statements.

We apply a professional perspective during the audit in line with the Hungarian National Audit Standards and we maintain professional scepticism.

Furthermore:

- Risks of substantial false statements of the consolidated financial statements, either originating from fraud or from mistake, are identified and assessed; we create and execute auditing processes suitable for the handling of such risks, furthermore sufficient and adequate audit evidence is obtained to be able to base our opinion. The risk of not revealing a substantial false statement due to fraud is greater than not revealing the same caused by mistake as fraud may include conspiracy, falsification, wilful omissions, false statements or the ignoring of internal controls;

- We become familiar with the internal control mechanisms relevant for the audit in order to design such audit procedures that suffice among the given circumstances but we do not analyse them for the purpose to form an opinion about the efficiency of the internal control system of the Group.

- The adequacy of the accountancy policy applied by the management, furthermore the rationality of the accountancy assessments and the related publications made by the management are evaluated.

- Conclusions are drawn based on the obtained audit evidence, whether the management was right to apply the principle of „going concern" by preparing the consolidated financial statements, furthermore whether substantial insecurities exist concerning such events or conditions that might raise significant doubts about the ability of the Group to conduct its business. If conclusion is drawn that substantial insecurities exist, then in our independent audit report we have to bring the attention to the related publications in consolidated financial statements or if the publications in this regard are not suitable, then our opinion has to be qualified. Our conclusions are based on the audit evidence obtained before the date of the independent audit report. Nonetheless, future events or conditions might cause the Group ceasing its business.

- The comprehensive presentation, structure and content of the consolidated financial statements are evaluated, including the publications in the supplementary appendix, furthermore it is also assessed whether the consolidated financial statements present the transactions and events realistically.

- We inform, inter alia, the planned scope and schedule of the audit, the substantial findings of the audit to the persons authorized for control tasks, including significant deficiencies of the internal control mechanisms applied by the Group identified during our audit if there was any.

We hereby issue a declaration to persons entrusted with management to the effect that we complied with relevant ethical requirements concerning independence and that we communicate them all contacts and other issues where it can be reasonably assumed that they affect our independence, together with, as and where appropriate, the precautionary measures adopted.

Out of matters communicated to persons entrusted with management, we determined the ones that were the most important in the course of auditing the consolidated financial statements for the current period and that, thus, were also key audit issues. We disclose these matters in our audit report, unless the law or other regulations forbid us to disclose them publicly or if – under very rare circumstances – we conclude that a specific matter cannot be communicated in the auditor's report as, based on reasonable expectations, the detrimental implications would be more profound than the public benefits of their communication.

Declaration about other legal and regulatory requirements

In accordance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we hereby make the following statements in our independent auditor's report, in addition to reporting obligations required by Hungarian National Auditing Standards:

Appointment of the auditor and the duration of its appointment
The general meeting of the Company held on 16 January 2016 appointed our company to be the auditor of 4iG Nyrt. Our appointment covered the audit of the consolidated financial statements for the years of 2015-2017. Our appointment was extended at the general meeting of the Company held on 26 April 2019. According to that our appointment covers the audit of the consolidated financial statements for the years of 2019-2020 and lasts at latest until 30 April 2021.

Consistency between the auditor's report and the supplementary report addressed to the audit committee
We confirm that our audit opinion in this auditor's report concerning the consolidated financial statements are consistent with the supplementary report addressed to the audit committee of the Company that we issued on 7 April 2020, in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council

The provision of non-audit services
We hereby declare that we did not provide the Company with any prohibited, non-audit services outlined in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council. In addition, we declare that we did not provide the Company and the businesses controlled by the Company with such other, non-audit services that are not included in the consolidated annual report.

The person signing the report qualifies as the partner responsible for the audit appointment resulting in the present independent auditor's report.

Budapest, 7 April 2020

Péter Honti
Managing Director

Zsuzsanna Freiszberger
auditor, member of the
Hungarian Chamber of
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CONSOLIDATED FINANCIAL STATEMENTS

COMPILED IN LINE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2019

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CONTENT

Consolidated comprehensive profit and loss account

data in thousands of Hungarian Forints unless otherwise indicated

	Annex	2019	2018
Net sales revenues	3	41,129,298	14,007,455
Other operating income	3	355,716	480,175
Revenues in total		**41,485,014**	**14,487,580**
Costs of goods and services sold	4	30,125,908	8,937,915
Operational expenditures	5	1,840,032	1,425,353
Staff costs	6	5,378,660	3,070,784
Other expenditures	7	65,015	212,005
Operating expenses		**37,409,615**	**13,646,007**
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		**4,075,399**	**841,573**
Depreciation and impairment	8	743,120	601,152
Earnings before interest and tax (EBIT)		**3,332,279**	**240,421**
Finance income	9	173,912	112,629
Finance expenditures	9	191,703	134,014
Profit before tax		**3,314,488**	**219,036**
Income taxes	10	487,544	117,114
Profit after tax	11	**2,826,944**	**101,922**
Other comprehensive income		**-**	**-**
Total comprehensive income	12	**2,826,944**	**101,922**
From which: profit and loss of discontinuing operation		*0*	*0*
Earnings per share (HUF)			
Base	13	31	1
Diluted	13	30	1
From profit after tax:			
Per parent company:		**2,892,687**	**101,922**
Share for external owner		**(65,743)**	**0**
From the total comprehensive income:			
Per parent company:		**2,892,687**	**101,922**
Share for external owner		**(65,743)**	**0**

Annexes included on pages 33 to 71 are inseparable parts of the consolidated report

data in thousands of Hungarian Forints unless otherwise indicated

Consolidated balance sheet

	Annex	31 December 2019	31 December 2018
ASSETS			
Over the year assets			
Tangible assets	14	322,353	140,157
Intangible assets	15	1,114,174	568,824
Deferred tax assets	16	3,202	75,929
Goodwill	17	411,243	651,703
Other investments	18	97,488	133,946
Over the year assets in total		**1,948,460**	**1,570,559**
Current assets			
Liquid assets and cash equivalents	19	6,237,873	175,570
Trade receivables	20	12,891,746	4,305,683
Other receivables and accrued and deferred assets	21	2,065,341	1,626,385
Actual income tax receivables	22	0	32,094
Securities	23	442,600	442,600
Inventories	24	523,318	242,112
Current assets in total		**22,160,878**	**6,824,444**
Assets in total		**24,109,338**	**8,395,003**
RESOURCES			
Own equity			
Issued capital:	25	1,880,000	1,880,000
Repurchased own shares:	26	(92,251)	(101,740)
Capital Reserve	27	816,750	816,750
Accumulated profit reserve	28	2,951,957	124,546
Own equity per parent company in total		**5,556,456**	**2,719,556**
Non-controlling interest		(63,743)	-
Own equity in total:		**5,492,713**	**2,719,556**
Long-term liabilities			
Provisions	29	56,718	18,197
Finance lease liabilities	30	335,181	0
Deferred tax liabilities	16	0	0
Long-term liabilities in total		**391,898**	**18,197**
Short-term liabilities			
Trade creditors and other accounts payable	31	11,609,090	2,219,684
Short-term credits and loans	32	1,500,000	1,758,056
Other short-term liabilities and accrued liabilities	33	4,751,793	1,674,520
Dividend liability towards the owners	34	0	0
Finance lease liabilities	30	363,843	4,990
Short-term liabilities in total		**18,224,726**	**5,657,250**
Liabilities and own equity in total		**24,109,338**	**8,395,003**

Annexes included on pages 33 to 71 are inseparable parts of the consolidated report

Consolidated statement on own equity change

	Annex	Issued capital	Own share	Capital reserve	Accumulated profit reserve	Own equity per parent company in total	Non-controlling interest	Own equity in total
Balance on 1 January 2018		**1,880,000**	**(101,741)**	**1,074,500**	**(235,126)**	**2,617,634**	**0**	**2,617,634**
Transfer to accumulated profit reserve		0	0	(257,750	257,750	0	0	0
Total comprehensive income	12	0	0	0	101,922	101,922		101,922
Balance on 1 January 2019		**1,880,000**	**(101,741)**	**816,750**	**124,547**	**2,719,556**	**0**	**2,719,556**
Delisting of the subsidiary company goodwill		**0**	0	0	(240,460)	(240,460)	0	(240,460)
Sale of own share		0	9,490	0	175,183	184,673	0	184,673
Total comprehensive income	12	0	0	0	2,892,687	2,892,687	(65,743)	2,826,944
NCI (non-controlling interest)							2,000	2,000
Balance on 31 December 2019		**1,880,000**	**(92,251)**	**816,750**	**2,951,957**	**5,556,456**	**(63,743)**	**5,492,713**

Annexes included on pages 33 to 71 are inseparable parts of the consolidated report

Consolidated Cash Flow Statement

data in thousands of Hungarian Forints unless otherwise indicated

	Annexes	31 December 2019	31 December 2018
Cash flow from operating activities			
Profit after tax	11	2,826,944	101,922
Corrections:			
Depreciation and impairment in the current year	8	743,120	601,152
Impairment	8	0	(16,000)
Provisions	29	38,520	10,073
Deferred tax	16	72,727	48
Interests	35	12,569	11,223
Changes of the working capital			
Changes in trade receivables	20	(8,586,064)	182,270
Changes in inventories	24	(281,206)	31,498
Changes in trade creditors	31	9,389,406	(379,639)
Changes in finance leasing	30	356,120	(9,433)
Other receivables and liabilities	21; 33	2,670,413	(1,203,895)
Net cash flow from operating activities		***7,242,549***	***(670,783)***
Cash flow from investment activities			
Sale and purchase of tangible assets	14	(338,033)	(71,654)
Purchase of intangible assets	15	(1,132,633)	(48,119)
Purchase of securities	23	0	0
Supplementary payment for project companies	36	0	0
Over the year assets	37	35,660	(3,000)
Acquisition of interests	18	2,798	220
Dividends and interests received for investments	38	0	0
Net cash flow from investment activities		***(1,432,208)***	***(122,553)***
Cash flow from financing activities			
Impairment of short-term credits and loans	32	0	0
Bank credits and loans / (repayment)	32	(258,056)	661,858
Utilization of financial leasing (repayment)	30	337,913	(5,123)
Repurchased own shares:	26	9,490	0
Interests of credits and loans	35	(12,569)	(11,223)
Profit of own share sale	34	175,184	0
Net cash flow from financing activities		***251,962***	***645,513***
Net change of cash and cash-like items and instruments	19	6,062,303	(147,824)
Balance of cash and cash-like items and instruments at the beginning of the year	19	175,570	323,394
The balance of cash and cash-like items at the end of the period		**6,237,873**	**175,570**

Annexes included on pages 33 to 71 are inseparable parts of the consolidated report

1. General information

1.1 Introduction of the corporation

4iG Nyrt. is a public limited company listed in Budapest on the Budapest Stock Exchange (hereinafter referred to as BÉT) in Premium share category. The company shall hereby operate in compliance with the Hungarian laws and regulations, and, keeps its book and financial records pursuant to the International Financial Reporting Standards (hereinafter referred to as IFRS).

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

With regards 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, planning itself and performing full corporate IT solutions, 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.

1.2 Basis for balance sheet preparation

i) Approval and declaration

Hereby, the Board of Directors approved the consolidated financial statements upon 7 April 2020. The consolidated financial statements shall be prepared in accordance with the International Financial Accounting Standards, and 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 financial statements are given in HUF currency, rounded to HUF in thousands. 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 shall be prepared in accordance with the International Financial Accounting Standards, and 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).

The financial report has been compiled on the basis of the historical value principle, except for the cases where the IFRS requires the application of a different evaluation principles, as it is presented in relation with the accounting policies. The financial year shall hereby be interpreted with the same calendar year.

iii) The basis of evaluation

In the consolidated financial statements, the evaluation is based on the historical values, with the exception of the following assets and liabilities evaluated at fair values, which are measured 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 accounting policy, as well as the values of assets, liabilities, revenues, and expenditures listed in the financial report. The estimations and the related assumptions are based on the past experiences and numerous other factors that are considered reasonable under the given circumstances, and the result of which serves as a basis for 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 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's 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 compilation of the financial statements are the following:

2.1 Material elements of accounting policy

2.1.1 **Basis of consolidation**

Subsidiary companies

The consolidated report shall hereby include the performance of 4iG Plc. and 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 companies belonging to the corporate group and the herein data of its subsidiary companies are, in line with the requirements, consolidated.
Upon 31 January 2019, HumanSoft Kft., Axis Rendszerház Kft., and Mensor 3D Kft. were all merged into 4iG Plc. The data on income of month I. of 2019 are all accounted in the income consolidation.

Name of the subsidiary company	**Seat of business**	**Capital ownership**	
		2019	**2018**
HUMANsoft Kft.	1037 Budapest, Montevideo u. 8.	0.00%	100.00%
Axis Rendszerház Kft.	1037 Budapest, Montevideo u. 8.	0.00%	100.00%
Mensor3D Kft.*	1037 Budapest, Montevideo u.	0.00%	100.00%
Humansoft Szerviz Kft.**	1037 Budapest, Montevideo u.	100.00%	n.d. (no data)
DOTO Systems Kft.***	1037 Budapest, Montevideo u. 8.	60.00%	n.d.
Veritas Consulting Kft.	1037 Budapest, Montevideo u. 8.	100.00%	n.d.

**Mensor3D Kft. was in 100% ownership of HUMANsoft Kft. owned by 4iG Plc. in 100%.*

*** Humansoft Szerviz Kft. was established on 17 April 2019 by 4iG Plc. upon 100% ownership.*

**** DOTO Systems Zrt. was established on 7 July 2019 by 4iG Plc. upon 60% ownership of a private person.*

*** Veritas Consulting Kft. was acquired on 10 September 2019 by 4iG Plc. upon 100% ownership.*

We employed the method of acquisition accounting for the acquired business shares, which is based on 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 amount of the shares and the non-controlling equity in the acquired business. Regarding those companies acquired or sold during the year the transactions are accounted from the time of or to the transaction in the consolidated financial statements.

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. Upon the compilation of the consolidated annual report the similar transaction and events are evaluated on the same unified 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. In respect 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 affiliates that do not result in the loss of control are accounted for as capital transactions. 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 affiliates. The difference between the value amending the shareholding of shareholders without controlling interest and the paid/received consideration is accounted for in the capital, as a value due to the Company's shareholders.

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 statement.

The financial statements are prepared in Hungarian Forint (HUF), rounded to the closest thousand HUF value (except where indicated otherwise). The consolidated financial statement is 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 receivables and loans are shown as either revenue from or expenditures on financial transactions.

2.1.3 Sales revenue

With regards, sales revenues of the Corporate Group are accounted for in accordance with the IFRS 15 standard (issued in May 2014; validated by IASB in respect of the financial years starting on 1 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 may 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 to the aggregate of the invoiced amounts, minus the value added tax, and the discounts.

The revenue from the provision of services shall be accounted for by the Corporate Group time-proportionately (if it is allowed by the contract) during the given time period, except if the related contracts and agreements provide for the application of milestones. In such a case, the revenues may be accounted for after the completion of the single milestones.

The 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 deferred revenues, the sales revenue shall be accounted for by discounting.

2.1.4 Land and buildings, machinery, equipment

The tangible assets are to be shown at their historical value, reduced 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 costs of tangible assets consist of the historical value of the said asset or, in the case of own investment, the 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’s brought to a condition when it’s 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 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 hereabove shall be shown in the profit and loss statement.

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 terms of the different asset groups:

Lands and buildings:	the Corporate Group owns no lands and buildings;
Machinery and equipment:	during 3 to 7 years;
Vehicles:	during 5 years;

Assets of a single value under the 200,000,-Hungarian Forints: immediate depreciation

The depreciation period of tangible assets used for Research and Development and in case of software is realized 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 shall 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 measured to the current year's retained profit or loss.

2.1.5 Intangible assets

The intangible assets acquired individually shall hereby be recognized at the date of acquisition with their purchase price, while the intangible assets acquired in a business combination shall be recognized as of the date of acquisition, with their fair values. An asset shall hereby 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 hereof recognition, in respect of 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 on a yearly basis, 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 impairment 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, which is as follows:

Intellectual products (software): during 2 to 7 years.

2.1.6 Goodwill

Goodwill is the positive difference between the procurement cost and the fair value of the identified net assets of an acquired affiliate, associated company or entity under joint control, as of the day of acquisition. The goodwill is unamortised but the Corporate Group shall hereby investigate every year whether there are the signs referring not to have the book value recovered. The goodwill is included at the historical value reduced 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 affiliate, associated company or entity under joint control, as of the day of acquisition. In accordance with the regulations of Sections 3 to 34 of IFRS, badwill is accounted for as financial loss in the current year. In 2019 upon the takeover of Veritas Consulting Kft. 154,-HUF in thousands worth badwill was generated.

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 shall hereby account depreciation against the profit or loss, if 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 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. The aforementioned calculations indispensably 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.

The Corporate Group accounts impairment to cover the eventual losses arising from unenforceable, and disputed receivables of the customers' the unenforceable and disputed receivables. The impairment accounted for in respect of the unenforceable, and disputed receivables shall hereby be determined individually and indicated in the balance sheet. The estimations used to evaluate the appropriateness of the impairment 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.)

2.1.9 **Inventories and stocks**

The stocks are shown in the books at the lower amount of the following: either at the 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 books 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 stock of receivables at the end of the year.

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 value of the securities not listed or sold on the stock exchange value equals the market value of a similar/substitute investment. If the market value cannot be determined by using the hereof 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 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 statement. 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 balance sheet day.

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 statement.

2.1.12 **Financial liabilities**

The report 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 supplementary notes attached to the consolidated financial report, as follows.

Upon the initial recognition, the Corporate Group shall evaluate each financial liability at fair value. Regarding 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 financial report 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. Depreciation shall be accounted for in the income 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. To the extent that 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 special reserve. 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 indicated if the Corporate Group has a detailed and prepared formal restructuring plan, and if either by the commencement of the execution of the plan or by the disclosure of the main elements of the plan is to be disclosed to those parties concerned who have raised reasonable expectations in respect of the realization of the restructuring. The restructuring provision covers only those direct costs of restructuring which are inevitably related to the hereof restructuring but 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 as it is set forth in the Act on the Corporate Income Tax and Dividend Tax and in the local regulation in respect of the local business tax, with that, it shall respectively be modified by deferred taxes. The corporate income tax payment obligation shall hereby cover tax obligations arisen in respect of the current year and that of the deferred tax elements are to be accounted as well. 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 hereby arise 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 arise 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 if the expected time-related difference is 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 shall hereby revise 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. In the interest of the reduction of the amount related to the future corporate income tax, the Company shall respectively enter those former off-balance sheet receivables which are expected to be recovered to the stock. 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 shall be booked directly for the equity, including the case of, if, the tax base shall be accounted for the equity either in the current or in a different reporting period, with special regards to the amendments of the initial values of reserves which are due to changes of retrospective effect of the accounting policies.

Regarding the possibility of the settlement of deferred tax assets and liabilities against each other is allowed, if the Company shall hereby be 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 of 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. The hereof obligatory application shall be employed to the reporting periods starting as of 1 January 2019 or thereafter. The new standard shall hereby replacethe lease standard regulation as of IAS 17 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 to be started in 2018. A significant financial effect is identifiable in relation to the office lease transactions. There was a material change in the consolidated financial statements and in the consolidated profit and loss statement of the Company.

Pursuant to IFRS 16 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.

The right of facility sharing shall be settled and depreciated identically similarly to the account of other non-financial instruments. The initial evaluation of the lease obligation is based on the present value of lease payments during the maturity period. The present value shall be calculated by using the implicit interest rate if that can be determined accurately. Regarding the case of, if, the hereof interest rate may not be or is hard to be defined, the lessee shall employ the incremental borrowing rate to discounting.

Pursuant to IFRS 16 (similarly to the provisions of the former IAS 17), it shall hereby be investigated, whether, on the lessor's side, a lease transaction shall respectively be accounted either for the operative lease or a financial lease transaction.

A lease transaction shall be classified as a financial lease if all and each of the risks and benefits related to the possession of the subjected asset is to be transferred to the lessee. Otherwise, the said transaction shall be classified as an operating lease. The lessor shall hereby 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 hereby be presented by using the linear method or another systematic method. The lessor shall apply a different systematic method, if, the hereof method reflects the decrease of the profit gained from the subjected asset more appropriately.

The Group shall respectively apply the IFRS 16 standard as of 1 January 2019, however, but upon, and as a result of, the application of selecting short-term maturity period lease transactions and small-value assets, the aforesaid standard is not to be employed as the lease charges of the hereof is accounted for costs.

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 reduced 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. 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 of 31 December 2019, the number of own shares held by 4iG was 2,250,000 quantity, which had a minimal dilution effect on the EPS rate.

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 acquired upon business combinations. The off-balance sheet items are presented in the supplementary notes unless 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 hereby be presented in the supplementary notes.

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. The quantity of own shares in the ownership of 4iG Nyrt. as of 31 December 2019 was 2,250,000 quantity of own shares.

2.1.19 **Dividend**

The dividend shall hereby be accounted for by the Company in the year of the shareholders' approval for the hereof amount.
The Company's general meeting held on 25 April 2019 did not decide on the payment of dividends.

2.1.20 **Profit and loss on financial transactions**

The profit and loss on financial transactions shall hereby include the income from interests and dividends, payable interests, and other financial expenditures, and the profit gained or loss suffered from the fair value evaluation in respect of financial instruments, and from 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 '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 on 1 January 2019.

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 standard and IFRIC interpretation throughout the year. Besides the information provided 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.

IFRS 9 Financial instruments: classification and evaluation (effective date: 1 January 2018)
The standard introduced new requirements in relation to the classification, evaluation, and depreciation of financial assets and liabilities. The application of the IFRS 9 standard affected the classification and evaluation of the Corporate Group's financial assets but was of no effect on the classification and evaluation of the financial liabilities.
The application of the new standard did not result in a significant change in the Company's financial reports. With respect to the standards, the Corporate Group employed the hereof for the year of 2018.

IFRS 10 Consolidated financial statements and IAS 28 Investments and associates and joint ventures
IASB has announced amendments of IFRS 10 and IFRS 28 standards. These amendments shall respectively be applied to the asset sales and transfers between the investor and the

associates or joint ventures. The main consequence of such amendments is that the total profit gained, or loss suffered is accountable if the transaction involves business activities as well (regardless of the place of such operations is the affiliated firm or not). The profit or loss may be accounted for only partially if the subject of the transaction is an asset that does not involve any business activity, even is such an asset belongs to an affiliated firm. The EU Regulation as of 7 February 2018 requires the application of IAS 28 standards in the reporting period starting as of 1 January 2018 or thereafter. The implementation of the amendments of the standards has no material relevance from the aspect of the Group's financial statements. The effective date of the amendment of IFRS 10 standard has been postponed to a yet unknown later date to wait for the conclusions of the research project on the capital method.

IFRS 15 Revenues from contracts with customers (applicable from 1 January 2018)
The IFRS 15 standard (Revenues from contracts with customers) replaces and invalidates every former IFRS requirement in respect of the accounting of revenues. The aim of this new standard concerning the accounting of revenues is to eliminate the inconsistencies in the current standards and create a solid basis for the accounting of the sales revenues. The IFRS 15 standard sets up a 5-step model with which the enterprises are able to identify the exact content of a concluded contract and, thus, the correct method of accounting of the revenues gained from the given contract. Furthermore, the standard determines a list of information that is required to be published in the supplementary notes
in relation to the turnover.

IFRS 16 Lease transactions (effective date: 1 January 2019)
As of 13 January 2016, IASB has issued a new standard under the number of IFRS 16 in relation with the settlement of lease transactions.
The companies applying the IFRS standards shall hereby use the new standard on lease transactions in respect of the reporting period starting as of 1 January 2019 or thereafter. The hereof new standard introduced a new and substantially different approach in the accounting of operative lease transactions (and replaced the former IAS 17 interpretation). 4iG has adjusted its books and records to be compliant with IFRS 16 and has been accounting for the lease transaction in accordance therewith since 1 January 2019. Upon the inclusion of the right of facility sharing the total value of the assets for the year of 2019 was increased by 693,936,- HUF in thousands.

IAS 1 Compilation of financial statements (amended)
IASB announced the amendment of IAS 1 in December 2014. The aim of this amendment was to encourage enterprises to decide along with professional considerations on the scope of information published in their financial reports. The amendment clarifies that the materiality threshold is applicable to the entire report, and draws the attention to that publishing irrelevant data may hinder the proper use thereof. Pursuant to this amendment, it is also clarified that the enterprises shall use professional consideration to decide on the location and the sequence of the notes they intend to disclose in their financial reports. The amendment is applicable to financial reports on years starting as of 1 January 2016 or thereafter. The amendment of this standard has no effect on the financial reports of the Corporate Group. The EU Regulation as of 7 February 2018 requires the application of the amendments in the reporting period starting on 1 January 2018 or thereafter.

Amendments of IAS 40 on 'Investment properties' – the reclassification of investment properties (announced on 8 December 2016, having an effective date as of 1 January 2018, applicable in reporting periods starting on the effective day or thereafter).
The Corporate Group has no investment properties; hence, it does not apply the provisions of the hereof amendment.

IFRS 2 Share-based payment – the amendment was required due to a specification concerning the classification and measuring of share-based payments. The standard has no relevance from the aspect of the Corporate Group.

IFRS 4 Insurance policies – the amendment was required to ensure the consistency between IFRS 4 and IFRS 9 standards. The standard has no relevance from the aspect of the Corporate Group.

IFRIC 22 interpretation 'Foreign currency transactions and advance consideration' (effective date is as of 1 January 2018, applicable to the reporting periods starting on the effective date or thereafter).
The interpretation clarifies the method of selection of the date relevant from the aspect of the foreign currency exchange rate in respect of transactions, where simultaneously with the initial recognition of an asset, expenditure or revenue (or a part thereof) a non-monetary asset or non-monetary liability related to a foreign currency advance payment is derecognized. Under IAS 21, the date of the performance (determining the foreign currency exchange rate applicable to the initial recognition of the asset, expenditure of revenue) shall hereby be identical with the date of capitalization of the non-monetary assets or liabilities paid for in advance. If the payment was made in several installments, the enterprise should determine the dates of the financial performance related to the single installments separately. The provisions of IFRIC 22 are applicable only if the non-monetary assets or liabilities of the enterprise arose from a previous financial performance. IFRIC 22 gives no definition concerning the monetary and non-monetary reporting items. The payment or receipt of an advance payment may result in recognition of both monetary and non-monetary assets and liabilities. The enterprises shall decide in their sole discretion whether the single reporting items are of monetary or non-monetary nature. According to the Corporate Group's evaluation, this new interpretation has a limited effect on the Company's reports. The Corporate Group shall hereby take into consideration the new interpretation.

IAS 16 Land and buildings, machinery and equipment (amended) and IAS 38 Intangible assets (amended)
IASB has announced the amendments of IAS 16 and IAS 38 standards in May 2014. Both standards consider the expectable utilization of an asset's future economic benefits as the basis of depreciation. IASB clarified that the income-based calculation method in respect of the assets' depreciation is inappropriate, as any income gained from activities to which a given asset is usually used, reflects several factors besides the economic benefit of the asset. Furthermore, IASB clarified that income is an inappropriate tool in general to measure the utilization of the economic benefits represented by intangible assets. The amendment of this

standard has no effect on the financial reports of the Corporate Group, as the Company applies the linear depreciation method.

In respect of 2019, the Corporate Group has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2019, that are relevant from the aspect of the Corporate Group's operation.

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

IFRS 17 'Insurance policies' standard (effective date is as of 1 January 2021, applicable in reporting periods starting on the effective day or thereafter). The standard has no relevance from the aspect of the Corporate Group.

IAS 19 'Employee benefits' standard's amendments - amendment of the benefit plan, restriction or
settlement (effective date is as of 1 January 2019, applicable to reporting periods starting on the effective date or thereafter). The standard has no relevance from the aspect of the Company as does not employ pension-fund accounting.

IFRS 23 'Uncertainty over income tax treatments' (effective date as of 1 January 2019, applicable in reporting periods starting on the effective day or thereafter). The standard has no relevance from the aspect of the Company.

The annual development of 2015-2017 IFRS standards in relation to IFRS 3, IFRS 11, IAS 12 and IAS 23 (announced on 12 December 2017, not yet implemented by the EU).

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

2.3 Uncertainty factors

The application of the accounting policy described in Section 2.1. herein 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 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 supplementary notes. 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 **Goodwill impairment**

Pursuant to Section 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. The aforementioned calculations indispensably 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 on unenforceable and disputed receivables**

The Corporate Group shall hereby account for 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 be based on the aging of the receivables, the creditworthiness of the customer, and the changes in the customers' payment habits. The amount of the impairment accounted for unenforceable and disputed receivables in the consolidated balance sheet was 47,338,-HUF in thousands on 31 December 2019 and 49,199,-HUF in thousands on 31 December 2018.

2.3.3 **Depreciation**

The lands and buildings, machinery, and equipment, as well as the intangible assets, are recognized at their historical value. The applied depreciation method is linear depreciation throughout the useful life of the assets. The amount of depreciation accounted for by the Corporate Group was 743,120,-HUF in thousands for the year of 2019. The useful life of the assets is determined on the basis of past experience in respect of the similar assets, the expected development of technology, and the potential 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

	2019	2018
Net sales revenues	41,129,298	14,007,455
Own performance capitalized	47,769	0
Other revenues	307,947	480,175
Total	**41,485,014**	**14,487,630**

Regarding the year of 2019 the amount of the sales revenue included 1,330,947,-HUF in thousands while as of the year of 2018 the amount of the export sales revenue was accounting 864.398,- HUF in thousands. The export sales revenue was originated from countries of the European Union in full.
With regard to the sales revenue of the Corporate Group one-year cyclicality shall be experienced. Due to the nature of the activity regarding the sales revenues of the quarters I and III are lower and it is even more significant in the quarter II but 40% of the annual turnover is to be realized in the quarter IV. With respect to the outstanding turnover growth was due to the merger of the subsidiary companies upon 31 January 2019 and the acquisition of new markets.

The hereunder other operating income shall include the hereinbelow:

	2019	2018
State subsidies	196,652	334,667
Provisions backmarking	2,050	0
Fines, penalties, compensations	2,454	1,478
Income of intangible assets and tangible assets sold	29,900	464
Manufacturer service costs refund	41,661	72,064
Impairment marked back	2,859	36,149
Workers fees	16,766	13,505
Compensation received from central budget	3,561	1,141
Company fees	9,695	18,307
Other	2,349	2,400
Total	**307,947**	**480,175**

From among state budget subsidies, 7,330,-HUF in thousands is a proportional share of the amount spent on the purchase of assets from the completed project No. GOP-2011-1.1.1 (*'Development of a Complex System Suitable for the Qualification and Deep-frosting of Spawn and the Systematization of Deep-frozen Spawn'*) reduced by the depreciation accounted for 2019.

Regarding the amount of 61,000,-HUF is the income from staff costs, accrued upon the subsidy intensity, accounted for the given period on the research and development project *'National Innovation Onco-genomics and Precision Onco-therapy Programme'.*
From among the state subsidies, 27,822,-HUF in thousands is the amount accounted from NFKI Fund *'MEHASCAN5D - Development of Universal Quality Control Solutions for Automotive and Machine-Engineering Technologie'*.
From among the subsidies, 80,000,-HUF in thousands is accounted for the project *'Development of a complex sensor system for detecting UAV equipment'*.
With regards the amount of 20,500,-HUF in thousands is accounted for the project *'Application of Networked Technologies in the Field of Designing, Construction, Assembly and Maintenance of Steel Structures and the Related Services'*.
The accounted income is in proportion to the intensity of the subsidy granted to cover the related costs and expenses.

The amount of the own performance capitalized in the Group in 2019 (in 4iG) was 47,769,-HUF in thousands resulting from the development of a data warehouse for internal use. The Company investigated the definition of intangible assets defined in Sections 8 to 17 of IAS 38 Standards and the requirements included in Sections 12 to 23 in the hereof standard are in compliance with the aforesaid software developed. The aforementioned development was activated by the Company upon 31 December 2019. The development shall support the commercial, financial-accounting and corporate governance activities of the company. On the basis of the identification related to IAS 38 Standard the incurred costs (material and personnel costs) are accounted for development activities and presented in the item of intellectual products.

Regarding the year of 2019, the turnover, filtered upon consolidation, in the amount of 135,737,-HUF in thousands was invoiced between the member companies of the Corporate Group.

4. Goods and services sold

	2019	2018
Purchase value of goods sold	22,589,661	6,766,330
Purchase value of services sold	7,536,247	2,171,585
Total	**30,125,908**	**8,937,915**

5. Operational expenditures

	2019	2018
Material costs	124,859	90,770
The value of contracted services	1,641,026	1,287,241
The value of other service activities	74,147	47,342
The change in self-manufactured stocks	-	-
Total	**1,840,032**	**1,425,353**

6. Staff costs

	2019	2018
Wages and salaries	4,178,355	2,349,462
Other staff benefits	330,902	202,010
Contributions on wages and salaries	869,403	519,312
Total	**5,378,660**	**3,070,784**
Average statistical number	481	373

Increase of the staff number is due to the expansion of the tasks.

7. Other operating expenditures

	2019	2018
Financial supports for foundation	6,000	1,100
Fines, penalties, compensations	9,730	6,361
The value of intangible assets and tangible assets sold	37	960
Taxes, duties, contributions	5,023	4,426
Impairment and scrap of inventories and stocks	0	30,632
Bad debt	11,824	70,848
Impairment of receivables	30,764	36,043
Provisions	-	9,000
Loss related to loss events	91	229
Loss related to claims assigned to the company	-	49,500
Other	1,546	2,906
Total	**65,015**	**212,005**

Table of difference related to impairment for the year of 2019:

	Opening	Increase	Backmarking	Closing
Credit and loan provided for the project company	9,622	30,067	900	38,789
Interest of credits and loans provided	7,827	198	35	7,990
Customers	31,750	0	1,923	29,827
Total	**49,199**	**30,266**	**2,858**	**76,606**

8. Depreciation and impairment

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

	2019	2018
Depreciation	743,120	498,152
Impairment of Goodwill	0	103,000
Total	**743,120**	**601,152**

9. Income from and expenses on financial transactions

Finance income	2019	2018
Interests received	2,033	478
Exchange gain	171,879	112,151
Total	**173,912**	**112,629**

The amount of 24,496,-HUF in thousands of exchange gain was due to the revaluation, while the amount of 46,200,-HUF in thousands of receivables and liabilities is accounted for exchange rate difference, and the amount of 186,-HUF in thousands is accrued from exchange gain.

Finance expenditures	2019	2018
Interests paid	14,601	11,700
Loss on exchange	177,102	122,313
Other	0	1
Total	**191,703**	**134,014**

As a result of the revaluation the herein amount of 26,596,-HUF in thousands was by reason of loss on exchange, while the difference of 122,198,-HUF in thousands was due to the exchange rate difference of receivables and liabilities.

10. Income taxes

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

	2019	2018
Corporate income tax	173,380	13,391
Deferred tax	72,727	47
Business tax	209,990	93,526
Contribution on innovation	31,447	10,150
Total	**487,544**	**117,114**

The current year corporate income tax at group level is calculated on the basis of general principles in 2019, while the hereof was defined by the application of minimum income in 2018. The rate of the corporate income tax is 9 percentage.

The taxation is calculated as follows:

	2019	2018
Profit before tax	3,314,488	219,036
On the basis of the actual tax rate the tax payment obligation is to be calculated by the ratio of 9%.	298,304	19,713
Business tax	209,990	93,526
Contribution on innovation	31,447	10,150
Constant differences	(52,197)	(6,275)
Income taxes in total	**487,544**	**117,114**

With regard to the merger companies included in the consolidation (in January 2019) and on account of the minimum income expectation, tax payment obligations shall hereby emerge. The corporate income tax and deferred tax are included in the row of constant differences.

11. Profit after tax

	2019	2018
Profit after tax	2,826,944	101,922

12. Total comprehensive income

	2019	2018
Total comprehensive income	2,826,944	101,922

Other comprehensive income was not stated, hence, the total amount of the comprehensive income equals with the profit after tax.

13. Profit and loss 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. The data for the year of 2018 was recalculated in accordance with the share split in 2019, namely to nominal value of 20,-HUF per quantity per share.

	31 December 2019	31 December 2018
Profit after tax	2,826,944	101,922
Weighted average number of the equity shares issued	94,000,000	94,000,000
Weighted average of shares carrying voting rights	91,710,846	91,564,400
Diluted EPS indicator	**30**	**1**
Earnings per share (base) EPS in HUF	**31**	**1**

The Corporate Group owned 2,250,000,- quantity of own shares on 31 December 2019, and upon the recalculation as of 31 December 2018 the quantity of the hereof was 2,435,600,- quantity in respect of the nominal value of 20 Hungarian Forints per quantity.

14. Tangible assets

data in thousands of HUF	Technical machinery and equipment	Other equipment	Land and buildings, and the related economic rights	Unfinished investments	Total
Gross value					
on 1 January 2018	**260,447**	**610,513**	**42,196**	**0**	**913,156**
Increase and reclassification	0	69,500	0	120,538	190,038
Decrease and reclassification	(2,110)	(36,520)	0	(118,020)	(156,650)
on 31 December 2018	**258,337**	**643,493**	**42,196**	**2,518**	**946,544**
Increase and reclassification	0	307,099	26,633	338,070	671,802
Decrease and reclassification	(1,025)	(98,896)	0	(333,732)	(433,653)
Rounding				(1)	
on 31 December 2019	**257,312**	**851,696**	**68,829**	**6,855**	**1,184,693**
Accrued depreciation					
on 1 January 2018	**212,239**	**501,677**	**12,512**	**0**	**726,039**
Depreciation in the current year	35,888	79,770	2,568	0	118,226
Decrease	(2,053)	(36,215)	0	0	(37,769)
on 31 December 2018	**246,074**	**545,232**	**15,080**	**0**	**806,386**
Depreciation in the current year	12,224	140,593	3,020	0	155,837
Decrease	(1,025)	(98,858)	0	0	99,883
Rounding	0	0	0	0	0
on 31 December 2019	**257,273**	**586,967**	**18,100**	**0**	**862,340**
Net book value					
on 1 January 2018	**48,208**	**108,836**	**29,684**	**0**	**186,779**
on 31 December 2018	**12,263**	**98,261**	**27,116**	**2,518**	**140,157**
on 31 December 2019	**39**	**264,729**	**50,729**	**6,855**	**322,353**

As a result of purchase, the value of tangible assets was increased and the amount of 99,921,- HUF in thousands was accounted for scrapping.

15. Intangible assets

data in thousands of HUF	IFRS 16 lease rights	Concessions and similar rights	Intellectual properties	Total
Gross value				
on 1 January 2018	**0**	**218,746**	**1,680,912**	**1,899,658**
Increase and reclassification	0	1,378	48,061	49,439
Decrease and reclassification	0	0	(13,745)	(13,745)
Rounding				
on 31 December 2018	**0**	**220,124**	**1,715,228**	**1,935,352**
Increase and reclassification	1,017,185	0	114,128	1,131,313
Decrease and reclassification	0	0	(54,823)	(54,823)
Rounding				
on 31 December 2019	**1,017,185**	**220,124**	**1,774,533**	**3,011,842**
Accrued depreciation				
on 1 January 2018	**0**	**160,662**	**838,365**	**999,027**
Depreciation in the current year	0	46,373	247,426	293,799
Decrease	0	0	(13,745)	(13,745)
Extraordinary depreciation	0	0	86,127	86,127
on 31 December 2018	**0**	**207,035**	**1,158,173**	**1,365,208**
Depreciation in the current year	323,249	11,672	222,580	557,501
Decrease	0	0	(54,823)	(54,823)
Rounding	0	0	29,782	29,782
on 31 December 2019	**323,249**	**218,707**	**1,355,712**	**1,897,668**
Net book value				
on 1 January 2018	**0**	**58,084**	**842,247**	**900,631**
on 31 December 2018	**0**	**13,089**	**557,057**	**570,144**
on 31 December 2019	**693,936**	**1,417**	**462,200**	**1,114,174**

The application of IFRS 16 standards resulted in an increase of 1,1017,185,-HUF in thousands in the value of the Company’s assets, while, as of the end of the period, regarding the net value of the lease rights was accounting 693,936,-HUF in thousands.

The increase in the value of Intellectual property is a result of purchase and own development in the amount of 47,726,-HUF in thousands. Extraordinary depreciation in the amount of 29,782,-HUF in thousands was accounted for own software that are no further utilized.

Intangible assets being significant individually:

data in thousands of HUF

Description	Book value	Period for amortization	Closing date of the amortization
Contentum (KIR) (Public Education Information System) program system	272,876	10 years	31 December 2024
on 31 December 2019	**272,876**		

At the end of the year, annually, the present value investigation is performed for the intellectual products of significant value. The latest investigation, upon 31 December 2019, was realized by ÁKK (in English: Government Debt Management Agency Ltd.) upon 5-year benchmark return (0.44 percentage) with discount.

The result of the investigation upon accounting and calculating the income and costs predicted for the following years, shows the hereunder present value:

	Present Value
Contentum (KIR) (Public Education Information System) program system	303,400
Total:	**303,400**

16. Deferred tax receivables and liabilities

Upon calculating the deferred tax, the Corporate Group compares the values allowed in the taxation with the book values by assets and liabilities. If 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 accounting the asset, the Corporate Group calculates the return of the herein 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 differential is as follows:

	31 December 2018	Increase	Utilization	31 December 2019
Impairment of receivables	4,428	2,724	(257)	6,895
Land and buildings, machinery, equipment	(32,477)	7,885	0	(24,592)
Provisions	1,637	4,972	(1,637)	4,972
Accrued and deferred loss	102,341	0	(86,414)	15,927
Deferred tax assets in total	**75,929**	**15,536**	**(88,308)**	**3,202**

	31 December 2017	Increase	Utilization	31 December 2018
Impairment of trade receivables	4,823	0	(395)	4,428
Land and buildings, machinery, equipment	(44,885)	12,408	0	(32,477)
Provisions	731	1,637	(731)	1,637
Accrued and deferred loss	115,308	0	(12,967)	102,341
Deferred tax assets in total	**75,977**	**14,045**	**(14,293)**	**75,929**

17. Goodwill

With regards, the goodwill was accounted for the hereinbelow subsidiary companies as follows:

Name of the subsidiary company	**31 December 2019**	**31 December 2018**
former FreeSoft Kft.	411,243	411,243
HUMANsoft Kft.	0	73,394
Axis Rendszerház Kft.	0	167,066
Goodwill in total	**411,243**	**651,703**

Upon 2 April 2004 accounted FreeSoft goodwill is due to the merger of FreeSoft Kft. into FreeSoft Rt.
On the basis of the present value of the future net transactions impairment related to the goodwill the value of the hereof is to be calculated annually, at the end of the year. In the previous years, goodwill was accounted in relation to FreeSoft, on the basis of cash flows expected for the future (DCF calculation). This method is no longer applicable, as om 31 January 2019, the three subsidiary companies, namely HUMANsoft Kft., and Axis Rendszerház Kft., and Mensor3D Kft. merged into 4iG Nyrt., hence, the IT activity of the formal FreeSoft company shall not be evaluated separately, and, respectively the turnover related to the IT activities increased significantly in 2019.
Accordingly, we were to evaluate on the basis of IT activities in respect of 4iG Plc. Due to the dynamic changes in the IT market, the DCF calculation is prepared for a 5-year period, in line with the principles of prudence.
The basic data applied to calculate the value of the goodwill for 2019 are as follows:

BASIC DATA ITEMS	Unit	2020	2021	2022	2023	2024
Risk-free interest rate (ÁKK Benchmark return 10 years)		0	0	0	0	0
Risk factor		7,31	7,31	7,31	7,31	7,31
Hurdle market rate		7,31	7,31	7,31	7,31	7,31
BUBOR		0,52	0,52	0,52	0,52	0,52
Premium rate (weighted average in accordance with the agreement)	(%)	2,00	2,00	2,00	2,00	2,00
Lending interest rate		2,52	2,52	2,52	2,52	2,52
Ratio of own equity		79,02	79,02	79,02	79,02	79,02
Ratio of outside capital		20,98	20,98	20,98	20,98	20,98
Beta		1,10	1,10	1,10	1,10	1,10
WACC (weighted average cost of capital)		6,80	6,80	6,80	6,80	6,80
Discount rate		1,00	0,94	0,88	0,82	0,77

On the basis of the calculations, no depreciation of FreeSoft goodwill was accounted for 2019 by the Company.

Simultaneously, by means of merger of 4iG's affiliates (namely HUMANsoft Kft., Axis Rendszerház Kft. és Mensor3D Kft.) into the parent company on 31 January 2019, and in line with the related IFRS standards, the affiliates' goodwill (amounting to 240,460,-HUF in thousands) was cancelled from the books of the Company (from the profit reserves).

Regarding the DCF-based rate of return of the remained goodwill on the basis of the 2019 evaluation is as follows:

	Own equity of IT activity	Goodwill	Total	DCF value
FreeSoft goodwill	5,393,886	411,243	5,804,886	42,714,526
Total	**5,393,886**	**411,243**	**5,804,886**	**42,714,526**

18. Other investments

Regarding non-significant business shares invested in smaller, limited liability companies (typically project companies), and the amount of the additional payment provided for the thereof companies are accounted by the Company. The aforementioned investments are evaluated at the end of each year on the basis of the rate of return by own equity and/or DCF, or calculated for the purposes of impairment, as it is included in the note under number 18,

data in thousands of HUF

Name of the company	Investment in initial capital	Ratio of votes in %	Additional payment/guarantee deposit	Investment in total
Alliance Klaszter Menedzsment Kft.	350	11.11	0	350
Ökopolisz Kft.	430	14.28	0	430
iCollWare Kft.	700	19.80	86,436	87,136
MMATT Kft.	2	19.90	0	2
SziMe3D Kft.	570	19.00	0	570
4iG bank guarantee deposit				9,000
on 31 December 2019	**2,052**	**-**	**86,436**	**97.488**

The DCF-based rates of return, depreciation in the amount of 29,268,-HUF in thousands was accounted for the additional payments made for Szime3D Kft. and MMATT Kft. in 2019, and depreciation in the amount of 498,-HUF in thousands was calculated for the investments of MMATT.

19. Liquid assets and cash equivalents

	31 December 2019	31 December 2018
Treasury	7,005	6,020
Bank	6,230,868	169,550
Total	**6,237,873**	**175,570**

With regards the cash upon 31 December 2019, the amount of 544,804,-HUF in thousands was at disposal in Euro, while the amount of 53,632,-HUF in thousands was available in USD for the Corporate Group.

20. Trade receivables

	2019 31 December	31 December 2018
Trade receivables	12,921,573	4,337,433
Impairment of trade receivables	(29,827)	(31,750)
Total	**12,891,746**	**4,305,683**

21. Other receivables and accrued and deferred assets

	31 December 2019	31 December 2018
Other receivables	1,166,966	449,691
Accrued and deferred assets	898,375	1,176,694
Total	**2,065,341**	**1,626,385**

The value of other receivables shall hereby include as follows:

	31 December 2019	31 December 2018
Advance payments	594,661	394,852
Short-term lent liquid assets	3,104	1,109
Lease charge deposit	83,805	36,331
Guarantees provided	143,998	17,362
Other short-term receivables	336,398	37
Total	**1,166,966**	**449,691**

The row ‘short term loans’ consists of the loans given to the Group’s employees.

As of 31 December 2019, the members of the Group have the following claims towards each other, filtered out upon the consolidation of the reports:

Claims of 4iG Plc. towards DOTO Systems Zrt.:	17,478,-HUF in thousands.
Claims of 4iG Plc. towards Humansoft Szerviz:	2,004,-HUF in thousands.
Claims of Veritas Consulting Kft towards 4iG Plc.:	137,907,-HUF in thousands

The content of accrued and deferred assets:

	31 December 2019	31 December 2018
Receivables under accrued and deferred assets	791,504	1,044,726
Costs and expenditures under accrued and deferred assets	106,871	131,968
Total	**898,375**	**1,176,694**

The receivables under accrued and deferred assets consists of the items invoiced following the balance sheet date in line with IFRS 15 standards, accordingly, the revenues related to works performed and certified in 2019 are to be invoiced in 2020.

The costs and expenditures under accrued and deferred assets include costs and expenditures being invoiced prior to the balance sheet day but accounted for 2019. When accruing costs related to a certain project, the rate of accrual is set on the basis of the level of hereof completion. In respect of other expenses, the performance date indicated on the invoice shall be considered to be relevant.

22. Actual income tax receivables

	31 December 2019	31 December 2018
Corporate income and dividend tax	5,133	13,358
Local business tax	2,798	17,907
Contribution on innovation	(27,133)	829
Total	**(19,202)**	**32,094**

23. Securities

	31 December 2019	31 December 2018
Shares	331,600	331,600
Business shares	111,000	111,000
Total	**442,600**	**442,600**

The Group's security stock consists of unlisted shares (short-term financial investment) in the amount of 331,600,-HUF in thousands and business shares in limited liability companies representing less than 20% ownership share and voting rights (short-term financial investment) in the amount of 111 million HUF. The aforesaid financial instruments are evaluated at fair value, on level 3, as the Company has no open market information in relation thereto. According to the IFRS classification, these are short-term financial instruments measured to other classification profit and loss at fair value.

24. Inventories and stocks

	31 December 2019	31 December 2018
Finished good	-	-
Goods	522,731	244,904
Materials	56,412	57,258
Refundable packaging	130	
Impairment of inventories	(55,955)	(60,050)
Total	**523,318**	**242,112**

The inventories are to be revalued to market value at the end of each year. The amount of 55,955,-HUF in thousands is accounted for the stock of inventories as of 31 December 2019.

25. Issued capital

The amount of the issued share capital of the Company is 1,880,000,-HUF in thousands, that is 94,000,000,- quantity of the dematerialized registered equity share at the nominal value of 20,-HUF per each. Each share shall hereby mean 1 vote. Preference share or any other share with special rights are not available. There are no voting rights in relation with repurchased own shares.

The shares are marketed in Standard section on Budapest Stock Exchange, and the ISIN-number of the shares: HU0000167788

The CEO of Budapest Stock Exchange reclassified 4iG shares into Premium share category upon 19 June 2019.

26. Repurchased own shares

In accordance with the splits upon calculating at the nominal value of 20,-HUF/quantity the change of stock of 4iG own shares owned by the Corporate Group (quantity) is presented in the hereunder chart as follows:

	2019 31 December	2018 31 December
4iG Plc.	2,250,000	2,297,500
HUMANsoft Kft.	0	102,250
Axis Rendszerház Kft.	0	35,850
Total	**2,250,000**	**2,435,600**

The repurchased value of the own shares is 92,261,-HUF in thousands, the exchange rate of the average price of the hereof shares is 41,-HUF per quantity. The stock exchange closing exchange rate of the period was 662,-HUF per quantity, and the exchange rate of the average price was 757,-HUF per quantity.

4iG Plc. purchased 180,025,- quantity of own shares for the exchange rate of 613.82,-HUF per quantity on 23 and 30 December 2019, with that, the hereof crediting on the securities settlement account was only settled on 2 and 3 January 2020 upon the consideration payment on the hereof days, and, hence, the aforesaid value of the shares shall not be accounted for the treasury stock.

27. Capital reserve

The capital reserve of 4iG Nyrt. includes the difference between the nominal value and the pair value of the shares upon issue, amount to 1,074,500,-HUF in thousands. The general meeting held on 26 April 2018 ordered the replenishment of the negative profit reserve of 4iG Nyrt. on the debit of the capital reserve, in the amount of 257,750,-HUF in thousands. Accordingly, the amount of the capital reserve was 816,750,-HUF in thousands as of 31 December 2019.

28. Accumulated profit reserve

The item of accumulated profit reserve accounted for the previous years and the profit and loss related for the current year are consolidated on the row of accumulated profit reserve.

	2019 31 December	2018 31 December
Accumulated profit reserve	2,951,957	124,546

29. Provisions

	31 December 2018	Increase	Utilization	31 December 2019
For the purposes of the severance pay for the employees taken over (on the basis of contract)	0	0	0	0
Provisions accounted for unused vacation	9,197	49,767	(9,197)	49,767
For expected losses	9,000	0	(2,050)	6,950
Liabilities under guarantee	0	0	0	0
Total	**18,197**	**49,767**	**(11,247)**	**56,717**

	31 December 2017	Increase	Utilization	31 December 2018
For the purposes of the severance pay for the employees taken over (on the basis of contract)	0	0	0	0
Provisions accounted for unused vacation	8,124	9,197	(8,124)	9,197
For expected losses	0	9,000	0	9,000
Liabilities under guarantee	0	0	0	0
Total	**8,124**	**18,197**	**(8,124)**	**18,197**

As of 31 December 2019, regarding the item of the provisions of the Corporate Group, 9,197,-HUF in thousands was accounted for the hereof for the purpose of covering the costs related to the unused holidays in 2018. The thereof provisions were marked back in 2019.
Provisions in the amount of 49,767,-HUF in thousands were calculated in relation to the unused holidays in 2019.
As a result of the liquidated damage claim for late performance of the customer, provisions were accounted for the expected losses. From the special reserves set for the purpose of covering the expectable losses, 2,050,-HUF in thousands was marked back, as the actual occurrence of this expense is not likely.

30. Financial lease liabilities

As of 1 January 2019, with regards, and pursuant to the requirements of the IFRS 16 standards the definition of leasing is to be interpreted in more wider terms. From the thereof date, pursuant to the requirements of the herein standard, lease rights are to be included in the item of assets as concession and similar rights.
In accordance with the classical lease transactions the leasing liabilities itemized in the balance sheet are to be accounted for a specific item of assets, namely for computer printers.
The lease agreements do not involve any restriction in relation to dividends or additional credits and loans or additional lease transactions.
The leases shall not be terminated. Sub-lease contracts on leased printers were concluded between and by our customers and our company. The said contracts shall not be terminated.

As of 31 December 2019 the net book value of the herein leased assets is as follows: 0,-HUF in thousands

Repaid lease transactions in 2019: 4,991,-HUF in thousands

The extended leasing liabilities, in line with the IFRS 16 standards, are presented as follows:

	2019 31 December	**2018 31 December**
Tangible assets finance lease liabilities	0	0
Concessions and similar rights lease fee liabilities (IFRS 16)	335,181	133,861
Finance lease liabilities (long-term)	**335,181**	**133,861**

	2019 31 December	**2018 31 December**
Tangible assets finance lease liabilities	0	4,991
Concessions and similar rights lease fee liabilities (IFRS 16)	363,843	140,941
Finance lease liabilities (short-term)	**363,843**	**144,991**

In the interest of comparability, the value of legal lease rights, in accordance with IFRS 16 as of 31 December 2018, is calculated at base value.

Presentation of rights of use lease transactions included in IFRS 16 (as of 31 December 2019)

Description	Related to land and buildings	Related to machinery, equipment, and vehicles	Total
Opening gross value	0	0	0
Increase	574,322	442,863	1,017,185
Decrease	0	0	0
Closing gross value	574,322	442,863	1,017,185
Opening depreciation	0	0	0
Increase	155,547	167,702	232,249
Decrease	0	0	0
Closing depreciation	155,547	167,702	232,249
Closing net value	**418,775**	**275,161**	**693,936**
Lease transaction interest expense	1,467	1,356	2,823
Expenditures related to small value assets	0	0	0
Expenditures related to lease transactions of short-term maturity period	46,476	64,372	110,848
Total cash out-flow lease transactions in 2019	**203,490**	**233,430**	**436,920**

	Actual fees	Present Value of the fees
in 2020	364,668	363,843
in 2021	243,385	242,532
in 2022	87,900	87,309
in 2023	5,370	5,340
Lease transactions in total:	**701,323**	**699,024**

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

a) the nature of the lease activity of the lessee;	Lease of property and machinery
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 the hereof as follows:	
i. variable lease payments (pursuant to Section B49);	in relation with office lease transaction
ii. extension or termination of options (pursuant to Section B50);	not relevant
iii. residual value guarantees (pursuant to Section B51);	not relevant
iv. not-started lease transactions to which the lessee is committed to;	not relevant

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

31. Trade creditors and other accounts payable change

	231 December 2019	31 December 2018
Trade creditors and other accounts payable	11,609,090	2,219,684
Total	**11,609,090**	**2,219,684**

32. Short-term credits and loans

	31 December 2019	31 December 2018
Raiffeisen Bank revolving credit	1,500,000	1,500,000
Raiffeisen bank overdraft	0	105,571
Credits and loans	0	152,485
Total	**1,500,000**	**1,758,056**

The aforesaid data shall hereby represent the amounts actually withdrawn and utilized from the available lending capacity for the Company.

The Bank Credit Agreement concluded between and by 4iG Plc. and Raiffeisen Bank was extended upon the same total appropriation of 3,180,000,000,-HUF upon 26 February 2019. With regards the safeguard of the lending capacity, lien, in the amount of 3,657,000,000,-HUF, was established on the future receivables of the Company.
Upon the Bank Credit Agreement, the Company concluded an agreement on revolving credit with the Bank in a total appropriation of 1,500,000,000,-HUF. One month BUBOR + 0.55% are to be transferred to the credits and loans and 0.3% of stand-by commitment commission for those parts which have not been called yet.

In addition to the aforesaid revolving credit there shall be a bank overdraft available for the Company in the amount of 250,000,000-HUF up to 31 January 2020, of which callable amounts in HUF and EUR are to be defined. Regarding the case of the credit call one-month BUBOR + 0.75%, or one-month EURIBOR + 1.75% are to be paid as interest, and, moreover, the same shall be respectively applied to stand-by commitment commission of 0.3%.

In addition to the aforementioned there is an available bank guarantee facility in the amount of 250,000,000,-HUF for 4iG Plc.

Regarding the Bank Credit Overdraft agreement concluded between and by the Company and Raiffeisen Bank on 1 February was revised and extended until 31 July 2020. The total amount of the full Bank Credit Overdraft is 6,450,000,000,-HUF. As a safeguard to the Bank Credit Agreement additional mortgage was established on the trade receivables less than 30 days past due, altogether in the value of 7,420,000,000,-HUF upon the former establishments.

The amount of the revolving credit was increased to 2,970,000,000,-HUF while conditions of the credit interest payment are unaltered, the amount of the interest is one-month BUBOR + 0.55%, and 0.3% of stand-by commitment commission for those parts which have not been called yet.

The amount of the bank overdraft was increased to 500,000,000,-HUF, with that, on the basis of the allocation assignment, the amount of 100,000,000,-HUF in EUR, while the remaining amount of 400,000,000,-HUF shall be allocated in HUF. The conditions of borrowing credits and loans are not to be modified, regarding the case of the credit call one-month BUBOR + 0.75%, or one-month EURIBOR + 1.75% are to be paid as interest, and, moreover, a stand-by commitment commission of 0.3% shall be applied to the the unclaimed part.

The amount of the bank guarantee facility was increased from 250.000.000,-HUF to 1.000.000.000,-HUF. With regards the guarantees and warranties, cash security deposit placement is required on the trade receivables of the Company upon lien establishment.

The Company may claim 1.650.000.000,-HUF as revolving credit, and 330,000,000,-HUF as factoring financing for the remaining bank overdraft of the amount of 1,980,000,000, although the herein total appropriation is to be required for the needs of the realization of the future projects of the Company.

4iG Plc. concluded a Bank Overdraft contract with Budapest Bank for a total appropriation in the amount of 1,000,000,000,-HUF upon 29 July 2019. The interest rate of the bank overdraft is one-month BUBOR + 2%, and for the unclaimed part a stand-by commitment commission of 0.5% is to be paid. The surety of the credits and loans is lien on pledged movable property and a security deposit established on dematerialized security.
With regards, the bank overdraft is terminated on 31 January 2020 and the hereof is not going to be renewed. In the course of the maturity period the bank overdraft was not utilized.

Analysis of the bank guarantees (in HUF):

Bank guarantees of 4iG Plc. on 31 December 2019

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Expiration
National Public Health and Medical Officer Service	Raiffeisen Bank	appropriate performance	12,508,300	2020.01.30
Hungarian Post Plc.	Raiffeisen Bank	offer	1,000,000	2020.02.29
Hungarian Post Plc.	Raiffeisen Bank	offer	2,000,000	2020.02.29
Sys IT Services Kft.	Raiffeisen Bank	settlement	85,680,000	2020.08.31
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.09.30
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.09.30
IdomSoft Informatikai Zrt.	Raiffeisen Bank	settlement	4,099,200	2020.09.30
Getronics Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.12.07
Raiffeisen Bank in total:			**135,287,500**	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2020.08.31
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2021.12.30
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2021.12.30
CIB Bank in total			**9,000,000**	
Guarantees in total			**144,287,500**	

Upon 31 December 2019, 4iG Plc. hold a bank guarantee facility in the amount of 250,000,-HUF in thousands at Raiffeisen Bank and the rate of the utilization of the herein limit is 54%. The possibilities of guarantee facility call on are shown by the expiration dates related to the said guarantees. In accordance with the contract the issued (withdrawn) bank guarantees, to the extent that they are effective over the contractual expiration date, are to be in force. The termination of the framework contract on the 1,000,000,000,-HUF amount bank guarantee being extended in February 2020 is on 31 July 2025.
A cash deposit is to be placed for the safeguard of the guarantees issued by CIB Bank. The Company does not have credits and loans relationship with CIB Bank.
4iG Plc. paid the securities loan borrowed from HOLD Alapkezelő Kft. (in English: HOLD Fund Management Private Limited Company) in May 2019.

33. Other liabilities and accrued liabilities

	31 December 2019	31 December 2018
Tax liabilities and contributions	1,854,471	447,962
Corporate income tax liabilities	19,202	0
Wage transfer liabilities	286,473	0
Advance payments received from customers	1,565,024	659,809
Advance payments received from central budget	277,257	428,868
Other liabilities	250	8,399
Accrued liabilities of revenues	140,269	40,082
Accrued liabilities of costs	608,667	81,890
Subsidy received, deferred revenue	180	7,510
Total	**4,751,793**	**1,674,520**

Regarding the item of other tax liabilities, obligation past due is not accounted for the hereof item in respect with the Corporate Group and the company is not included in the database of public-law debt.
Marking off the revenues is to be accounted for the invoiced annual support fees in respect of the following period.
4iG Plc received NKFIH (National Research, Development and Innovation Office) an advance payment of the amount of 60,443,-HUF in thousands for the realization of the Research and Development project under the identification number of NVKP-16-2016-0005 with the title of 'National Innovation Onco-genomics and Precision Oncotherapy Programme'.
The advance payment received from NFKI Fund for *'MEHASCAN5D - Development of Universal Quality Control Solutions for Motor Vehicle- and Machinery Construction Industry'* was accounted by the Company.
The advance payment in the amount of 157,727,-HUF in thousands for the project *of 'Development of a complex sensor system to locate UAV tools'* was received by 4iG Plc.
With regards the amount of 59,087,-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'*.

34. Dividend liabilities in respect of owners

Upon 31 December 2019 the Company did not have any dividend obligation payable for the owners.

35. The impact of the interest received on and provided for the cash-flow

Regarding the interest revenues and interest expenses the Corporate Group had the hereof items only in relation with financing activities in 2019.

	31 December 2019	31 December 2018
Interests received	2,033	478
Interests paid	14,602	(11,701)
Interest spread	**12,569**	**(11,223)**

The interest revenues and interest expenses did not have significant influence on the cash-flow of the Corporate Group.

36. Supplementary payment to project companies

In the year of 2019 the additional payments of the Corporate Group amounted 165,900,-HUF in thousands; DOTO Systems Kft., established in July 2019, was supported by 165,000,-HUF in thousands, while the rest, 900,-HUF in thousands were accounted for SimeTour Kft.

37. Over-one-year receivables

Long-term compulsory fixed cash on deposits as safeguard for the bank guarantee of the Corporate Group's companies shall be accounted for the item of over-the-year receivables.

	30 December 2019	31 December 2018
4iG Plc.	9,000	3,000
Axis Rendszerház Kft.	-	1,500
Total	**9,000**	**4,500**

38. Dividends and interests received for investments

With regards, the Corporate Group did not account any of the aforesaid income in 2019.

39. Segment information

Hence, the Board of Directors shall perform strategical decisions related to the operation of the Corporate Group, the statement outlining the segments prepared for the aforesaid is taken into consideration by the management upon compilation of the financial statements.

The two 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). The effectiveness of the two 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 were performed between the segments.
For the year of 2019:

Description	**IT services**	**Trade**	**Other activities**	**Total**
Net sales revenue	11,071,520	29,887,811	169,967	41,129,298
Purchase value of goods sold	-	(22,589,661)	-	(22,589,661)
Intermediations	(3,968,479)	(3,405,523)	(162,245)	(7,536,247)
Other revenues	41,624	617	313,475	355,716
Hedge 1	**7,144,665**	**3,893,244**	**321,197**	**11,359,106**
Direct costs	(4,474,644)	(1,240,533)	-	(5,715,177)
Hedge 2	**2,670,021**	**2,652,711**	**321,197**	**5,643,929**
Expenditures and costs cannot be allocated directly to the segments				(2,311,650)
Earnings before interest and tax (EBIT)				**3,332,279**
Financial profit and loss				(17,791)
Profit before tax				**3,314,488**
Segment assets	**4,554,026**	**11,430,638**	**90,557**	**16,075,222**
Assets cannot be allocated to the segments				8,034,116
Assets in total				**24,109,338**

For the year of 2018:

Description	IT services	Trade	Other activities	Total
Net sales revenue	6,359,385	7,624,089	23,981	14,007,455
Purchase value of goods sold	-	(6,783,608)	-	(6,783,608)
Intermediations	(2,142,118)	-	(12,189)	(2,154,307)
Other revenues	56,441	-	423,734	480,175
Hedge 1	**4,273,708**	**840,481**	**435,526**	**5,549,715**
Direct costs	(2,855,938)	(736,798)	(521,997)	(4,114,734)
Hedge 2	**1,417,770**	**103,683**	**(86,471)**	**1,434,982**
Expenditures and costs cannot be allocated directly to the segments				(1,194,561)
Earnings before interest and tax (EBIT)				**240,421**
Financial profit and loss				(21,385)
Profit before tax				**219,036**
Segment assets	**4,188,628**	**3,243,490**	**35,199**	**7,467,317**
Assets cannot be allocated to the segments				927,686
Assets in total				**8,395,003**

40. Risk management

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

The Corporate Group is exposed to the hereinbelow financial risks:

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

This chapter is to present the aforementioned risk management of the Corporate Group, such as the aims, policy, the measurement of the processes and risk management of the Corporate Group, and, moreover, the realization of capital management of the Company. The Board of Directors shall hereby have 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 system of the risk management is periodically revised in the interest of reflecting 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 the ensure the development of the Corporate Group. On the basis of the benefits, and of a strong capital position, and the hereof security, the Board of Directors is trying to maintain the policy of providing loans upon higher profits as not not be exposed to the hereof risks.

The capital structure of the Corporate Group consists of net outside capital and own equity of the Corporate Group (the issued share capital, reserves and the equity of the non-controlled owners shall be included in the hereinbefore).

With regards 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 shall hereby check whether the capital structure of its member companies is in compliance with the requirements of the local acts.

As the Company typically finances its activities from own resources, the capital risk was not significant in 2019 and as it was also the case in 2018.

Credit risk

The credits risk defines the risk of not-performance in relation with the contractual obligations by the debtor or by the partner 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 hereby accounted for short- or long-term placements, funds, cash equivalents, customers or other receivables.

The book value of the financial instruments shows the maximum risk exposures. The hereinbelow chart represents the maximum credit risk exposure of the Corporate Group upon 31 December 2019 and as of 31 December 2018.

	31 December 2019	31 December 2018
Trade receivables	12,891,746	4,305,683
Other receivables and accrued and deferred assets	1,732,619	1,626,385
Securities	442,600	442,600
Liquid assets and cash equivalents	6,237,873	175,570
Total	**21,304,838**	**6,550,238**

Ageing of the trade receivables upon 31 December 2019 is as follows:

	Debts	Impairment	Total
Not due	12,164,946		12,164,946
1 to 30 days past due	447,793		447,793
30 to 90 days past due	89,092		89,092
90 and 180 days past due	152,493		152,493
180 and 360 days past due	17,692		17,692
due over 360 days	49,557	(29,827)	19,730
Total	**12,921,601**	**(29,827)**	**12,891,746**

The customers shall hereby be qualified continuously. 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 with our not-expired trade receivables.

Upon the continuous check of the recovery risks of the past due receivables and by the settlement of the impairment, the risk shall generally decrease. Late payment of the trade creditors shall be investigated upon 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. Hence, the credit-related loss is limited to the margin and safeguard.

Liquidity risk

Liquidity risk is the risk of past due performance of financial obligations by the Corporate Group. The liquidity management policy of the Corporate Group is that, as much as possible, to ensure appropriate liquidity for 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 upon 31 December 2019 as follows:

	Debts
Not due	10,740,536
1 to 30 days past due	802,443
30 to 90 days past due	43,999
90 and 180 days past due	14,033
180 and 360 days past due	1,279
due over 360 days	6,799
Total	**11,609,090**

Trade creditors and other accounts payable are mostly due to the 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, thus, the risk is minimum.

Expiry analysis of credits and loans (in thousands of Hungarian Forints):

Creditor Bank	Type of credits and loans	Lending capacity	Claimed	Expiration
Raiffeisen Bank	Revolving credit	1,500,000	1,500,000	31 January 2020
Raiffeisen Bank	Current account	250,000	0	31 January 2020
Budapest Bank	Current account	1,000,000	0	31 January 2020
Total		**2,750,000**	**1,500,000**	

With regards, Raiffeisen Bank credits and loans were extended until 31 July 2020 upon higher amounts. The safeguard of the aforementioned credits and loans is lien on trade receivables. The Budapest Bank credits and loans were terminated upon 31 January 2020 and there was not extension of the hereof.

Analysis of the bank guarantees (in HUF):

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Expiration
National Public Health and Medical Officer Service	Raiffeisen Bank	appropriate performance	12,508,300	2020.01.30
Hungarian Post Plc.	Raiffeisen Bank	offer	1,000,000	2020.02.29
Hungarian Post Plc.	Raiffeisen Bank	offer	2,000,000	2020.02.29
Sys IT Services Kft.	Raiffeisen Bank	settlement	85,680,000	2020.08.31
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.09.30
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.09.30
IdomSoft Informatikai Zrt.	Raiffeisen Bank	settlement	4,099,200	2020.09.30
Getronics Zrt.	Raiffeisen Bank	settlement	10,000,000	2020.12.07
Raiffeisen Bank in total:			**135,287,500**	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2020.08.31
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2021.12.30
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data reporting	3,000,000	2021.12.30
CIB Bank in total			**9,000,000**	
Guarantees in total			**144,287,500**	

4iG Plc. hold a bank guarantee facility in the amount of 250,000,-HUF in thousands but generally the herein limit is not called on. The possibilities of guarantee facility call on are shown by the said contractual expiration date. With regards, the bank guarantee facilities, similarly to the credits and loans, shall be continuously regenerated. In accordance with the contract the issued (withdrawn) bank guarantees, to the extent that they are effective over the contractual expiration date, are to be in force.

Market risk

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

The risk caused by 2019-nCoV (Corona virus) pandemic

In the interest of the prevention of the economic effects of the Corona virus epidemic on the Company the conditions of home-office work of 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 hereof. The aforesaid persons

also investigated whether there is a substantial uncertainty for the continuous development in relation with the enterprise and they concluded that the herein uncertainty does not exist.

Sensitivity analysis

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

Exposure to foreign currency of the Corporate Group upon 31 December 2019 was as follows:

	HUF	EUR	USD	Total
Trade receivables	10,935,505	1,417,864	538,377	12,891,746
Trade creditors and other accounts payable	9,721,198	1,287,548	600,344	11,609,090
Liquid assets	5,639,437	544,804	53,632	6,237,873
Credits and loans	1,500,000	0	0	1,500,000

Although, the Group utilizes bank credits and loans for financing purposes, the interest rate risk is not to be considered significant, hence, changes related to the interest rate are leveraged in the profit and loss.

Interest sensitivity analysis

Upon interest rate rise

Profit before tax (without interests)	3,327,057
Net value of the interest expense	(12,569)
Profit before tax	**3,314,488**
Assets in total	**24,109,338**
1%	
Profit before tax (without interests)	3,327,057
Net value of the interest expense	(12,694)
Profit before tax	**3,314,362**
Profit before tax change	***(126)***
Profit before tax change (%)	***(0.004%)***
Assets in total	***24,109,212***
Total change of assets	***(126)***
Total change of assets (%)	***(0.001%)***
5%	
Profit before tax (without interests)	3,327,057
Net value of the interest expense	(13,197)
Profit before tax	**3,313,860**
Profit before tax change	***(628)***
Profit before tax change (%)	***(0.019%)***
Assets in total	***24,108,710***
Total change of assets	***(628)***
Total change of assets (%)	***(0.003%)***
10%	
Profit before tax (without interests)	3,327,057
Net value of the interest expense	(13,825)
Profit before tax	**3,313,231**
Profit before tax change	***(1,257)***
Profit before tax change (%)	***(0.038%)***
Assets in total	***24,108,081***
Total change of assets	***(1,257)***
Total change of assets (%)	***(0.005%)***

Upon interest rate reduction

-1%

Profit before tax (without interests)	3,327,057
Net value of the interest expense	(12,443)
Profit before tax	**3,314,614**
Profit before tax change	***126***
Profit before tax change (%)	***0.004%***
Assets in total	***24,109,464***
Total change of assets	***126***
Total change of assets (%)	***0.001%***

-5%

Profit before tax (without interests)	3,327,057
Net value of the interest expense	(11,940)
Profit before tax	**3,315,116**
Profit before tax change	***628***
Profit before tax change (%)	***0.019%***
Assets in total	***24,109,966***
Total change of assets	***628***
Total change of assets (%)	***0.003%***

-10%

Profit before tax (without interests)	3,327,057
Net value of the interest expense	(11,312)
Profit before tax	**3,315,745**
Profit before tax change	***1,257***
Profit before tax change (%)	***0.038%***
Assets in total	***24,110,595***
Total change of assets	***1,257***
Total change of assets (%)	***0.005%***

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

Exchange rate sensitivity analysis

Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,554,677
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,887,892
Net assets	**5,492,713**
Profit before tax	**3,314,488**
Upon exchange rate rise	
1%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,580,224
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,906,771
Net assets	**5,499,381**
Net assets change	***6,668***
Net assets change (%)	***0.121%***
Profit before tax	***3,321,156***
Profit before tax change	***6,668***
Profit before tax change (%)	***0.201%***
5%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,682,411
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,982,287
Net assets	**5,526,052**
Net assets change	***33,339***
Net assets change (%)	***0.607%***
Profit before tax	**3,347,827**
Profit before tax change	***33,339***
Profit before tax change (%)	**1.006%**
10%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,810,145
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	2,076,681
Net assets	**5,559,392**
Net assets change	***66,678***
Net assets change (%)	***1.214%***
Profit before tax	***3,381,167***
Profit before tax change	***66,678***
Profit before tax change (%)	***2.012%***

Upon foreign currency decrease

-1%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,529,130
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,869,013
Net assets	**5,486,045**
Net assets change	***(6,668)***
Net assets change (%)	***(0.121)%***
Profit before tax	***3,307,820***
Profit before tax change	***(6,668)***
Profit before tax change (%)	***(0.201)%***
-5%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,426,943
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,793,497
Net assets	**5,459,374**
Net assets change	***(33,339)***
Net assets change (%)	***(0.607)%***
Profit before tax	**3,281,149**
Profit before tax change	***(33,339)***
Profit before tax change (%)	**(1.006)%**
-10%	
Non-monetary and forint-denominated assets	21,554,661
Foreign currency assets	2,299,209
Denominated liabilities in Hungarian Forints	16,728,733
Foreign currency liabilities	1,699,103
Net assets	**5,426,035**
Net assets change	***(66,678)***
Net assets change (%)	***(1.214)%***
Profit before tax	***3,247,810***
Profit before tax change	***(66,678)***
Profit before tax change (%)	***(2.012)%***

41. 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. 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 the herein.

Financial instruments

2019.12.31		At fair value through profit or loss FVTPL	Derivatives included in hedge accounting Hedge accoun	Credits and loans, receivables and liabilities to be shown at the depreciated Cost depreciated costs	Fair value through other comprehensiv e profit or loss FVTOCI*	Book value total
Book value of financial instruments						
Financial assets						
	Equity instruments	2.052	–	–	–	2.052
	Loans provided	–	–	–	–	–
	Deposits	–	–	9,000	–	9,000
Other financial investments	Finance lease receivables	–	–	–	–	–
	Other	–	–	86,436	–	86,436
Financial investments in total		**2,052**	-	**95,436**	–	**97,488**
Trade and other receivables		–	–	13,035,744	–	13,035,744
Finance lease receivables		–	–	–	–	–
Liquid assets and cash equivalents		–	–	6,237,873	–	6,237,873
Debt securities		442,600	–	–	–	442,600
	Loans provided	–	–	3,104	–	3,104
Other short-term financial instruments	Advance payments	–	–	594,661	–	594,661
	Lease charge	–	–	83,805	–	83,805
	Other	–	–	8,676	–	8,676
Short-term financial assets in total		**442,600**	-	**19,963,863**		**20,406,463**
Financial assets in total		**444,652**	-	**20,059,299**		**20,503,951**
Financial liabilities						
Credits and loans (Long-term)		–	–	–	–	-
Finance lease liabilities		–	–	335,181	–	335,181
Other long-term financial liabilities		–	–	–	–	–
Long-term financial liabilities in total		–	–	**335,181**	–	**335,181**
Trade creditors and other obligations		–	–	11,609,090	–	11,609,090
Credits and loans (short-term)		–	–	1,500,000	–	1,500,000
Advance payments received from customers		–	–	1,232,302	–	1,232,302
Advance payments received from central budget		–	–	277,257		277,257
Finance lease liabilities		–	–	363,843	–	363,843
Tax liabilities		–	–	1,873,673	–	1,873,673
Other short-term financial liabilities		–	–	286,724	–	286,724
Short-term financial liabilities in total		-	-	**17,142,889**	-	**17,142,889**
Financial liabilities in total		–	–	**17,478,070**	–	**17,478,070**

Financial instruments

2018.12.31		At fair value through profit or loss FVTPL	Derivatives included in hedge accounting Hedge accoun	Credits and loans, receivables and liabilities to be shown at the depreciated Cost depreciated costs	Fair value through other comprehensive profit or loss FVTOCI*	Book value total
Book value of financial instruments						
Financial assets						
	Equity instruments	2,850	–	–	–	2,850
	Loans provided	–	–	–	–	
	Deposits	–	–	4,500	–	4,500
Other financial investments	Finance lease receivables	–	–	–	–	
	Other	–	–	126,596	–	126,596
Financial investments in total		**2,850**	**-**	**131,096**	–	**133,946**
Trade and other receivables		–	–	4,337,777	–	4,337,777
Finance lease receivables		–	–		–	
Liquid assets and cash equivalents		–	–	175,570	–	175,570
Debt securities		442,600	–	–	–	442,600
	Loans provided	–	–	1,109	–	1,109
Other short-term financial instruments	Advance payments	–	–	394,852	–	394,852
	Lease charge	–	–	36,331	–	36,331
	Other	–	–	17,399	–	17,399
Short-term financial assets in total		**442,600**	**-**	**4,963,038**	–	**5,405,638**
Financial assets in total		**445,450**	**-**	**5,094,134**	–	**5,539,584**
Financial liabilities						
Credits and loans (Long-term)		–	–	–	–	–
Finance lease liabilities		–	–	–	–	–
Other long-term financial liabilities		–	–	–	–	–
		–	–	–	–	–
Long-term financial liabilities in total				–	–	–
Trade creditors and other obligations		–	–	2,667,647	–	2,667,647
Credits and loans (short-term)		–	–	1,758,056	–	1,758,056
Advance payments received from customers		–	–	659,809	–	659,809
Advance payments received from central budget		–	–	428,868	–	428,868
Finance lease liabilities		–	–	4,990	–	4,990
Other short-term financial liabilities		–	–	8,398	–	8,398
Short-term financial liabilities in total		**-**	**-**	**5,527,768**	**-**	**5,527,768**
Financial liabilities in total		–	–	**5,527,768**	**-**	**5,527,768**

Fair value hierarchy

	31 December 2019				31 December 2018			
	1st level not modified quoted active market price	2nd level assessment processes based on available and monitored market data	3rd level assessment processes based on not available and monitored market data	Fair value in total	1st level not modified quoted active market price	2nd level assessment processes based on available and monitored market data	3rd level assessment processes based on not available and monitored market data	Fair value in total
Financial assets								
Equity instruments	–	–	–	–	–	–	–	–
Debt securities	–	–	442,600	442,600	–	–	442,600	442,600
Derivative transactions	–	–	–	–	–	–	–	–
Financial assets in total	-	-	**442,600**	**442,600**	-	-	**442,600**	**442,600**
Financial liabilities	–	–	–	–	–	–	–	–
Derivative transactions	–	–	–	–	–	–	–	–
Financial liabilities in total	–	–	–	–	–	–	–	–

42. Transactions with affiliated parties

Transactions with affiliated external parties were not accounted for the the year of 2019.
The turnover accounted for the transactions performed within the Corporate Group was 135,737,-HUF in thousands being filtered upon consolidation.

43. Renumeration of the Board of Directors and the Supervisory Board

With regards the remuneration of the members of the Board of Directors, Supervisory Board and Audit Committee of the company in the said period is as it follows hereunder.

Concerning the year of 2019, the members of the Board of Directors were entitled to receive 121,405,-HUF in thousands as wage, and 9.220,-HUF in thousands as renumeration, and 30,159,-HUF in thousands as assignment fee. The total amount of the renumeration paid for the members of the Supervisory Board amounts 5,820,-HUF in thousands.

44. Contingent assets and contingent liabilities

On 31 December 2019 regarding the unclosed legal transactions and legal proceedings of 4iG Plc. in relation with inheritance from its merged subsidiary company upon acquisition, namely from HUMANsoft Kft., were as follows:

Type		Description	Expected recovery/cost	Date	Company
Lawsuit as defendant	Liabilities	in progress	29,354,000,-HUF	years	'TEDEJ' Zrt.
Lawsuit as plaintiff	Under enforcement	Loan and interest	33,000,000,-HUF	31 December 2018	Infokom-Innovátor Nonprofit Kft.

45. Events following the balance sheet day

45.1 Announcement of large amount successful tender (10 January 2020)

Upon the recall of the competition in the subject of „NAHU" 20 14-2020 on software development services called for by the Ministry of Foreign Affairs and Trade initiating a centralized public procurement procedure, the tender submitted by 4iG Plc. was announced to be the successful tender. The standstill period for conclusion of the contract of the aforementioned tender is to be terminated upon 19 January 2020.

With regards, the 'NAHU 2014-2020' is the IT system of the ten national data recording support programs of the European Regional Development Fund, Instrument for Pre-Accession Assistance, and European Neighbourhood Instrument.
The total value of the procedures is 563.445.500,-HUF + VAT.

45.2 Announcement of large amount successful tender (13 January 2020)

Upon the recall of the competition within the framework of the 'Hungarian Village Program' and in relation with the subprogram of 'Medical Equipment Program Promoting Medical Care' on the realization of IT systems called for by the Ministry of Human Capacities (EMMI) initiating a centralized public procurement procedure, and the tender submitted by 4iG Plc. was announced to be the successful tender. The standstill period deadline for the conclusion of the contract of the aforementioned tender is to be terminated upon 19 January 2020.
Following the hereof conclusion of the contract the developments to be performed by 4iG within the framework of the basic health care shall hereby support consultancy, prevention and the activities of the GP's screening of the population upon providing the appropriate IT support.
The total value of the procedure is 1,555,346,000,-HUF + VAT.

45.3 Company's own shares purchase (from 15 January 2020 to 27 January 2020)

Between 15 January 2020 and 27 January 2020, 4iG Plc. purchased own shares in the quantity of 508,519,- at Budapest Stock Exchange upon stock exchange transaction with the contribution of investment service provider, Equilor Zrt. As a result of the transactions, at the end of 2019 and in January 2020, the quantity of the Company's own shares was changed from 2,250,000 quantity to 2,938,544 quantity. The total treasury stock of Company's shares is 3.13%. The boundary limit was not exceeded.

45.4 Condemnation of MNB (Hungarian National Bank) (23 January 2020)

Upon the resolution number h-PJ-III-B-4/2020. dated as of 22 January 2020 and received by 4iG Plc. on 23 January 2020, the Hungarian National Bank (Magyar Nemzeti Bank) (hereinafter referred to as 'Authority')

1. Warned 4iG Plc., as an Issuer, in the future, and at any time, to fulfil the obligations in full regarding the compilation of the registry of the insiders upon taking into consideration the relevant regulations as it is set forth.
2. The Authority warned 4iG Plc., as an Issuer, upon 3 working days following the effectiveness of this resolution, to send the registry of insiders in relation with the acquisitions performed by T-Systems Hungary Private Limited Company (seat of business: 1097 Budapest, Könyves Kálmán körút 36., company registration number: 01 10 044852) (hereinafter referred to as T-Systems Magyarország Zrt.). The aforesaid registry of the insiders shall respectively be applied to the negotiations on termination, and shall be in line with the requirements of the EU Regulation on market abuse (market abuse regulation) and is to be pursuant to the determinations of the MNB resolution.
3. Pursuant to the requirements of the EU Regulation on market abuse (market abuse regulation) and on account of the inappropriate compilation of the registry of the insiders the Authority obliged 4iG Plc. to pay 5,000,000,-Hungarian Forints, namely five million Hungarian Forints as an authority fine.

45.5 Announcement of large amount successful tender (30 January 2020)

Upon the recall of the competition within the framework of the projects of 'National Authentic Water and Sanitation Services Database', under the identification number of

KEOP-1.4.0/12-2013-0001, and 'Integrated Public Water and Sanitation Services Database', under the identification number of KÖFOP-2.3.6-VEKOP-16-2017-00002, to provide complex performance of the operational tasks of the subsystems called for by Nemzeti Fejlesztési Programiroda (in English: National Development Program Office) initiating a centralized public procurement procedure, and the hereof tender submitted by 4iG Plc. was announced to be the successful tender. The standstill period deadline for the conclusion of the contract of the aforesaid projects is to be terminated on 8 February 2020 (with regard to the fact that the actual date, 10 February 2020, is to be a holiday). The term for the performance of the service is 24 months.
The total value of the procedure is 906,624,000,-HUF + VAT.

45.6 Announcement of large amount successful tender (02 February 2020)

Upon the recall of the competition in the subject of 'Procurement of Development, Implementation, Parameterization Services related to Accounting Systems' called for by Magyar Államkincstár (in English: Hungarian State Treasury) (hereinafter referred to as 'Treasury') initiating a centralized public procurement procedure, and the tender submitted by 4iG Plc. was announced to be the successful tender. The standstill period deadline for the conclusion of the contract of the aforesaid project is to be terminated on 11 February 2020.
The total value of the procedure is 3,469,838,990,-HUF + VAT.

45.7 Announcement of large amount successful tender (03 February 2020)

Upon the recall of the competition called for by National Healthcare Services Center (hereinafter referred to as: 'ÁEEK') in the subject of 'Provision of Routers for the Participating Institutions in Healthy Budapest Project' initiating a centralized public procurement procedure, and the tender submitted by 4iG Plc. was announced to be the successful tender. The standstill period deadline for the conclusion of the contract of the aforesaid project is to be terminated on 13 February 2020.
The total value of the procedure is 754,535,000,-HUF + VAT.

45.8 Announcement of large amount successful tender (09 March 2020)

Upon the recall of the competition in the subject of 'Expansion of Management Procedures with HP Service Manager and License Tracking for 3 years' called for by the National Tax and Customs Administration of Hungary (hereinafter referred to as 'NAV') initiating a centralized public procurement procedure, and the tender submitted by 4iG Plc. was announced to be the successful tender. The value of the bid is 1,083,556,965,-HUF + VAT
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45.9 Company own shares purchase (12 March 2020)

On 10 March 2020, 4iG Plc. purchased own shares in the quantity of 100,000,- at Budapest Stock Exchange by means of stock exchange transaction with the contribution of Equilor Zrt. as investment service provider. As a result of the the hereof transaction the quantity of the own shares was changed from 2,938,544 quantity to 3,038,544 quantity. The total treasury stock of the Company's shares is 3.23%. The boundary limit was not exceeded.

46. Authorization for financial statement disclosure

Upon 7 April 2020, the Board of Directors of the parent company of the Corporate Group approved the publication and disclosure of the financial statements in its present form.

The IFRS chartered accountant being responsible for the compilation of the consolidated report:

Piros Ferenc
2097 Pilisborosjenő, Tulipán köz 1.
IFRS chartered accountant registration number: 145011

Persons being entitled to sign the consolidated financial report:

Regarding signing the report of the Company the chairperson of the Board of Directors is entitled to sign individually, or any two members of the Board of Directors shall jointly practice the hereof right of signing.

Plc.

ANNUAL REPORT
FOR 2019
COMPILED IN LINE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

Content

EXECUTIVE SUMMARY

BUSINESS SUCCESSES

Following the structural and organic transformation a new period was started in the history of 4iG Plc. (hereinafter referred to as '4iG'; 'Company'; 'Corporate Group') regarding 2019. Besides the throughout-the-year transformation of the ownership structure and the establishment of new subsidiary companies, the Company has made an enormous progress in the improvement of its business efficiency and of the enhancement of its book of contracts assigned by both the public and business sectors.

In respect of the year 2019, the most prominent assignments of 4iG were awarded in the areas of logistics, education, pharmaceutical industry and health care, and automotive industry and passenger air transport, banking sector and financial advice but 4iG could account significant profit and loss in the fields of license and assets purchase and infrastructure operation, and even in the areas of IT security. The management of 4iG is pursuing to enhance business efficiency of the Corporate Group by means of development and evolvement of diversified service portfolio.

Due to the nature of the sector and the structure of the economy the biggest client of IT and ICT market is the Hungarian State. Accordingly, with regard to the assignments of the Company, 62 percent of revenue sharing comes from the public sector while the remaining 38 percent is due to the corporate business segment.

FINANCIAL RESULTS

With regards the existence of 4iG Plc., the year of 2019 was closed as its most successful one. Notwithstanding the seasonal feature of the IT market – the companies typically realize their higher income in the second part of the business year – the Company could report outstanding business success and financial results regarding each quarter. Accordingly, in respect of the Corporate Group, the consolidated (non-audited) indicators are in line with the expected forecasts published on 11 December 2019.
Regarding the turnover of the Company has increased almost three times more, exceeding 41 billion Hungarian Forints; while its EBITDA is 4.8 times more, reaching 4.1 billion Hungarian Forints; and the value of after-tax profit and loss is twenty-eight times more, more than 2.8 billion Hungarian Forints compared to the previous base year.

CAPITAL MARKET PERFORMANCE

The value of average stock market price of 4iG shares subject to the quarters from I to IV in 2019 was exceeded with 262% of the value of the average stock market price, of 757 Hungarian Forints, compared to the quarters from I to IV of 2018. On 31 December in 2019, the closing price was 662 Hungarian Forints resulting more than two times growth of the closing price compared to the end of December in 2018. With regards the market capitalization of 4iG the amount of the hereof was 62.2 billion Hungarian Forints on 31 December in 2019. Budapest Stock Exchange (hereinafter referred to as BSE) also acknowledged the capital market performance of the Company as it was 4iG Plc. who received *'The most prominent issuer in premium category of the year while reaching the highest exchange rate-rise'* at the award ceremony of BSE in 2019.

LANDMARKS OF BUSINESS EFFICIENCY

Q1

With regards the first quarter of 2019, 4iG could dynamize its operation and could report to its shareholders on more high-value tenders awarded. Consequently, **MÁV Zrt.** (Hungarian State Railways Ltd.) could be recorded as a 4iG partner in the said year. Hence, among others, 4iG became involved in the realization of the projects, as to, *'Planning and Command System for the Rolling Stock and Human Resources'*, and, moreover, *'Data Warehouse and Reporting System'* but, furthermore, the Company and its consortiums were assigned to fulfil the tender of *'The Transportation Tasks of Active Network Devices and Facilities and its Related Services'* awarded by **Kormányzati Informatikai Fejlesztési Ügynökség** (in English: Governmental Agency for IT Development) (hereinafter referred to as KIFÜ). Moreover, on behalf of **ND Nemzeti Dohánykereskedelmi Nonprofit Zrt.** (in English: National Tobacco Trade Nonprofit Plc.), the Company in a consortium was assigned to establish, to introduce to the market and to operate the related systems of the tobacco product identification issuer IT system (hereinafter referred to as DAKIR).

Q2

In May, the Company participated successfully in the tender called for by **Állami Egészségügyi Ellátó Központ** (in English: National Healthcare Services Center) upon the framework of *'Purchasing Small and Big Servers upon the Healthy Budapest Program'* resulting that it was 4iG who performed the purchase and installation activities of servers in hospitals and clinics upon Egészséges Budapest Program (in English: Healthy Budapest Program). Following the aforementioned, the Company was awarded with the development advisory project at **Magyar Export-Import Bank Zrt.** (in English: Hungarian Export- Import Bank Private Limited Company), and the Company purchased the interactive whiteboards of **Klebelsberg Központ** (in English: Klebelsberg Center)**.** Up to the start of the school year, the company assembled and installed the thereof boards in two thousand two hundred educational institutions throughout the country.
By the end of the second quarter 4iG signed a large amount contract on tourist mobile application digital instruments development with **Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zrt.** (in English: Kisfaludy2030 Tourist Development Nonprofit Private Limited Company) and then a framework agreement with **MVMI Informatika Zrt.** on purchase and maintenance of office IT devices was concluded.

Q3

In July, in line with the agreement concluded between and by 4iG and **Canon Europe**, 4iG shall hereby provide technical services in the areas of digital services for international companies.

Simultaneously, 4iG took over more than thirty professionals from the Hungarian subsidiary of **Océ Holding** owned by Canon, a leading enterprise in the fields of printer and camera manufacturing. By this step 4iG was grown with a new place of business in Szeged. Following this event a significant subcontractor framework contract was concluded between and by **Sys IT Services Szolgáltató Kft.** (in English: Sys IT Services Service Provider Private Limited Liability Company) and 4iG. The term of the herein contract is to be signed for a duration of 5+5 years on operating and development of the IT system at BKV Zrt. (in English: Public Transport in Budapest Private Limited Company). By the end of the summer, the Company was assigned to provide services requiring special expertise and knowledge in the **pharmaceutical industry** as to perform validation processes and tasks related to lab instrument controls, and, moreover, a contract between and by a multinational company in the area of **car manufacturing** and the Company was concluded in the view to change the client side infrastructure.

It is also the significant business result of the third quarter that the EU supported procurement called for the introduction of **HKIR system** (in English: Interurban Public Transportation Information System) was awarded for the consortium led by 4iG. As part of the aforementioned, to establish a unified ticket sale system at MÁV and Volán, the Hungarian rail and bus service provider companies, and to ensure the necessary IT devices and software were all included.

In the course of the fourth quarter, 4iG was awarded with bronze partner qualification by **Trend Micro**, established in 1988, and being the world's biggest IT security company. Instead of the traditional and conventional antivirus protection solutions, today, content filter, protecting data leakage, supporting virtualization security applications are more in the focus. The innovative attitude of 4iG helps to widen the portfolio continuously, and to enhance the market share even in the herein area.

Q4

The dynamic growth of 4iG was to continue even in the last three months of 2019. It is well known that the last quarter is considered to be the strongest in the IT industry; thus the prominent parts of the assignments are concentrated on the period in question.

As a subcontractor of TIGRA Kft., a large amount contract was concluded by and between the Company and **Lechner Nonprofit Kft.** on the performance of 4iG subtasks to advance digital registration of agriculture and forestry land areas and the administrative system.

In November, our Company introduced **4iG renewed digital services** upon offering new, so-called boxed-offer devices and solutions, for primarily medium-sized national and international companies.

Close to the end of 2019, the Company performed a hardware purchase in a significant amount for **Audi Hungaria Zrt.**, and then, due to the successful participation on two tenders called for by **Nemzeti Adó- és Vámhivatal** (in English: National Tax and Customs Administration of Hungary (hereinafter referred to as **NAV)**, 4iG was to provide manufacturer subsidy on products in relation with Dell-EMC made devices, and, moreover, the Company also could deliver Oracle devices for NAV.

In the course of December, regarding the tender called for by **Állami Egészségügyi Ellátó Központ** (in English: National Healthcare Services Center) (hereinafter referred to as **ÁEE**) 4iG was announced to be the winner: the Company, within the framework of *'Healthy Budapest*

Program' of ÁEEK, delivers and installs software speech-recording surgical history for 25 project participants, and establishes WIFI systems for the aforementioned organizations.
In the same month, it was our Company who was awarded in the course of the public procurement procedure on active network devices delivery and on the fulfilment of the related services initiated by **Kormányzati Informatikai Fejlesztési Ügynökség** (in English: Governmental Agency for IT Development) (hereinafter referred to as **KIFÜ**).
In respect of the fourth quarter, the Company was also able to widen its assignments in the market: the Company performed a delivery of Cisco Business Critical Services service package for the Hungarian subsidiary company of an international commercial bank and then supported another actor in the money market with application development related to the obligatory reporting system and performed support tasks for the herein. Simultaneously, 4iG delivered Dell hardware devices for a prominent international insurance company. The purpose of the project is to provide IT services in relation with sales network of the insurance company and to enhance sales efficiency.

RESEARCH AND DEVELOPMENT AND INNOVATION

4iG Plc. shall find important its participation in the areas of research and development thus the professional implementation of its K+F+I (Research and Development and Innovation) projects – namely *'National Innovation Oncogenomics and Precision Oncotherapy Programme'*, and *'Development of a Complex Sensor System for Detecting UAV Equipment'* and *'Application of Networked Technologies in the Design, Manufacturing, Assembling, Installation and Maintenance of Steel Structures and in related Services'* – launched earlier were continued in 2019. The earlier project of the Company, namely, *'MEHASCAN5D – Development of Universal Quality Control Solutions for Automotive and Machine-Engineering Technologies'*, was finished on 1st October.

Simultaneously, during summer, the tender, submitted under the title of *'Medical Diagnostics Equipment Supporting the Evaluation of Genetic Results'*, was awarded within the framework of *'Support for Market-driven Research, Development and Innovation Projects (2019-1.1.1-PIACI)'* called for by Nemzeti Kutatási és Fejlesztési, Innovációs Hivatal (in English: National Research, Development and Innovation Office).
Besides the existing and available solutions and services, 4iG is really dedicated to work out, validate, store secure and utilize such professional ecosystems and platforms which contribute to the performance of national and industry datasets collection.

NUMBER OF EMPLOYEES AND EMPLOYMENT

In order to realize optimum professional structure, and appropriate level of skills and qualifications, and better operational efficiency the number of employees at 4iG is continuously growing. In the interest of the performance of rational management, the Company is endeavoring to have 'core tasks', and tasks involving more significant added value performed by own employees and only those parts of activities are outsourced for subcontractors which are featuring ad hoc services, or which are less fundamental from the point of long-term operation of the Corporate Group.

As a result of the hereinbefore, **the number of employees was increased by 60 percent within one said year at the Corporate Group.** While only 376 employees were employed by the

Corporate Group at the end of 2018, **4iG, upon 31 December 2019, was able to allocate almost 600 employees to its projects.** With regards, 91 percentage out of the employees is highly qualified engineer and IT specialist.

The key to the growth in ICT-market is rooted in the available expert team. Hence, in the interest of the enhancement of business results, the management of 4iG wishes to expand its available capacity further by means of internal resource development and expansion, or acquisitions of companies available in the platform, or establishment of new strategical partner co-operations.

POSSIBILITIES, VISION

According to the short- and medium-term objectives of the Company published on 3 March 2020, 4iG's intention is to become the number one integrator company in the Hungarian IT market within the next two years. At the beginning of March 2020 the value of book of contracts regarding the amount of 23 billion Hungarian Forints was double compared the thereof to the year of 2019 give rise to the fact that the Company shall have reasonable high expectations for 2020. The management of 4iG expects the estimated growth of sales revenues in 2020 to exceed 20%, and similarly, dynamic growth is also foreseen for the upcoming years. The aforementioned organic growth gives reasons for the expectations to perform further developmbent by the planned acquisitions and strategic partnerships. With respect to profitability, the Corporate Group's expectation is for 4iG to reach an 8 to 10% EBIDTA margin in the next 2 to 3 years.

Regarding the available services 4iG tries to focus on IT solutions tailored to the claims of the clients. In the rapid changing technological environment the corporate group is seeking the possibilities to improve continuously its existing and available services, to upgrade the competencies of its employees, and, moreover, to have new technologies adapted into its portfolio at an appropriate pace. Regarding the goals of the Company, upon national and international cooperation such new technologies are to be set for the participation of 4iG of which initiations are already available in the foreign or domestic professional workshops. Having stable background of manufacturers and customers, the Corporate Group cooperates upon long-term agreements but is still open to establish new partner co-operations. Regarding the possibilities of significant potential for growth in the areas of industry specific solutions regarding 4iG, the set goal of the Company is to own the widest possible range of own developments and products in the said fields. Taking the complex services level, the aforementioned elements are already available in the existing present portfolio.

We are living hard times of historical significance. Expectedly, the current world-wide pandemic of 2020 is going to have a significant, negative effect on the economies and the enterprises as well. 4iG was prepared for the pandemic-related restrictions, and in order to ensure the continuity of business, the Company has prepared its employees to work from home and provided them with the infrastructure thereto. Consequently, 4iG is able to perform its obligations and serve its clients continuously, to the customary high professional standard.

Due to the stable financial background and last year's successful business activity, 4iG has sufficient reserves to face the upcoming time period after the economic restart. We expect that in this period, the digital switchover process among the economies will speed up even more. The crisis will highlight the importance of distance working, the application of artificial intelligence, IT security, and improve the need for robotization. As the above segments of IT technology are the key areas for 4iG, despite the disadvantageous economic environment, the Company's management expects an excellent performance in the remaining part of this year as well in these segments of the industry (among others).

Despite the crisis, the improvement of the IT and ITC sector is expected to remain continuous, while the changes in the economic environment offer new chances of acquisition and significant improvement potential for the financially stable enterprises.
As being an integrator company, in relation with the performance of the Corporate Group, in 2020 the management is expecting further growth. Therefore, the company is continuously considering the national and international possibilities for growths. With regards seeking new potential acquisition targets, and analyses of new business possibilities a separate strategical staff was set up to deal with within 4iG.

Following the record year of 2019, on the basis of the proposal of the Board of Directors, the General Meeting of the Company being held in April may make a decision on dividend disbursement. Upon the value of the payable dividend it should be kept in mind that enough available resources to realize the growth plan of the Corporate Group are to be remained from the distributable profit and loss but at the same time the shareholders are to be accounted from the profit in the appropriate rate.

Consolidated comprehensive profit and loss account

Description	2019	2018	Change +/- in percentage
Net sales revenues	**41,129,298**	**14,007,455**	**193.6%**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**4,075,399**	**841,573**	**384.3%**
Earnings before interest and taxes (EBIT)	3,332,279	240,421	1,286.0%
Profit after tax (PAT)	2,826,944	101,922	2,668.5%
Total comprehensive income	**2,826,944**	**101,922**	**2,668.5%**
Stock exchange indicators			
Stock exchange closing share price* (in HUF)	662	316	109.5%
Average stock market share price (in HUF)	757	209	262.4%
P/E ratio	22	284	(92.4%)
Market capitalization of 4iG Plc. (in billion HUF)	62.2	29.7	109.5%
Value per share			
EBITDA**	43	9	384.3%
Net earnings per share (EPS)**	31	1	2,664.1%
Diluted EPS indicator**	30	1	2,668.5%
Own equity**	58	29	101.8%

*at the end of the period
** in Hungarian Forints

47. General Information on the Issuer

Company name:	4iG Public Limited Company
Legal status:	Public Limited Company
Seat of business:	1037 Budapest, Montevideo u. 8.
Branch business:	8000 Székesfehérvár, Seregélyesi út 96. 6782 Mórahalom, Röszkei út 43. 6722 Szeged, Tisza Lajos körút 41.
Company registration number:	01-10-044993
Tax number:	12011069-2-41
Statistical number:	12011069-6209-114-01
Share capital:	1,880,000,000,-HUF
Date of foundation:	8 January 1995
Date of transformation:	2 April 2004
The date of being listed on the stock exchange:	22 September 2004

48. Information on shares

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	20 HUF/quantity
Quantity of the shares:	94,000,000,- quantity
ISIN-code of the shares:	HU 0000167788
Series of the share class:	'A'
Serial number of the shares:	0000001-94000000
Repurchased own shares:	2,250,000,- quantity

Other information related to the shares:

- Each share shall have the same rights and each share shall mean 1 vote.
- The shares are registered in 'PREMIUM' category in the Budapest Stock Exchange and the shares herein shall represent the issued share capital in full, and hereby there shall not be other existing issued equity holding at 4iG Plc.
- Regarding the purchase of the shares and the right of first refusal there are not existing restrictions of the thereof but the transfer of the shares shall be exclusively performed by debiting or crediting the securities settlement account. With regards the transfer of the share the shareholder shall exclusively exercise his or her rights related to being a shareholder if the name of the new shareholder is registered in the share register.
- The share register of the Company is kept by KELER Zrt. (in English: Central Clearing House and Depository Plc.).
- Particular rights to manage are not specified.
- We are not aware of any shareholder's agreement related to the rights to manage.
- Employee share ownership system do not operate at the Company.
- There are no restrictions in relation with the voting rights but repurchased own shares are to hold no voting rights. Upon 31 December 2019, the quantity of the repurchased own shares of the Company was amounted to 2,250,000,- quantity.

- Minority rights: With regards owning, at a minimum of, 1 percentage of the votes, and upon indicating the reason and the aim, the shareholders shall hereby have the right to convene the general meeting of the Company at any time.
- In line with the Articles of Association the designated officers are elected upon simple majority by the General Meeting.
- Operational management of the Company is to be performed by the Board of Directors.
- The General Meeting shall hereby make decision on the share capital increase on the basis of of the submission of the Board of Directors. There is no need to General Meeting decision regarding the performance of the share capital increase, if, in line with the authorization of Articles of Association, it shall be only exercised within the scope of the directorate. Upon the compilation of the Annual Report the Board of Directors shall not be entitled to issue new shares.
- According to the general meeting held on 17 January 2018, the Company shall entitle the Board of Directors to purchase a maximum of 470.000 quantity or of 4.700.000 quantity of own, A series, dematerialized shares of the Company at a nominal value of 1,000,-,HUF per quantity or 100,-,HUF per quantity for an eighteen-month period, namely until 17 July 2019, starting from the day of the general meeting decision. The aforementioned purchase is primarily to be performed by exchange transaction at an exchange rate of at least 1,000,-HUF or 100,-HUF and at maximum 5,000,-HUF or 500,-HUF. Within the framework of an over-the-counter transaction the Board of Directors is exclusively allowed to purchase an own share if the exchange rate is at least 20 percent lower than the actual stock exchange rate. Upon the incoming general meeting the Board of Directors is obliged to give information on the reason for and the nature of the acquisition of own shares, and on the quantity of the acquired shares, aggregate face value of the herein, and on the ratio of the shares calculated for the share capital of the listed company and the consideration paid for.
- Following the public takeover bid, there is no an existing agreement coming into force, or is to be 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 is unlawfully expired, or of the termination of the legal relationship on the grounds of public takeover bid, lays down indemnification.
- Jászai Gellért, the chairperson and 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, acquired 32.01% ownership in 4iG Plc. He made a binding takeover bid for the rest of the herein shares until the prescribed deadline as of 28 August 2019.
- With regards the general meeting held on 26 July 2018, 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 100,-HUF per quantity.

The 4iG Plc. shares were distributed at the nominal value of 100,-HUF per quantity in standard section at Budapest Stock Exchange from 5 October 2018.
With regards the general meeting 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 distributed at the nominal value of 20,-HUF per quantity at Budapest Stock Exchange from 17 June 2019.

- The CEO of Budapest Stock Exchange reclassified 4iG shares into Premium category upon 19 June 2019.

49. Ownership structure

	31 December 2019	31 December 2018
KZF Vagyonkezelő Kft. (owned by Jászai Gellért)	35.02%	n.d.
Manhattan Invest Kft.(owned by Jászai Gellért)	3.29%	n.d.
MANHATTAN Magántőkealap(owned by Jászai Gellért)	1.90%	n.d.
KONZUM PE Magántőkealap (owned by Mészáros Lőrinc)	11.63%	26.74%
OPUS GLOBAL Plc. (owned by Mészáros Lőrinc)	9.95%	13.80%
REPRO I. Invest Kft. (owned by Mészáros Lőrinc)	n.d.	22.57%
4iG own shares	2.39%	2.59%
Free float	35.82%	34.30%
Total	**100.00%**	**100.00%**

50. Officers

With regards the period between 01 January 2019 and 31 December 2019 the executive officers of 4iG Nyrt. are the persons listed as follows:

50.1 Company Management

Board of Directors: Jászai Gellért, chairperson of the board of directors, chief executive officer

Tóth Béla Zsolt, member of the board of directors
Linczényi Aladin, member of the board of directors
Zibriczki Béla, member of the board of directors
Simon Zoltán, member of the board of directors (from 05 September 2019)

Supervisory Board: Tomcsányi Gábor, chairperson of the Supervisory Board (from 06 September 2019)

Kunosi András (from 6 September 2019)
Simon Zoltán, the chairperson of the Supervisory Board (until 5 September 2019)

Ódorné Angyal Zsuzsanna, member
Tima János, member

Audit Committee: Tomcsányi Gábor, chairperson of the Audit Committee (from 6 September 2019)

Kunosi András, member (from 6 September 2019)
Simon Zoltán, the chairperson of the Audit Committee (until 5 September 2019)

Ódorné Angyal Zsuzsanna, member
Tima János, member

50.2 Remuneration of the officers

With regards the remuneration of the members of the Board of Directors, Supervisory Board and Audit Committee of the Company in the said period is as it follows hereinbelow.
In line with the General Meeting Resolution under the number of 37./2014(10.27) issued by the General Meeting, the members of the Board of Directors are entitled to receive remuneration of 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 Supervisory Board, the members of the Supervisory Board are entitled to receive remuneration of 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 the thereof board.

50.3 The shareholding of the 4iG executive officers upon 31 December 2019 (quantity)

Name	Position	Direct capital ownership	Indirect capi ownershir	Direct and indirect	Capital ownership rate (%)
Jászai Gellért Zoltán	president and C Executive Office	37,798,850	0	37,798,850	40.21%
Tóth Béla Zsolt	Member of the Board of Directors	1,052,200	0	1,052,200	1.12%

50.4 Persons being entitled to sign this 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 sigh individually, or any two members of the Board of Directors shall jointly practice the herein right of signing.

50.5 Appointment and removal of the officers

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

50.6 Competence of the officers

Regarding the executive officer of the Company they 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.

51. Report and declaration on corporate governance liability

The Company shall hold the Report and Declaration on Corporate Governance Liability and the Company shall hereby revise its corporate governance and, if it is needed, amend or modify the hereof. 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 availeble on the websites of www.4ig.hu, www.bet.hu and www.kozzetetelek.hu.

- The Company complies its Report and Declaration on Corporate Governance Liability in line with the Corporate Governance Recommendations disclosed by Budapest Stock Exchange.
- The Company shall employ the rules on the obligatory corporate governance.
- On the basis of the proposal of the Supervisory Board it is the Board of Directors which accepts the Report and Declaration on Corporate Governance Liability and it is the General Meeting which approves the hereof. With regards, 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 the hereof are to be incorporated.

With regards, the Report and Declaration on Corporate Governance Liability shall include all the reasons and interests of the applied practice besides the requirements of the legal regulations. Upon the 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 shall hereby represent the Board of Directors in front of external parties.

- With regards, assignment in relation with the company management is not included in the Articles of Association and in the Report and Declaration on Corporate Governance.
- 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 the risks are performed upon the management meetings held weekly.

52. Amendment of the Articles of Association

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

53. Subsidiary companies

Name of the subsidiary company	Seat of business	Capital ownership 2019	Capital ownership 2018	Comment
Humansoft Szerviz Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Founded 17 April 2019
DOTO Systems Zrt.	1037 Budapest, Montevideo u. 8.	60%	n.d.	Founded 03 July 2019
Veritas Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Purchased 10 September 2019
HUMANsoft Kft.	1037 Budapest, Montevideo u. 8.	n.d.	100%	Merged into 4iG Plc. upon 31 January 2019
Axis Rendszerház Kft.	1037 Budapest, Montevideo u. 8.	n.d.	100%	
Mensor3D Kft.	1037 Budapest, Montevideo u. 8.	n.d.	100%	

54. Major events of the period (in chronological order)

54.1 Merger of subsidiary companies into 4iG Plc.

Upon the order under the number of 01-10-044993/158 made by the Company Registry Court of Budapest-Capital Regional Court on 29 January 2019 (hereinafter referred to as Order) on the fact that the subsidiary companies of the Company, namely Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság (in English: Axis System House IT Development and Consultant Private Limited Liability Company (seat of business: 1037 Budapest, Montevideo Street 8; company registration number: 01-09-199169), Mensor3D Korlátolt Felelősségű Társaság (in English: Mensor3D Private Limited Liability Company) (seat of business: 1037 Budapest, Montevideo Street 8; company registration number: 01-09-328695) and HUMANsoft Elektronikai Private Limited Liability Company (seat of business: 1037 Budapest, Montevideo Street 8; company registration number: 01-09-062054) all merge into 4iG Plc.

54.2 Conclusion of large amount agreement (12 February 2019)

As a result of an open public procurement procedure an agreement was concluded between and by 4iG Plc. and DXC Technology Magyarország Kft. (1114 Budapest, Bartók Béla út 43-47.; company registration number: 01-09-075933) as a main contractor to perform the tasks of the projects of 'Planning and Command System for the Rolling Stock and Human Resources' and 'Data Warehouse and Reporting System' within the project of MÁV INKA2.
The project is financed from European Union funds.
The purpose of the project is to ensure more efficient operation of MÁV and to consolidate its IT applications.
The value of the contract is 900.000.000,- HUF + VAT.

54.3 Changes of owners (13 February 2019)

KZF Vagyonkezelő Korlátolt Felelősségű Társaság (in English: KZF Asset Management Private Limited Liability Company) (seat of business: 1062 Budapest, Andrássy út 59.; company registration number: 01-09-294248; hereinafter referred to as KZF Vagykezerlő Kft.) owned by Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (in English: Konzum Fund Management Private Limited Company) (seat of business: 1062 Budapest, Andrássy út 59.; company registration number: 01-10-045654, tax number: 13960904-2-42; hereinafter referred to as: Fund Management Company), upon an over-the-counter transaction, acquired the block of shares issued by 4iG consisting of 4,242,610,- quantity, namely four-million-two-hundred-and-forty-two-six-hundred-and-ten quantity at the nominal value of 100,-HUF from REPRO I. Invest Kft. (seat of business: 1062 Budapest, Andrássy út 59.; company registration number: 01-09-326193; hereinafter referred to as: REPRO I. Invest Kft.) owned by REPRO I. Magántőkealap (registration number: 6122-57) also being administered by the Fund Management Company.

54.4 4iG shares are to be included and registered in FTSE Micro Cap and FTSE Total-Cap indexes within the series of 'FTSE Global Equity Index – Emerging Europe'.

As a result of FTSE Russell's semi-annual review, the Company's shares have been included in FTSE Micro Cap and FTSE Total-Cap indexes within the series of 'FTSE Global Equity Index – Emerging Europe'.

The aforesaid changes took effect on 18 March 2019, after the closing of the stock exchange on 15 March 2019.

54.5 Announcement of large amount successful tender (26 February 2019)

It was 4iG Plc. which was awarded in the course of the public procurement procedure on the delivery of active network devices and on the fulfilment of the related services initiated by Kormányzati Informatikai Fejlesztési Ügynökség (in English: Governmental Agency for IT Development) (hereinafter referred to as KIFÜ).

The aim of the project in relation with the fulfilment of Magyarország Digitális Oktatási Stratégiája (in English: Digital Educational Strategy of Hungary) concerning the digital adaptation of vocational training, higher education and adult education systems is as follows:

1. Deployment of the connections between the subsidies and branches of public education institutions upon the the delivery and installation of CPE routers.
2. The expansion of the central backbone network of KIFÜ with active network devices and expansion modules upon on-site installation and system integration.

The total value of the two procedures is HUF 2,353,060,000,-HUF + VAT.

54.6 Personnel Changes

Upon 18 March 2019, the Board of Directors appointed Jászai Gellért, the chairperson of the Board of Directors, to fulfil the position of chief executive officer at 4iG Plc. and to perform the tasks included in operative management of the company.

54.7 Entering into the national stock index

In line with the proposal of the BSE Index commission the chief executive officer of Budapest Stock Exchange in March of this year made the decision on the new content of BUX and BUMX baskets. As a result of the aforementioned, upon 18 March, 4iG Plc. could enter into the national elite club and the shares of the company could get into the BUX index basket.

54.8 Own share sale

Upon the cooperation with Equilor Zrt., as an investment service provider company, the Company sold 37,120,- quantity of ‘A’ series dematerialized equity shares from its own shares treasury stock at Budapest Stock Exchange at the value of 4,980,-HUF/quantity on 19 March 2019.

Upon the Transaction the treasury stock of own shares of the Company changed from 487,120,- quantity to 450,000,- quantity. The total share of the Company’s treasury stock is 2.39%.

54.9 Signing large amount agreement (25 March 2019)

Within the public procurement procedure 4iG Plc., as a member of the successful consortium, was announced to be the winner to perform the tasks and operate ‘The Procurement of Services in relation with DAKIR – Tobacco Product Identification Issuer IT system’ issued by ND Nemzeti Dohánykereskedelmi Nonprofit Zrt. (in English: ND National Tobacco Trade Nonprofit Plc.) (seat of business: 1136 Budapest Pannónia u. 40., company registration number: Cg. 01-00-47581, hereinafter referred to as ND) in line with Article 15 and 16 of Directive 2014/40/EU of the European Parliament and of the Council and Commission and pursuant to the implementing regulation 2018/574 of European Union Commission.

The deadline for conclusion of the contract was to be over on 24 March 2019. The procedure of conclusion of the contract was initiated during which 4iG Plc. shall conclude a contract with the ND for the procurement on the purchase of services in relation with DAKIR – tobacco product identification issuer IT system in line with Article 15 and 16 of Directive 2014/40/EU of the European Parliament and of the Council and Commission and pursuant to the implementing regulation 2018/574 of European Union Commission.
The proposed contract will be valid for a fixed term of 61 months. The estimated value of contract performance period is net four (4) billion Hungarian Forints. Tobacco product produced after 20 May 2019 must be furnished with the codes generated by DAKIR. 4iG Plc. has prepared for the live start of the system on time.

54.10 Signing large amount agreement (27 March 2019)

Two large amount agreements were concluded between and by the Company and Kormányzati Informatikai Fejlesztési Ügynökség (in English: Governmental Agency for IT Development) (seat of business: 1027 Budapest, Csalogány utca 9-11., registration number: 598316, hereinafter referred to as: KIFÜ).
By virtue of the General for Public Procurement and Supply (KEF) (hereinafter referred to as: Purchaser), and for the obliged and volunteer institutions under the scope of centralized procurement under the number of 2018/S 025-052837 by TED 2018/S 025-052837, in the subject of 'Procurement of Active Network Device and the Performance of the Related Services in 2018', and in line with the framework agreement on the centralized procurement procedure (hereinafter referred to as: KM), and as a result of the reopening of the competition the hereof KEF ordered products and services from 4iG Plc.
The aim of the aforesaid projects in relation with the fulfilment of Magyarország Digitális Oktatási Stratégiája (in English: Digital Educational Strategy of Hungary) concerning the digital adaptation of vocational training, higher education and adult education systems is as follows:

1. Deployment of the connections between the subsidies and branches of public education institutions upon the the delivery and installation of CPE routers.
2. The expansion of the central backbone network of KIFÜ with active network devices and expansion modules upon on-site installation and system integration.

The total value of the contract listed in the hereabove points 1 and 2 is: 2,353,060,000,-HUF + VAT.

54.11 Establishment of subsidiary company

With regards the establishment of a new subsidiary company, by virtue of 100% ownership, the Company founded Humansoft Szerviz Private Limited Liability Company upon 5 April 2019 by means of 3 million Hungarian Forints share capital. The aforementioned establishment was registered by the Company Registry Court under the number of 01-09-340476 upon 17 April 2019.
The seat of the business of the company: 1037 Budapest, Montevideo u. 8.
Main activity: 9511 '08 Repair services of computers and peripheral equipment

54.12 Ordinary annual general meeting held by the Company upon 25 April 2019

The Company held its ordinary annual general meeting on 25 April 2019.
The Company disclosed the minutes of the General Meeting on the same day.

In line with the relevant content of the submissions the General Meeting decided to accept the hereinbelow as follows:

- the submission of the Board of Directors concerning the reports, balance sheet and profit and loss account and the distribution of profit related to the year of 2018;
- the report of the Board of Directors on the Company's business activities in 2018;
- the Auditor's report on the audit of the annual financial statements for the year 2018, and on the disclosed auditor's clause;
- the Audit Committee's report on financial statements for 2018;
- the Supervisory Board's report on the financial statements for 2018;
- 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 addition, by means of resolution, the General Meeting adopted the annual report for the year of 2018 compiled in line with IFRS (International Financial Reporting Standards) upon the hereinbelow main data as follows:

- the total amount of assets/capital and resources is 3,793,547,-HUF in thousands
- the amount of own equity is 2,628,152,-HUF in thousands
- the amount of income after taxes is 25,600,-HUF in thousands

In addition, by means of resolution, the General Meeting adopted the consolidated annual report for the year of 2018 compiled in line with IFRS (International Financial Reporting Standards) upon the hereinbelow main data as follows:

- the amount of assets/capital and resources is 8,395,003,-HUF in thousands
- the amount of own equity is 2,719,556,-HUF in thousands
- the amount of the comprehensive income after taxes is 101,922,-HUF in thousands

Furthermore, by means of resolution, on 31 January 2019, the General Meeting adopted the annul report for the year of 2018 on the merger of the subsidiary companies (namely HUMANsoft Elektronikai Korlátolt Felelősségű Társaság (in English: HUMANsoft Electronic Private Limited Liability Company) [company registration number: 01-09-062054], Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695] and Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság (in English: Axis System House IT Development and Consultant Private Limited Liability Company) [company registration number: 01-09-199169) upon the hereinbelow main data as follows:

<u>HUMANsoft Elektronikai Korlátolt Felelősségű Társaság</u>

- the total amount of assets/equity and resources 5,718,730,-HUF in thousands
- the amount of own equity is 992,444,-HUF in thousands
- the amount of the comprehensive income after taxes is 24,269,-HUF in thousands

<u>Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695]</u>

- the total amount of assets/capital and resources is 161,457,-HUF in thousands
- the amount of own equity is 144,982,-HUF in thousands
- the amount of the comprehensive income after taxes is 20,563,-HUF in thousands

<u>Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság</u>

- the amount of assets/capital and resources is 778,684,-HUF in thousands
- the amount of own equity is 361,893,-HUF in thousands
- the amount of comprehensive income after taxes is 69,466,-HUF in thousands

Moreover, the General Meeting shall make the decision – with regard to the Report of the Supervisory Board and Audit Committee, and to the submission of the Board of Directors – on non-dividend-payment from the profit and loss for the year of 2018 of the Company.

The General Meeting adopted the business report, being disclosed as general meeting submission, for the (business) year of 2017 on the management, business policy and financial situation of 4iG Plc.
The General Meeting adopted the Corporate Governance Report and Declaration, being disclosed as general meeting resolution, for the (business) year of 2017 of 4iG Plc.
The General Meeting made the decision on the auditor of the Company, – with regard to that the personal service contract on auditing was concluded between and by the Company and INTERAUDITOR Neuner, Henzl, Honti Consultancy Private Limited Liability Company (seat of business: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F.; company registration number: 01-09-063211; tax number: 10272172-2-42, the person being personally responsible for performing audit: Freiszberger Zsuzsanna [mother's name: Böczkös Rózsa Mária; address: 2440 Százhalombatta, Rózsa utca 7.; chamber membership number: 007229], hereinafter referred to as 'INTERAUDITOR Kft.' or 'Auditor') on 18 July 2018 – and as a result INTERAUDITOR Kft. is to be assigned to perform of the hereof activities in the business year of 2019.
The General Meeting evaluated the work performed by the executive officers in 2018 and the discharge was granted for them.
In line with the content of the submissions, the General Meeting made the decision that – and pursuant to the regulations of the Act on the Transformation, Combination and Separation of Legal persons –, adopts the final statement of holdings and the inventories of assets and liabilities compiled by ESSEL Audit Kft., and in the course of the herein process the said Auditor is entitled to act as an independent auditor, – in addition to the assignment of the Company's own Auditor –, in the transformation of the subsidiary companies (predecessor legal persons) upon the merger in question into the Company – namely HUMANsoft Elektronikai Korlátolt Felelősségű Társaság [company registration number: 01-09-062054], Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695] and Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság (in English: Axis System House IT Development and Consultant Private Limited Liability Company) [company registration number: 01-09-199169] – as it is set forth in the Act on the Transformation, Combination and Separation of Legal persons, on the day of the transformation (merger), namely on 31 January 2019.
With regards, the main data of the final statement of holdings and inventories of assets and liabilities compiled by ESSEL Audit Kft., an independent auditor participating in the transformation (merger) upon 31 January 2019 are as follows:

<u>HUMANsoft Elektronikai Korlátolt Felelősségű Társaság</u>

- the total amount of assets/capital and resources is 6,243,109,-HUF in thousands
- the amount of own equity is 953,600,-HUF in thousands
- the amount of the comprehensive income after taxes is (-)38,844,-HUF in thousands

<u>Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695]</u>

- the total amount of assets/capital and resources is 142,644,-HUF in thousands
- the amount of own equity is 139,538,-HUF in thousands
- the amount of comprehensive income after taxes is (-)5,444,-HUF in thousands

<u>Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság</u>

- the total amount of assets/capital and resources is 744,163,-HUF in thousands
- the amount of own equity is 355,744,-HUF in thousands
- the amount of the comprehensive income after taxes is (-)6,148,-HUF in thousands

As it is set forth in the Act on the Transformation, Combination and Separation of Legal persons, upon the day of the transformation (merger), namely on 31 January 2019, and in line with the content of the submissions, the General Meeting made the decision on adopting the final statement of holdings and the inventories of assets and liabilities compiled by ESSEL Audit Kft., and in the course of the process the said Auditor is entitled to act as an independent auditor, – in addition to the assignment of the Company's own Auditor –, in the transformation of the subsidiary companies (predecessor legal persons) upon the merger in question into the Company.

With regards, the main data of the final statement of holdings and inventories of assets and liabilities compiled by ESSEL Audit Kft., an independent auditor participating in the transformation (merger) upon 31 January 2019 are as follows:

in relation with the Company as an acquiring company (receiving legal person) upon the transformation (merger):

- the total amount of assets/capital and resources is 4,126,659,-HUF in thousands
- the amount of own equity is 2,534,033,-HUF in thousands

in relation with the Company as acquiring company in the course of transformation (merger) (established legal entity) as follows:

- the total amount of assets/capital and resources is 8,654,325,-HUF in thousands
- the amount of own equity is 2,321,283,-HUF in thousands

The General Meeting shall hereby acknowledge the effectiveness of the resignation of Hetényi Márk (mother's maiden name: Varsányi Judit, place and date of birth: 19 October 1974, Budapest; address: 1055 Budapest, Szent István körút 17. 3. em. 6. a.; tax identification number: 8393725445) from the post of the membership in the board of directors, as an executive officer, upon 13 March 2019.

The General Meeting made the decision not to designate a new member in place of the resigning member of the Company with regard to that the Board of Directors of the Company with 4 (four) members is allowed to work lawfully in accordance with and pursuant to the legal regulations and the Articles of Association of the Company.

Upon the merger into the Company, the General Meeting made the decision that the merged subsidiary company, HUMANsoft Elektronikai Korlátolt Felelősségű Társaság (company registration number: 062054) having the branch business in 6782 Mórahalom, Röszkei út 43. shall hereinafter operate as a branch business of the Company.

With regard to the exchange rate rise of the shares issued by the Company since the last share split on 05 October 2018, the General Meeting made the decision to modify its share pattern consisting of 18,800,000,- quantity, namely eighteen-million-eight-hundred thousand pieces of 'A' series ordinary share with a nominal value of 100,- Hungarian Forints. Following the aforesaid modifications the share capital of the Company (being unaltered) – and upon the split of the nominal value of the equity share issued by the Company into 1/5, namely by splitting the hereof into one fifth – following the herein, the quantity of the equity share is 94,000,000,-, namely ninety-four-million quantity, at the nominal value of 20,-HUF, namely twenty Hungarian Forints.

As a result of the aforesaid modification, 5 quantity, namely five quantity, of equity shares at the nominal value of 20,-HUF, namely twenty Hungarian Forints, shall replace 1, namely one quantity, of equity shares at the nominal value of one-hundred Hungarian Forints. The hereof modification shall hereby not have an impact on the amount of the share capital of the Company and on any rights related to the 'A' series of shares. With regards, the aggregate

face value of the ‘A’ series of shares remains unchanged, and, moreover, following the modification, the Articles of Association amendment shall hereby ensure to have an unchanged ratio of voting rights attached to the shares.
With regards and as a result of the transformation (merger) being realized at the Company, the General Meeting shall resolve that the Company's currently registered main activity, namely 6209’08 Other information technology and computer service activities, is to be changed to 6201’08 Computer programming activities. Upon the merger the subsidiary companies of the Company (namely HUMANsoft Elektronikai Private Limited Liability Company [company registration number: 01-09-062054] Mensor3D Private Limited Liability Company [company registration number: 01-09-328695], Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Private Limited Liability Company [company registration number: 01-09-199169]) merged into the Company resulting that computer programming activities became the most prominent value-added scope of activities.
Having regard to the transformation (merger) performed at the Company, the General Meeting made the decision on the amendment of the Articles of Association of the Company in force in relation with the scope of activities and admits the hereinbelow activities as follows:

- 4110 '08 Organisation of building construction projects
- 4312 '08 Construction site preparation
- 5819 '08 Other publishing activities
- 5911 '08 Production of films, video and television programmes
- 6202 '08 Information-technology consulting
- 6820 ‘08 Renting or operating of own or leased real estate
- 7112 '08 Engineering activities and related technical consultancy
- 7120 '08 Technical inspection and analysis
- 7311 '08 Real estate agent activity,
- 7733 '08 Renting office equipment (including computers)
- 8230 '08 Organisation of conferences and trade presentations
- 9499 '08 Activities of other membership organisations n.e.c.

The General Meeting adopted the proposed amendments and the consolidated version of the Articles of Association.

54.13 Announcement of large amount successful tender (02 May 2019)

With regard to the tender of 4iG Plc. within the framework of ‘Purchasing Small and Big Servers upon the Healthy Budapest Program’ called for by Állami Egészségügyi Ellátó Központ (in English: National Healthcare Services Center) (seat of business: 1125 Budapest, Diós árok 3., tax number: 15324683-2-43, hereinafter referred to as: ÁEEK) upon the public procurement procedure was announced to be the successful tender.
The aim of the procurement was to establish the infrastructure of the branch businesses of the participants, and the operation of system integration services and trainings in relation with the hereof. The deadline for the performance is 60 days following the conclusion of the contract.
The value of the procedure is 689,997,476,-HUF + VAT.
The deadline for the conclusion of the contract was upon 09 May 2019.

54.14 Announcement of large amount successful tender (08 May 2019)

As a result of the centralised public procurement procedure through reopening the competition, the Hungarian Export-Import Bank Private Limited Company (seat of business: 1065 Budapest, Nagymező u. 46-48.) declared 4iG Plc. as the winning bidder for the tasks of 'Expert Support for Development, Application Support and Operations' within the scope of a framework agreement on the subject-matter of 'Development Consultancy related to the Implementation of Software-development Projects Financed from European Union Funds in the 2014–2020 programming period' – Part 1 Within the framework agreement in the subject matter of the 'Development Consultancy based on the Microsoft .Net framework and Microsoft Business Intelligence' for the performance of the tasks of 'Expert Support for Development, Application Support and Operations' in the net value of 315,246,400,-HUF,
moreover, for the tasks of 'Development Consultancy related to the Implementation of Software-development Projects Financed from European Union Funds in the 2014–2020 programming period' – Part 2: 'Development Consultancy for Developments in a Development Environment based on Java or Business Intelligence or with other Open Source Code' and for the tasks of 'Expert Support for Project Implementation' in the net value of 372,985,920,-HUF.
The combined net value of the two framework agreements is 688,232,320.-HUF.
The standstill period for the conclusion of the contract was terminated on 16 May 2019.

54.15 Announcement of large amount successful tender (08 May 2019)

Klebelsberg Centre has announced 4iG Plc's bid as the winner within the framework of the public procurement tender with the title of 'Acquisition of Interactive Panels and Provision of Accredited e-learning Training Service for the Project EFOP-3.2.4-16-2016-00001 Development of Digital Competence'.
The aim of the project is to supply, install and commission and provide on-site training for the use of 3005 interactive whiteboards and wall or mobile consoles for schools maintained by Klebelsberg Centre and by the education centers of the convergence regions, as well as to provide accredited e-learning training related to the methodology of operating and using interactive whiteboards.
The value of the tender is 4,390,500,000,-HUF + VAT.

54.16 Disclosure of the information on first quarter (QI) management (17 May 2019)

Upon 17 May 2019 the Company disclosed the management report of the first quarter on the data of the management.

54.17 Conclusion of large amount contract of the Company (21 May 2019)

Upon 21 May 2019 a large amount contract was concluded by and between 4iG Plc. and NISZ Nemzeti Infókommunikációs Szolgáltató Zrt. (in English: NISZ National Infocommunications Services Company Limited by Shares).

With regards the public procurement procedure under the title of 'Procurements of the Oracle Licenses and Product Support – phase 2' called for by NISZ National Infocommunications Services Company Limited by Shares, the tender of the joint bidders, like LicensePort Zrt., 4iG Plc., CompuTREND Zrt., Delta Systems Kft., Grepton Zrt., EXE Magyarország Zrt., TRACO Zrt. was announced to be the successful.

The procurement procedure was realized upon the reopened tender within the 2nd part of the framework agreement under the number of KM0101-05SLIC17 being concluded by the General for Public Procurement and Supply (KEF). The aim of the project was to purchase Oracle licenses used by NISZ and institutions of the hereof, and to provide manufacturer product support. With regards, 4iG Plc. is the supplier of the successful members of the consortium.
The value of the contract is 1,297,000,000,-HUF + VAT.

54.18 Modification of the share capital of 4iG Plc. (split)

The General Meeting made the decision on the General Meeting resolution under the the number of 12/2019.(IV.25.) to modify its share pattern consisting of 18,800,000,- quantity, namely eighteen-million-eight-hundred thousand quantity of 'A' series ordinary share with a nominal value of 100,- Hungarian Forints. Following the aforesaid modification the share capital of the Company (being unaltered) – and upon the split of the nominal value of the equity share issued by the Company into 1/5, namely by splitting the hereof into one fifth – following the herein, the quantity of the equity share is 94,000,000,-, namely ninety-four-million quantity, at the nominal value of 20,-HUF, namely twenty Hungarian Forints, (hereinafter referred to as Split), the Company, in line with the agreement concluded between and by Budapest Stock Exchange and KELER Zrt. and the Company, scheduled the hereof as follows:

- the last trading day of the (old) 'A' series equity shares at the nominal value of 100,-HUF (ISIN: HU0000161518) at Budapest Stock Exchange: as of 14 June 2019;
- the first trading day of the (new) 'A' series equity shares at the nominal value of 20,-HUF (ISIN: HU0000167788): as of 17 June 2019;
- the value date of Split: as of 19 June 2019

54.19 Significant modification of ownership structure of 4iG Plc. (14 June 2019)

Jászai Gellért, the chairperson and chief executive officer of 4iG Plc., acquired 100% of the business shares of KZF Vagyonkezelő Kft. (in English: KZF Asset Management Private Limited Liability Company). Upon other and further share transactions performed on the herein day, KZF Vagyonkezelő Kft., and herewith Jászai Gellért, acquired 32.01% ownership in 4iG Plc.

54.20 Lodging obligatory takeover bid to MNB

Jászai Gellért, as a private person, and **iKON Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság** (in English: iKON Investment Fund Management Private Limited Company) (seat of business: 1037 Budapest, Montevideo utca 8.; company registration number: 01-10-140332) and **KZF Vagyonkezelő Korlátolt Felelősségű Társaság** (in English: KZF Asset Management Private Limited Liability Company) (seat of business: 1062 Budapest, Andrássy út 59.; company registration number: 01-09-294248) as joint bidders, submitted a compulsory public takeover bid for each shareholder of the Company in relation with the registered equity share issued by the Company at the nominal value of 20,-HUF per each, namely twenty Hungarian Forints (ISIN identification number: HU0000167788) for purchase purpose pursuant to Subsection 3 of Section 68 of the Act of CXX of 2001 on Capital Market for the Hungarian National Bank (hereinafter referred to as Authority) upon 17 June 2019.

54.21 Listing 4iG shares in Premium category

Pursuant to the resolution issued by the CEO of the Budapest Stock Exchange under the number of 193/2019., the shares of the Company have been listed in Premium category since 19 June 2019.

54.22 Conclusion of large amount contract of the Company (19 June 2019)

Upon 19 June 2019, a large amount contract was concluded between and by 4iG Plc. and Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zrt. (seat of business: 1027 Budapest, Kacsa utca 15-23.).
In accordance with the framework agreement of KEF and as a result of the public procurement procedure, under the title of 'Development of Tourist Mobile Application Digital Instruments', 4iG Plc. was announced as a successful tenderer and was to conclude the contract on the hereof. Besides the development of a tourist mobile application the aim of the project is to provide a development framework for a system being available on a web interface.
The value of the contract is 659,887,000,-HUF + VAT.

54.23 Announcement of large amount successful tender (26 June 2019)

4iG Plc. was announced as a successful tenderer upon the open public procurement procedure in the subject of 'Framework Contract for the Procurement and Service of Office IT Tools and Equipment' aiming the conclusion of a framework agreement called for by MVMI Informatika Private Limited Company (seat of business: 7030 Paks, Vasút utca 1.). Following the signing the contract is effective for a specified term, namely for 2 years.
With regards, the net total appropriation of the framework agreement is 2,679,000,000,-HUF.

54.24 Signing of large amount agreement (14 August 2019)

In the subject of 'Development of Bank Business Application and the Related Systems' a framework contract was concluded between and by Budapest Bank Zrt. (seat of business: 1138 Budapest, Váci út 193.) and 4iG Plc.
The first amount of the individual order of the framework contract is: 1,192,000,000,-HUF + VAT.

54.25 Changes of the owner (02 September 2019)

The number of shares carrying voting rights of the Company (hereinafter referred to as 4iG Shares) and of those directly owned by Jászai Gellért rose to 37,798,850,- quantity, namely thirty-seven-million-seven-hundred-and-ninety-eigh-thousand-eigh-hundred-and-fifty quantity, thereby the existing voting rights in the Company has risen to 41.2%, while the extent of interest has increased to 40.21%.
With regards the number of 4iG shares carrying voting rights owned directly by KONZUM PE Magántőkealap (in English: KONZUM PE Private Equity Fund) and managed by OPUS Global Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (in English: OPUS Global Investment Fund Management Private Limited Company) on 30 August 2019, and as a result of over-the-counter transactions being realized on 02 September 2019, the quantity of shares decreased to 10,928,850,-quantity, namely ten-million-nine-hundred-and-twenty-eight-thousand-eight-hundred-and-fifty quantity, thus the existing voting rights in the Company has changed to 11.91%, while the extent of interest has been adjusted to 11.63%.

54.26 4iG Plc. was introduced to the Austrian Wiener Börse regional CECE stock exchange index (5 September 2019)

Following the re-weighting being due on 20 September 2019, 4iG Plc. shall hereby be present in the Index upon 0.14 percentage weighting. The new Index was introduced upon 23 September 2019.

54.27 Extraordinary general meeting of 4iG Plc. (05 September 2019)

The substantial resolutions of the extraordinary general meeting of the 4iG Plc. held on 4 September 2019 as follows:

- With regards this resolution the General Meeting shall hereby authorize the Board of Directors for the period of five (5) years to increase the share capital of the Company, including the cases of the contingent capital increase, with that, the Board of Directors is entitled to increase the share capital up to a total of 3,000,000,000,-HUF, namely three-billion Hungarian Forints via the authorized mode(s) in line with the legal regulations and by any frequency, and respectively the same shall be applied to the determination of issuing split nominal value of the shares herein. 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.
- In the interest of the induced dynamic development of the Company, and thus, the involvement of the investors, the General Meeting shall hereby authorize the Board of Directors to issue corporate bond by the Company up to the total appropriation of 30,000,000,000,-HUF, namely thirty-billion Hungarian Forints, which bond issue shall be offered publicly or privately. The authorization shall be subject to all the related issues and resolutions on decisions otherwise referred to the scope of the general meeting.
- The General Meeting shall hereby authorize the Board of Directors for the period of eighteen (18) months to acquire the share capital issued by the Company as own shares out of the equity shares held at the nominal value of 20,-HUF, namely Twenty Hungarian Forints, upon that the quantity of the herein shall not exceed the quantity being equivalent to twenty-five percent (25%) of the prevailing share capital of the Company – irrespectively of whether it is subject to the Budapest Stock Exchange or over-the-counter transactions, with that, in case of the acquisition involving consideration the lowest value of the consideration shall be the reduced amount of thirty (30) percent of the closing price recorded by the Budapest Stock Exchange prior to the day of the conclusion of the agreement, while the highest value of the consideration shall be the enhanced amount of thirty (30) percent of the closing price recorded by the Budapest Stock Exchange prior to the day of the conclusion of the agreement. The authorization shall be subject to all the related issues and resolutions on decisions otherwise referred to the scope of the general meeting.
- The General Meeting, as the new member of the Board of Directors of the Company, appointed Simon Zoltán (mother's maiden name: Kiss Julianna; date of birth: 27 June 1978; address: 1033 Budapest, Ipar utca 21. 5. em. 45.; tax identification number: 8407191698) upon practicing joint authorized signature from 6 September 2019 for an unspecified term, and, at the same time, the General Meeting shall acknowledge hereby the resignation of Simon Zoltán being a member in the Supervisory Board and Audit Committee from the positions in the Supervisory Board and Audit Committee upon the day of this general meeting held, namely on 5 September 2019.

- The General Meeting shall elect hereby the persons hereinbelow as new members of the Supervisory Board and Audit Committee from the day of 06 September 2019 for an unspecified term as follows:
  - Tomcsányi Gábor (mother's maiden name: Dr. Timár Krisztina; address: 1124 Budapest, Mártonhegyi út 50/F. 1.);
  - Kunosi András (mother's maiden name: Nagy Mária Erzsébet; address: 2030 Érd, Kont utca 38.)
- The General Meeting shall make the decision on the operation of the real property of 6722 Szeged, Tisza Lajos körút 41. as a branch business of the Company and the branch business herein shall be respectively included in the Articles of Association of the Company and in the company register.

Regarding those elements of the aforesaid resolutions of the General Meeting having effect on the Articles of Association are respectively to be amended.

54.28 Company takeover (10 September 2019)

Upon 10 September 2019, 4iG acquired 100% ownership of business share over Veritas Consulting Kft. (seat of business: 1118 Budapest, Schweidel utca 11., company registration number: 01 09 328642), herewith 4iG became the exclusive owner of the Purpose Company. Veritas Consulting Kft. shall hereby hold SAP PartnerEdge status.

54.29 Conclusion of large amount contract of the Company (21 September 2019)

Within the framework of the project of KÖFOP-1.0.0-VEKOP-15-2016-00040 called for by Lechner Nonprofit Kft. (seat of business: 1111 Budapest, Budafoki út 59.), in the interest of 'Establishment of Electronic Land Register for Surveying Infrastructure and Performing Application Development Tasks' as a result of the public procurement procedure our company was announced to be involved as the subcontractor of the successful tenderer, namely TIGRA Private Limited Liability Company (seat of business: 1145 Budapest, Törökőr utca 2.).
The net value of the contract is 2,069,625,860,-HUF + VAT.

54.30 Credit rating (30 October 2019)

In relation with the acquisition of T-Systems Magyarország Zrt. (seat of business: 1097 Budapest, Könyves Kálmán körút 36.) and as a precondition for the participation in NKP program called for by Hungarian National Bank (MNB), 4iG Plc. met the requirements needed to the participation in the aforesaid independent credit rating procedure.
Scope Ratings GmbH (www.scoperatings.com), an independent international credit rating agency, awarded BB-classification for the bond to be issued in the future and to the companies of 4iG Plc.
In line with the requirements included in the General Meeting Resolution number 3/2019 (IX.05.) 4iG Plc. shall hereby issue bonds for the purposes of acquisition in the amount of 30 billion Hungarian Forints.

54.31 Board of Directors decision on share capital increase (31 October 2019)

In line with the Board of Directors Resolution number 1/2019. (X.31.) issued upon 31 October 2019, the Board of Directors made the decision, to the extent, that Magyar Telekom Nyrt. (seat of business: 01-10-041928) as a seller, and 4iG Plc., as a purchaser, T-Systems Hungary Private Limited Company, as a purpose company (seat of business: 1097 Budapest, Könyves

Kálmán körút 36., company registration number: Cg. 01-10-044852) may come to an agreement on the requirements of the conditions of the acquisition of the hereof by the Company, resulting that KZF Vagyonkezelő Kft. (in English: KZF Asset Management Private Limited Liability Company) (seat of business: 1037 Budapest, Montevideo utca 8., company registration number: 01-09-294248; hereinafter referred to as: KZF) shall hereby perform premium capital increase in 4iG Plc. in the amount of 30,000,000,000,-HUF, namely thirty-billion Hungarian Forints, until the day as of 31 December 2019.
Within the framework of the targeted share capital increase, which is to be realized by marketing 4iG shares at the nominal value of 20,-HUF, namely twenty Hungarian Forints nominal value, and 700,-HUF, namely seven-hundred Hungarian Forints nominal value, the amount of 857,142,840,-HUF, namely eight-hundred-and-fifty-seven-million-one-hundred-and-forty-two-thousand-eight-hundred-and-forty Hungarian Forints are accounted for the balance sheet item of share capital (issued share capital), while the amount of 29,142,857,160-HUF, namely twenty-nine-billion-one-hundred-and-forty-two-million-eight-hundred-and-fifty-seven-thousand-one-hundred-and-sixty Hungarian Forints, are calculated for capital reserve.
KZF – within the targeted capital increase – shall hereby guarantee that shares owned by upon capital increase are not to be sold for 2 (two) years following admission (Lock-up period) into the stock exchange trading.
As a result of the capital increase, own equity per share of the company was risen by seven times.

54.32 Conclusion of large amount contract of the Company (06 December 2019)

In accordance with the KEF framework agreement and as a result of the reopening of the public procurement procedure under the title of 'Manufacturer Support of Dell-EMC Equipment', 4iG Plc. was announced to be the successful bidder and the related contract was concluded between and by the company and Nemzeti Adó- és Vámhivatal (in English: National Tax and Customs Administration of Hungary) and the company. The purpose of the procurement was to provide manufacturer product support for Dell-EMC devices used by National Tax and Customs Administration of Hungary. 4iG Plc. is the supplier of the members of the consortium.
The net value of the contract is 1,065,000,228,-HUF + VAT.

54.33 Announcement of large amount successful tender of the Company (09 December 2019)

Upon the recall of the competition called by National Healthcare Services Center ÁEEK within the framework of a centralized public procurement procedure, the tender submitted by 4iG Plc. was announced to be the successful one.
Following the conclusion of the contract regarding the tender called for the National Healthcare Services Center (ÁEEK) within the framework of 'Healthy Budapest Program' of ÁEEK, 4iG Plc. delivers and installs software speech-recording surgical history for 25 project participants, and establishes WIFI systems for the aforementioned organizations.
The total value of the procedure is 1,461,780,000,-HUF + VAT.

54.34 Announcement of large amount successful tender of the Company (09 December 2019)

It was 4iG Plc. which was awarded in the course of the public procurement procedure called for by Kormányzati Informatikai Fejlesztési Ügynökség (in English: Governmental Agency for IT Development) (hereinafter referred to as KIFÜ).

The aim of the project is to expand the network of KIFÜ with active network devices and with expansion modules in relation with the fulfilment of Magyarország Digitális Oktatási Stratégiája (in English: Digital Educational Strategy of Hungary) concerning the digital adaptation of vocational training, higher education and adult education systems.

The total value of the procedure is 566,331,500,-HUF + VAT.

54.35 Termination of the negotiations on the acquisition of T-Systems Magyarország Zrt. (10 December 2019)

In accordance with the announcement of 4iG Plc. and Magyar Telekom Nyrt. made on 9 July 2019, the therein companies initiated negotiations on the possible acquisition of T-Systems Magyarország by 4iG Plc., and a non-binding draft agreement was concluded between and by the aforesaid parties. As of today, upon the initiation of 4iG Plc., the draft agreement was terminated.

4iG Plc. and Magyar Telekom shall hereby continue to investigate the possibilities for cooperation in the interest of entering into partnership in the areas of services sold for both corporations and public sector. Regarding the consortium agreement concluded between the aforementioned parties is still in effect upon the same conditions.

54.36 Publication of profit and loss expectation for 2019 of the Company (11 December 2019)

The Board of Directors of the Company provided the hereinbelow information on its annual expectations as follows:

1. Net sales revenues of 4iG Plc. for the year of 2019 was to exceed 40 billion Hungarian Forints.
2. The EBITDA ratio of the Company for the year of 2019 was to exceed 4 billion Hungarian Forints.
3. Profit after tax of the Company for the year 2019 was to exceed 2.5 billion Hungarian Forints.

The Board of Directors shall hereby pay attention of its Esteemed investors and the actors of the financial and capital market that the herein information is to be disclosed in line with the obligations included in the legal regulations, and the hereinabove information is based on the present judgement of the Board of Directors of the Company and not of the audited annual report resulting that the data disclosed are not to be considered final.

54.37 Announcement of large amount successful tender of the Company (12 December 2019)

Upon the recall of the competition called by National Healthcare Services Center ÁEEK within the framework of a centralized public procurement procedure, the tender submitted by 4iG Plc. was announced to be the successful one.

Following the conclusion of the contract regarding the tender called for by National Healthcare Services Center (ÁEEK) within the framework of 'Healthy Budapest Program', 4iG Plc. establishes WIFI systems for the aforementioned organizations.
The total value of the procedure is 1,374,709,252,-HUF + VAT.

54.38 Subsidy awarded (16 December 2019)

The tender, submitted under the title of 'Medical Diagnostics Equipment Supporting the Evaluation of Genetic Results', was awarded within the framework of 'Support for Market-driven Research, Development and Innovation Projects (2019-1.1.1-PIACI)' called for by Nemzeti Kutatási és Fejlesztési, Innovációs Hivatal (in English: National Research, Development and Innovation Office).
The accountable total value of the tender is 829,810,800,-HUF, and the amount of the subsidy awarded is
394,160,130,-HUF.

54.39 Announcement of large amount successful tender of the Company (17 December 2019)

Upon the recall of the centralized public procurement procedure called for by National Tax and Customs Administration of Hungary in the subject of 'Procurement of Oracle ZFS Storage and Expansion of StorageTEK SL8500 Tape Library Saving Device' the tender submitted by 4iG Plc. was announced to be successful tender, and the standstill period for the conclusion of the contract was terminated upon 16 December 2019.
The value of the tender is 669,999,824-HUF + VAT.

54.40 Announcement of large amount successful tender of the Company (23 December 2019)

Upon the recall of the centralized public procurement procedure called for by Governmental Agency for IT Development in the subject of 'Procurement of Active Network Devices and the related Services within GINOP-3.4.6.' the tender submitted by 4iG Plc. was announced to the successful tender.
The aim of the project on the wire and wireless network development for those institutions of public and vocational education which participate in Diákháló program (in English: Student Network Program), among others, is to establish a modern and unified wireless system for institutions performing vocational education. Performance of the contract consists of three parts: expansion of the central backbone network and performance of the related services, expansion of POP locations, and the performance of endpoint CPE and the hereof related services.
The total value of the procedures is 2,382,806,000,-HUF + VAT.

54.41 The purchase of own share of the Company (from 23 to 30 December 2019)

Upon the cooperation of Equilor Zrt., as an investment service provider, on 23 December 2019, 4iG Plc. purchased 120,000,- quantity of 'A' series dematerialized equity shares, and on 30 December 2019, the company obtained 60,025,- quantity of the aforesaid shares. The shares were settled on the securities account on 2 and 3 January 2019, thus, the hereof items are not included in the stock of own shares of 4iG Plc. upon 31 December 2019.

DECLARATION

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 damage caused by his failure to meet the obligation of disclosure of the regulated information.
I, the undersigned, shall hereby undertake that the data of the statement included in the report for the year of 2019 and the contents of the analyses and the conclusions are in compliance with reality.

Dated as of 07 April 2020

Jászai Gellért	Tóth Béla Zsolt
chairperson and chief executive officer	member of the Board of Directors

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