INDIVIDUAL FINANCIAL STATEMENTS COMPILED IN LINE WITH IFRS

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.

Opinion

We have audited the financial statements of **4iG Nyrt.** („the Company") prepared in accordance with the International Financial Reporting Standards, which financial statements comprise the statement of financial position for the year ended on 31 December 2019 – in which the identical total amount of assets and liabilities is **HUF 24.183.682 thousand** –, the statement of comprehensive income for the financial year then ended – in which the net profit for the year is **HUF 3.049.436 thousand in profits** –, a statement of changes in equity, a statement of cash flows, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Company's financial position as at 31 December 2019 and its financial performance and 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 financial statements".

We are independent from the company 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 financial statements. These matters were addressed in the context of our audit of the 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 FreeSoft goodwill	
The matter below has been described in detail in point 18. of the Notes to the 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 4 (revenue) and 22 (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 32 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 635,577 thousand, the value of the lease obligation is HUF 640,764 thousand, of which the short-term part is HUF 339,227 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 Annual Report

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

Our responsibility in connection with our audit of the financial statements is to read the annual report and in the course of this, to assess whether the annual report is in any material way inconsistent with the 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 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 annual report and the financial statements.

As the Company is a listed company, based on the Accounting Act, our responsibility is to consider whether the 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 annual report.

In our opinion, the 2019 annual report of **4iG Nyrt.** – 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 financial statements of **4iG Nyrt.** prepared in accordance with the International Financial Reporting Standards, and the 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 annual report. The annual report does not consist non-financial information report set out in 95/C. §, and 134. § (5) points of the Accounting Act, as the Company 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 annual report for the Company, we express no opinion in this respect.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 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 Company's financial reporting.

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

It is our goal to obtain assurance during the audit that the 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 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 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 Company.

- 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 financial statements, furthermore whether substantial insecurities exist concerning such events or conditions that might raise significant doubts about the ability of the Company 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 the 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 Company ceasing its business.

- The comprehensive presentation, structure and content of the financial statements are evaluated, including the publications in the supplementary appendix, furthermore it is also assessed whether the financial statements presents 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 Company 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 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 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 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 individual financial statements is 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 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 Auditors
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Plc.

NOTES TO THE INDIVIDUAL ANNUAL REPORT
AS OF 31 DECEMBER 2019
IN LINE WITH
INTERNATIONAL FNANCIAL REPORTING STANDARDS

7 April 2020

Content

1.1 Comprehensive profit and loss account

data in thousands of Hungarian Forints unless otherwise indicated

	Annex	2019	2018
Net sales revenues	3	40,463,187	897,231
Other operating income	3	340,738	138,366
Revenues in total		**40,803,925**	**1,035,597**
Costs of goods and services sold	4	29,752,395	197,872
Operational expenditures	5	1,755,163	131,963
Staff costs	6	4,973,272	325,913
Other expenditures	7	61,945	53,509
Operating expenses		**36,542,775**	**709,257**
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		**4,261,150**	**326,340**
Depreciation and impairment	8	694,686	284,557
Earnings before interest and tax (EBIT)		**3,566,464**	**41,783**
Finance income	9	159,293	1,316
Finance expenditures	9	177,252	5,329
Profit before tax		**3,548,505**	**37,770**
Income taxes	10	499,069	12,170
Profit after tax	11	**3,049,436**	**25,600**
Other comprehensive income		**-**	**-**
Total comprehensive income	12	**3,049,436**	**25,600**
From which: profit and loss of discontinuing operation		*0*	*0*

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

1.2 Balance sheet

(data in thousands of Hungarian Forints unless otherwise indicated

	Annex	31 December 2019	31 December 2018
ASSETS			
Over the year assets			
Tangible assets	14	307,116	23,716
Intangible assets	15	1,054,605	375,134
Deferred tax assets	16	0	51,841
Goodwill	17	411,243	411,243
Other investments	18	271,488	1,436,735
Over the year assets in total		**2,044,452**	**2,298,669**
Current assets			
Liquid assets and cash equivalents	19	6,225,511	6,805
Trade receivables	20	12,876,341	700,253
Other receivables and accrued and deferred assets	21	2,063,412	408,272
Actual income tax receivables	22	0	5,548
Securities	23	442,600	374,000
Inventories	24	531,366	0
Current assets in total		**22,139,230**	**1,494,878**
Assets in total		**24,183,682**	**3,793,547**
Resources			
Own equity			
Issued capital:	25	1,880,000	1,880,000
Repurchased own shares:	26	(92,251)	(94,198)
Capital Reserve	27	816,750	816,750
Accumulated profit reserve	28	3,045,012	25,600
Own equity per parent company in total		**5,649,511**	**2,628,152**
Non-controlling interest		–	–
Own equity in total:		**5,649,511**	**2,628,152**
Long-term liabilities			
Provisions	29	55,244	3,161
Financial lease liabilities	30	301,537	0
Deferred tax liabilities	16	12,725	0
Long-term liabilities in total		**369,506**	**3,161**
Short-term liabilities			
Trade creditors and other accounts payable	31	11,473,063	186,607
Short-term credits and loans	32	1,500,000	152,485
Other short-term liabilities and accrued liabilities	33	4,852,375	823,142
Dividend liability accounted for the owners	34	0	0
Financial lease liabilities	30	339,227	0
Short-term liabilities in total		**18,164,665**	**1,162,234**
Liabilities and own equity in total		**24,183,682**	**3,793,547**

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

1.3 Own equity change

data in thousands of Hungarian Forints unless otherwise indicated

	Issued capital	Own shares	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**	**(94,198)**	**1,074,500**	**(257,750)**	**2,602,552**	**-**	**2,602,552**
Capital reserve used to the off-set the negative accumulated profit reserve	-	–	(257,750)	257,750	–	–	–
Profit after tax	-	–	–	25,600	25,600	–	25,600
Balance on 31 December 2018	**1,880,000**	**(94,198)**	**816,750**	**25,600**	**2,628,152**	**-**	**2,628,152**
Merger of subsidiary companies	–	(7,543)	–	35,252	27,709	–	27,709
Delisting of the subsidiary company goodwill	-	–	–	(240,460)	(240,460)	–	(240,460)
Sale of own share	-	9,490		175,184	184,674	–	184,674
Profit after tax	-	–	–	3,049,436	3,049,436	–	3,049,436
Balance on 31 December 2019	**1,880,000**	**(92,251)**	**816,750**	**3,045,011**	**5,649,511**	**-**	**5,649,511**

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

1.4 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	12	3,049,436	25,600
Corrections:			
Depreciation and impairment in the current year	9	694,686	284,557
Impairment	9	(27,905)	(103,000)
Provisions	31	52,083	1,332
Deferred tax	17	69,834	(6,697)
Interests	10.36	11,345	3,923
Changes in working capital			
Changes in customers, affiliated and other receivables, accrued and deferred assets	21,22,23,26	(13,825,680)	(837,480)
Changes in inventories	25	(531,366)	0
Changes in trade creditors, affiliated and other accounts	33.36	10,871,077	431,368
Changes in finance lease	32	339,227	0
Changes in other liabilities and accrued liabilities	34.35	4,444,611	146,063
Net cash flow from operating activities		***5,142,081***	***(54,334)***
Cash flow from investment activities			
Sale and purchase of tangible assets (purchase)	15	(424,054)	(9,336)
Purchase of intangible assets	16	(1,233,503)	102,987
Securities	24	(68,600)	0
Acquisition of interests, other over the year assets		(257,436)	(3,000)
Sale of interests and the merger of subsidiary company	19	1,422,511	0
Net cash flow from investment activities		***(561,082)***	***90,651***
Cash flow from financing activities			
Bank credits / (repayment)	34	1,347,515	(29,680)
Raise of financial leasing (repayment)	32	301,537	0
Issued/Repurchased own shares/business shares	28	0	0
Interest of credits and loans	10.36	(11,345)	(3,923)
Dividend payment	36	0	0
Net cash flow from financing activities		***1,637,707***	***(33,603)***
Net change of cash and cash-like items	20	6,218,706	2,714
Balance of cash and cash-like items at the beginning of the year	20	6,805	4,091
Cash and cash-like items balance at the end of the period	**20**	**6,225,511**	**6,805**

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

2. General information

2.1 Introduction of the corporation

4iG Nyrt. is a public limited company listed on the Budapest Stock Exchange (in the Standard section). The company operates in compliance with the Hungarian laws and regulations, keeps it book and financial records pursuant to the International Financial Reporting Standards (the IFRS).

FreeSoft Kft., which has been a leading actor in the national IT market since 1990, was the predecessor of 4iG Plc. The hereof predecessor company was merged with Fríz 68 Rt. in 2003 upon capital increase realized by Fríz total cash contribution and total business value merge of FreeSoft Kft. to establish the listed company under the name of FreeSoft while continuing the former activities of FreeSoft Kft.

Following the hereof, in 2004 there was a public share offering. The publicly offered FreeSoft shares were introduced to the Budapest Stock Exchange on 22 September 2004, in the share category 'B' section. The public share offering was followed by two private capital increases for the first time on 27 October 2007 and for the second time on 14 April 2008. The shares issued in the course of the private capital increase were introduced to the stock exchange on 17 March 2008 and 27 August 2008. Currently, the shares of 4iG are listed in the 'Premium' share category of the Budapest Stock Exchange.

Since the resolution of the general meeting on the change of the company's name upon 24 April 2014, the reporting entity's official corporate name is 4iG Nyilvánosan Működő Részvénytársaság (Public Limited Company), while its official short name is 4iG Nyrt. stock Exchange publicly listed company, and the main owner is Jászai Gellért Zoltán.

2.2 Basis for balance sheet preparation

I) Acceptance and statement of compliance with the International Financial Reporting Standards

The financial statements have been 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 formulated 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 thousand HUF. The figures put in brackets stand for negative values.

The financial report is audited by a certified auditor.

II.) The basis of reporting

The financial statements are made in compliance with the standards issued prior to 31 December 2019 and prevailing in 2019 as well as with the IFRIC Interpretations. The financial report has been compiled on the basis of the original cost principle, except for the cases where the IFRS requires the application of a different evaluation principle, as presented among the accounting policies. The company's financial year lasts from 1 January 2019 to 31 December 2019.

III.) The basis of evaluation

In the financial statements, the evaluation is based on the original cost values, except for the following assets and liabilities, evaluated and measured to profit or loss at their fair values.

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 past experiences and numerous other factors that are considered reasonable under the given circumstances, and the result of which serves as a basis to the evaluation of the book value of assets and liabilities, the value of which cannot be determined from other sources unambiguously. Actual results may differ from the 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.

3. Accounting policy

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

Since 1 January 2014, the company keeps its records and books in the Microsoft Dynamics AX system. As of 1 January 2016, the company has switched to the system version 'AX-2012'.

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

3.1 Material elements of the accounting policy

3.1.1 Reporting currency and foreign currency balances

With regard to the substance and circumstances of the underlying economic events, the functional and reporting currency of the Company is Hungarian Forint (HUF). The financial statements are prepared in Hungarian Forint, rounded to the closest thousand HUF value (except where indicated otherwise).

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 denominated in foreign currency are converted to Hungarian Forint on the exchange value valid on the balance sheet date. 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 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 exhaustive 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.

3.1.2 Sales revenue

The sales revenues of the Company are accounted 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 can be accounted for when the amount of the income becomes unambiguous, and the realization of the revenue by the Company becomes likely. The amount of the sales revenue equals 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 Company time-proportionately (if it is allowed by the contract or the client certifies the completion) 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 revenue shall be accounted for by discounting.

3.1.3 Land and buildings, equipment and machinery

The tangible assets are 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 procurement 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 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 loss in value and extraordinary depreciation determined pursuant to the above 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. The value-adding investments and renovations shall be capitalized. 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 Company uses the linear depreciation method to depreciate the value of its assets during the useful life thereof. The term of the useful life is the following in the different asset groups:

Lands and buildings:	the Company owns no lands and buildings;
Equipment and machinery:	during 3 to 7 years;
Vehicles:	during 5 years;
Assets of a single value under 100,000,-HUF:	immediate depreciation

The depreciation period of tangible assets used for Research and Development and the software is 2 to 7 years.

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

The Company 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.

3.1.4 Intangible assets

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

Following the recognition thereof, to the intangible assets, the cost model shall apply. 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 the financial year. The own works are not capitalized (except for the investment costs) but measured to the retained profit or loss in the year of their rise. The intangible assets are revised annually from the aspect of the loss in value either individually or on the level of the revenue-generating unit.

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

The procurement costs of trademarks, licenses, industrial properties and software are capitalized and depreciated according to the linear depreciation method during the estimated useful lives thereof, which is:

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

3.1.5 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. Goodwill is not depreciated, but the Company shall revise on a yearly basis whether there are any signs that imply the unlikelihood of the return of the book value. Goodwill is shown with the historical value, reduced by the loss in value, if applicable.

3.1.6 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.

3.1.7 Impairment

At the end of each reporting period, the Company shall examine if there are changes that imply the loss in value in respect of any assets. If such a change is identified, the Company 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 Company account depreciation against the profit or loss, if the expectable rate of return of the asset is lower than its book value. The Company's calculations are based on the appropriate discounting of the future cash-flow plans.

The Company examines on a yearly basis the eventual loss in value of the goodwill.

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

The Company accounts loss in value to cover the eventual losses arising from unenforceable, and disputed receivables of the customers.

The loss in value accounted for in respect of the unenforceable, and disputed receivables shall be determined individually and indicated in the balance sheet. The estimations used to evaluate the appropriateness of the loss in value accounted for unenforceable and disputed receivables shall be based on the ageing of the receivables, the creditworthiness of the customer, the changes in the customers' payment habits and other information in the Company's possession (e.g. insolvency, bankruptcy etc.)

3.1.8 Inventories and stocks

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

3.1.9 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.

3.1.10 Financial assets

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

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

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

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

The Company 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 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.

3.1.11 Financial liabilities

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

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

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

The financial liabilities measured at fair value to the profit or loss are the liabilities obtained by the Company 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 Company 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 h, 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.

3.1.12 Provisions

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

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

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

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

3.1.13 Corporate income tax

The amount of the corporate income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and the local regulation concerning the local business tax, to be modified by deferred taxes. The corporate income tax payment obligation covers tax obligations from the current year and deferred tax elements as well. 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 before-tax profit shown in the financial report; the difference arises from the non-taxable profits and losses, as well as items allotted to the taxable profit of other years. The current tax payment obligation of the Company is calculated upon the tax rate valid and effective (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.

If a financial item is accounted for in the annual financial statements and the tax report at different times, deferred tax obligation arises. The amount of the deferred tax assets and liabilities is calculated with the tax rates applicable to the taxable income of the year when the time-related difference is expected to be recovered. The amount of the deferred tax assets and liabilities reflects the Company'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 Company in the future is expectable.

On every balance sheet day, the Company shall revise the not-recognized deferred tax assets included in the balance sheet and the book value of the recognized tax assets. The Company shall enter the former off-balance sheet receivables that are expected to be recovered to the stock, in order to reduce the amount of the future corporate income tax. On the contrary, the Company shall reduce the deferred tax receivables with the amount the recovery of which is expectably not covered by after-tax profit resources.

The current and the deferred tax obligations are measured directly to the equity, if the tax base is or was measured to the equity also either in the current or in a former reporting period, including the amendments of the initial values of reserves due to changes of retrospective effect in the accounting policies.

Regarding the possibility of the settlement of deferred tax assets and liabilities against each other is allowed, if the Company 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..

3.1.14 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 in respect of the reporting period starting on 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.
Otherwise, the right to use shall be handled and depreciated identically with the handling of other non-monetary assets. The initial evaluation of the lease obligation is based on the present value of lease payments during the maturity period. The present value shall be calculated by using the implicit interest rate if that can be determined accurately. If the value of the interest rate is impossible or difficult to be determined accurately, the incremental borrowing rate may be used for discounts.
Pursuant to IFRS 16 (similarly to the provisions of former IAS 17), it shall be investigated on the lessor's side whether a lease transaction shall be classified as an operative or a financial lease.

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

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

3.1.15 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 dilutable shares on the market are taken into consideration, increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, amending the value by the conversion revenues and expenditures, increasing the weighted average number of the shares on the market by the weighted average number of the shares which were on the market if all convertible bonds were converted. As of 31 December 2019, the number of own shares held by 4iG and its affiliates was 2,250,000 quantity, which had a minimal dilution effect on the EPS rate.

3.1.16 Off-balance sheet items

Off-balance sheet items are not included in the balance sheet and the profit and loss statement unless acquired in business combinations. The off-balance sheet items are presented in the notes to the financial statements, except if the possibility of an outflow of the sources of economic benefit is distant and minimal. Off-balance sheet receivables are not included in the balance sheet and the profit and loss statement but may be presented in the notes to the financial statements if the inflow of economic benefits is likely.

3.1.17 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 number of own shares possessed by 4iG Nyrt. as of 31 December 2019 was 2,250,000 quantity.

3.1.18 Dividend

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

3.1.19 Profit and loss on financial transactions

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

3.1.20 State subsidy

The state subsidies are 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.

3.1.21 Events after the balance sheet day

The events that provide additional information concerning the circumstances at the end of the Company'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 are included in the notes to the financial statements.

3.2 Changes in the accounting policy

The Company's financial report is compiled in accordance with the standards and interpretations valid and effective on 1 January 2019.

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

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 Company'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. The Company had already applied the standard in respect of the year 2018 already.

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 apply 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 contract.

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 635,577,- 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, 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 on 1 January 2016 or thereafter. The amendment of this standard has no effect on the financial reports of the Company. 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.

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

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 Company.

IFRIC 22 interpretation 'Foreign currency transactions and advance consideration' (effective date: 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 the case 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 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 hereby decide in their sole discretion whether the single reporting items are of monetary or non-monetary nature. According to the Company's evaluation, this new interpretation has a limited effect on the Company's reports. The Company takes into consideration the new interpretation.

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

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

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 is applicable to financial reports on years starting on 1 January 2019 or thereafter. The amendment of this standard has no effect on the financial reports of the Company, as the Company applies the linear depreciation method.

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

IAS 19 'Employee benefits' standard's amendments - Amendment of the benefit plan, restriction or
settlement (effective date: 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: 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 Company's financial statements materially.

3.3 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 notes to the financial statements. Actual results may differ from the assumptions.

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

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

3.1.1 Goodwill impairment

Pursuant to Section 2.1.7 of material accounting principles, the Company examines on a yearly basis whether there is an impairment in respect of the goodwill. The rate of return of the cash-generating units is determined on the basis of the useful value calculation. These calculations require estimations. In order to establish the impairment of the goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be estimated. The calculation of the useful value requires the management's estimation concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

3.1.2 Impairment accounted for unenforceable and disputed receivables

The Company shall 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 hereby 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.

3.1.3 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 the linear depreciation throughout the useful life of the assets. The amount of depreciation accounted for by the Company was 694,686,-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 similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

4. Sales revenue and other operating income

	2019	**2018**
Net sales revenues	40,463,187	879,231
Own performance capitalized	47,769	0
Other revenues	292,969	138,366
Total	**40,803,925**	**1,035,597**

Regarding the year of 2019 the amount of the export turnover included 1,278,755,-HUF in thousands while as of the year of 2018 the amount of the hereof export sales revenue was accounting 0,- 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 hereby be experienced. Due to the nature of the activity regarding the sales revenues of the quarters of I and III are lower and it is even more significant in the quarter of II but 40% of the annual turnover is being realized in the quarter of IV.

The content of the other operating income is as follows:

	2019	**2018**
Own performance capitalized	47,769	0
Research and Development income accounted of subsidies	190,892	137,500
Backmarking of impairment/provision	4,909	0
Refund of service costs	35,054	0
Workers fees	14,753	503
Income of tangible and intangible assets sold	29,900	0
Other state refunds	3,561	0
Liquidated damage income	1,857	0
Subsidy received from other company	9,695	0
Other	2,348	363
Total	**340,738**	**138,366**

Within the framework of research and development the value of 47,769,-HUF in thousands of own performance capitalized was accounted for the development of data warehouse for the purposes of internal utilization. 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 hereby 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.

5. Goods and services sold

	2019	2018
Purchase value of goods sold	22,251,298	7,105
Purchase value of services sold	7,501,097	190,767
Total	**29,752,395**	**197,872**

With regards the hereof items, and in the interest of significant growth related to the turnover of the Company and as of the activities of the merging subsidiary companies, external claim for resources shall respectively required.

6. Operational expenditures

	2019	2018
Material costs	118,279	4,985
Value of contracted services	1,565,638	118,848
Value of other service activities	71,246	8,220
Change in self-manufactured stocks	0	0
Total	**1,755,163**	**131,963**

7. Staff costs

	2019	2018
Wages and salaries	3,856,482	263,012
Other staff benefits	314,894	8,233
Contributions on wages and salaries	801,896	54,668
Total	**4,973,272**	**325,913**
Average statistical number	424	21

8. Other operating expenditures

	2019	2018
Financial support for foundations	3,500	1,000
Bad debt	11,824	77
Tangible assets sold derecognition	37	0
Fines, default interest, liquidated damage paid	9,676	31
Inventories scrapped, impairment	0	0
Impairment of receivables	30,764	0
Taxes, duties, contributions	4,510	0
Claims assigned to the company due to loss	0	49,500
Other	1,634	2,901
Total	**61,945**	**53,509**

9. Depreciation and impairment

	2019	2018
Depreciation	694,686	181,557
Goodwill impairment	0	103,000
Total	**694,686**	**284,557**

The value of the tangible assets depreciation was amounted to 140,654,-HUF in thousands out of the total value of the depreciation as of 2019, while the value of intangible assets depreciation was accounted for 554.032,- HUF in thousands, and out of the the hereof the amount of 315,973,- HUF in thousands was, in line with the leasing standards requirements of the IFRS 16, was due to the amortisation calculated for intellectual property rights on leased assets, and the amount of 29,782,-HUF in thousands was booked for the accelerated depreciation of own-developed, but expectedly not to be valued, software. Regarding the information on the impairment of the goodwill is available in the notes under number 18.

10. Income from and expenses on financial transactions

Finance income	2019	2018
Interests received	2,717	0
Exchange gain	156,576	1,316
Dividend received	0	0
Total	**159,293**	**1,316**

Out of the interest revenue 696,-HUF in thousands was due to affiliated undertakings, and was arisen from financial settlement of exchange gain accounted for the foreign currency and from revaluation.

Finance expenditures	**2019**	**2018**
Interests paid	14,061	4,159
Loss on exchange	163,191	1,169
Option fee	0	0
Total	**177,252**	**5,328**

Regarding the loss on exchange is due to financial settlement of the currency item and currency receivables, and liabilities during the end of the financial year assessment. The accounted interest cost was disbursed in full. Regarding 397,-HUF in thousands are calculated by the affiliated undertakings for credits and loans.

11. Income taxes

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

	2019	**2018**
Corporate income tax	172,556	5,978
Deferred tax	91,660	(6,697)
Business tax	204,219	12,889
Contribution on innovation	30,633	0
Rounding	1	0
Total	**499,069**	**12,170**

Corporate income tax of the current year was calculated as it is set forth in the general rules. The rate of the corporate income tax was 9 percentage in 2019.

The corporate income tax of 2019 was calculated in line with the general rules as follows:

	2019
Profit before taxation (IFRS)	3,548,505
Correction because of local business tax (-)	(204,219)
Correction because of innovation contribution (-)	(30,633)
The correction arisen from the difference of the cost option	129,155
Adjusted profit before tax	3,442,808
Depreciation set forth in the Act on Accounting (+)	462,521
Accelerated depreciation	29,782
Expenditures accounted for final fines (+)	0
Impairment accounted for receivables in the tax year (+)	1,496
Cancelled receivables not shown as bad debt in the tax year	0
Depreciation marked back for receivables (-)	(2,859)
Depreciation set forth in the Act on Taxation (-)	(348,432)
Other adjustment items (accrued loss) (-)	(1,468,030)
Adjustment because of reducing the expenditure of Research and Development	(200,000)
Taxable amount of the corporate income tax and dividend tax	1,917,268
Corporate income and dividend tax (9%)	**172,556**

The corporate income tax of 2018 was calculated in line with the general rules as follows:

	2018
Profit before taxation (IFRS)	37,770
Correction because of local business tax (-)	(12,889)
Correction because of innovation contribution (-)	0
The correction arisen from the difference of the cost option	4,071
Adjusted profit before tax	28,952
Depreciation set forth in the Act on Accounting (+)	227,516
Accelerated depreciation	57,201
Expenditures accounted for final fines (+)	0
Impairment accounted for receivables in the tax year (+)	0
Cancelled receivables not shown as bad debt in the tax year	0
Dividend received (-)	0
Depreciation set forth in the Act on Taxation (-)	(130,824)
Other adjustment items (accrued loss) (-)	(66,422)
Adjustment because of reducing the expenditure of Research and Development	(50,000)
Taxable amount of the corporate income tax and dividend tax	66,423
Corporate income and dividend tax (9%)	**5,978**

12. Profit after tax

	2019	**2018**
Profit after tax	3,049,436	25,600

As a result of the cyclicality of the Company’s turnover, since significant part of the turnover is being realized in quarter IV, the indicators of the profit and loss shall hereby reflect the actual profit and loss at the end of the year.

13. Total comprehensive income

	2019	**2018**
Profit after tax (net result)	3,049,436	25,600
Other comprehensive income	0	0
Total comprehensive income	3,049,436	25,600

Other comprehensive income is not to be entered at the end of the period.

14. Profit and loss per share

The Company uses two types of EPS indicators to present profitability.

- EPS indicator – (net profit and loss / average quantity of shares carrying voting rights)
- Diluted EPS – (net profit and loss / issued shares and number of options)

Indicator (HUF/share)	**2019**	**2018**
Diluted EPS indicator	32.4	0.3
Earnings per share (base) (HUF) EPS	33.2	0.3

15. Tangible assets

data in HUF in thousands	**Technical machinery and equipment**	**Other equipment**	**Land and buildings, and the related economic rights**	**Unfinished investments**	**Total**
Gross value					
on 1 January 2018	**248,982**	**9,122**	**4,200**	**0**	**262,304**
Increase and reclassification	0	8,809	0	9,755	18,564
Decrease and reclassification	(1,275)	0	0	(9,228)	(10,503)
on 31 December 2018	**247,707**	**17,931**	**4,200**	**527**	**270,365**
Increase and reclassification	10,630	907,706	64,629	315,074	1,298,039
Decrease and reclassification	(1,026)	(98,896)	0	(308,746)	(408,668)
on 31 December 2019	**257,311**	**826,741**	**68,829**	**6,855**	**1,159,736**
Accrued depreciation					
on 1 January 2018	**201,606**	**8,101**	**753**	**0**	**210,460**
Depreciation in the current year	35,112	2,100	252	0	36,394
Decrease	(1,275)	0	0	0	(1,275)
Rounding	0	(1)	0	0	(1)
on 31 December 2018	**235,443**	**10,200**	**1,005**	**0**	**246,648**
Depreciation in the current year and merger	22,854	665,906	17,095	0	705,855
Decrease	(1,025)	(98,858)	0	0	(99,883)
Rounding	0	0	0	0	0
on 31 December 2019	**257,272**	**577,248**	**18,100**	**0**	**852,620**
Net book value					
on 1 January 2018	**47,376**	**1,021**	**3,447**	**0**	**51,844**
on 31 December 2018	**12,263**	**7,731**	**3,195**	**527**	**23,716**
on 31 December 2019	**39**	**249,493**	**50,729**	**6,855**	**307.116**

Regarding the increase of tangible assets in 2019 the value of 676,829,-HUF in thousands was due to the merger of the subsidiary company, while the value of 312,464,-HUF in thousands was a result of purchase. The value of scrapping was 99.921,-HUF in thousands in the current year.

16. Intangible assets

data in HUF in thousands	**IFRS 16 lease concession and similar rights**	**Concessions and similar rights**	**Intellectual properties**	**Total**
Gross value				
on 1 January 2018	**0**	**0**	**769,649**	**769,649**
Increase and reclassification	0	14	0	0
Decrease and reclassification	0	0	(34)	(34)
on 31 December 2018	**0**	**14**	**769,615**	**769,629**
Increase and reclassification	951,531	218,789	1,059,742	2,230,062
Decrease and reclassification	0	0	(54,823)	(54,823)
on 31 December 2019	**951,531**	**218,803**	**1,774,534**	**769,629**
Accrued depreciation				
on 1 January 2018	**0**	**0**	**250,435**	**250,435**
Depreciation in the current year	0	1	86,892	86,893
Decrease	0	0	(34)	(34)
Accelerated depreciation increase	0	0	57,201	57,201
on 31 December 2018	**0**	**1**	**394,494**	**394,495**
Depreciation in the current year and merger	315,954	218,595	986,260	1,520,809
Decrease	0	0	(54,823)	(54,823)
Accelerated depreciation increase	0	0	29,782	29,782
on 31 December 2019	**315,954**	**218,596**	**1,355,713**	**1,890,263**
Net book value				
on 1 January 2018	**0**	**0**	**519,214**	**519,214**
on 31 December 2018	**0**	**13**	**375,121**	**375,134**
on 31 December 2019	**635,577**	**207**	**418,821**	**1,054,605**

Individually significant intangible assets

The Company owned individually significant intangible assets in the net value of more than 50 million Hungarian Forints in 2019. The herein amount was utilized for the running projects.

	Amortization period	Closing date of amortization	Book value
4iG Contentum KIR software	7 years	31 December 2024	272,876
Total:			**272,876**

The Company carried out a thorough present value investigation on intellectual products with significant value upon 31 December 2019 while discounting with the benchmark return of ÁKK (in English: Government Debt Management Agency) (0.44 percentage) for 5 years.

The result of the investigation in 2019, upon accounting and calculating the income and costs predicted for the following year, shows the hereunder present value:

	Present Value
4iG Contentum KIR software	303,400
Total:	**303,400**

Regarding the use of software the Company continuously gains income and the utilization of the herein, and 273,608,-HUF in thousands was accounted for in 2018, and for the years from 2020 to 2024 the amount of 90 to 100 million HUF is predicted.

17. Deferred tax receivables

Upon calculating the deferred tax, the Company 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 Company shall hereby calculate the return of the herein separately.

Regarding the calculation of the deferred tax the Company employs 9 percent tax rate. The reason for the statement of deferred tax receivables is that the calculated result of the Company makes the enforcement of deferred tax receivables possible.

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	0	4,260	0	4,260
Land and buildings, machinery, equipment	(32,477)	7,886	0	(24,591)
Provisions	284	4,972	(284)	4,972
Impairment of additional payment	0	2,634	0	2,634
Negative tax base	84,034	48,089	(132,123)	0
Deferred tax assets in total	**51,841**	**67,841**	**(132,407)**	**(12,725)**

	31 December 2017	Increase	Utilization	31 December 2018
Impairment of trade receivables	0	0	0	0
Land and buildings, machinery, equipment	(44,885)	12,408	0	(32,477)
Provisions	165	284	(165)	284
Impairment of other receivables	0	0	0	0
Negative tax base	89,864	0	(5,830)	84,034
Deferred tax assets in total	**45,144**	**12,692**	**(5,995)**	**51,841**

18. 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 Company shall 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.
In line with the regulations of IFRS, the Company does not record subsidiary goodwill, the hereof is not included its individual report, and, moreover, the subsidiary goodwill enhances the value of investments.
Upon 2 April 2004 the accounted FreeSoft goodwill is due to the merger of FreeSoft Kft. into FreeSoft Rt. in line with the accounting rules of that time. The hereof company, later, merged into FreeSoft Rt., (the predecessor of 4iG Plc.).

The changes of FreeSoft goodwill recognized at the Company as follows:

on 1 January 2018	**514,243**
Impairment	103,000
on 31 December 2018	**411,243**
Impairment	0
on 31 December 2019	**411,243**

Goodwill shall be investigated annually in the interest of determination of the necessary impairment. The hereof goodwill was allocated as cash-generating unit in respect of the IT activities taken over from Freesoft. The evaluation of the cash-generating unit is calculated on the basis of the present value of future net transaction (DCF calculations). The hereof method applied up to now is revised from 2019, as 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, and, moreover, the turnover as a result of the dynamic growth of the company, related to the IT activities shows significant increase in 2019 .
The aforesaid goodwill is to be accounted, as cash-generating unit, for the (extended) IT activities of 4iG Plc. Due to the dynamic changes in the IT market, accordingly, we switched to the evaluation method upon calculating for 5-year period in respect of DCF calculation, and the former employed residual value calculations are not taken into consideration.

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

Regarding the DCF-based rate of return of the investments 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**

19. Other investments

With regards the balance sheet item of the financial instruments invested in the Company' subsidiary companies are included in the item of other investments, which are to be evaluated at the end of every year on the basis of DCF as it is set forth in the notes 18, in line with the introduced assumptions.

The accounted registered value of the investments as of 31 December 2019 is as follows:

	2019 31 December	**2018 31 December**
HUMANsoft Kft.	0	1,004,875
Axis Rendszerház Kft.	0	428,860
DOTO Systems Zrt.	3,000	0
Humansoft Szerviz Kft.	3,000	0
Veritas Consulting Kft.	3,000	0
Alliance Klaszter Menedzsment Kft.	350	0
Ökopolisz Kft.	430	0
iCollWare Kft.	700	0
MMATT Kft.	2	0
SziMe3D Kft.	570	0
Other over the year assets - additional payment	260,436	3,000
Total	**271,488**	**1,436,735**

On the basis of the aforementioned reasons it is not necessary to account impairment for any of the investments.

Other over the year assets:

	2019 31 December	**2018 31 December**
DOTO Systems Zrt. additional payment	165,000	0
iCollWare Kft. additional payment	86,436	0
Guarantee deposit	9,000	3,000
Total	**260,436**	**3,000**

20. Liquid assets and cash equivalents

	2019 31 December	**2018 31 December**
Treasury	6,537	1,650
Bank	6,218,974	5,155
Total	**6,225,511**	**6,805**

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

21. Trade receivables

	2019 31 December	2018 31 December
Trade receivables	12,906,168	700,253
Impairment of trade receivables	(29,827)	0
Total	**12,876,341**	**700,253**

The value of trade receivables more than 30 days past due is 707,071,-HUF in thousands, the value of the hereof more than 1 year past due is 49,557,-HUF in thousands resulting that 29,827,-HUF in thousands out of the hereof amount is to be accounted for impairment. The reason of the significant growth of the stock of trade is that the turnover of the Company grew significantly upon the merger of the subsidiary companies, and, regarding the order accelerations, and the project closures and the invoicing all were due in the peak period as of December 2019.

22. Other receivables and accrued and deferred assets

	2019 31 December	2018 31 December
Other receivables	1,161,366	37,002
Receivables for affiliated companies	19,481	0
Accrued and deferred assets	882,565	371,270
Total	**2,063,412**	**408,272**

The content of other receivables:

	2019 31 December	2018 31 December
Advance payments	594,661	29,525
Receivable from share sale	0	0
Lease deposit	78,805	7,440
Other tax assets	0	0
Central budget allocation	0	0
Other receivable	341,398	37
Guarantee provided	143,398	0
Short-term credits and loans	3,104	0
Total	**1,161,366**	**37,002**

The content of accrued and deferred assets:

	2019 31 December	2018 31 December
Receivables under accrued and deferred assets	775,694	369,677
Costs and expenditures under accrued and deferred assets	106,871	1,593
Total	**882,565**	**371,270**

The costs and expenditures under accrued and deferred assets include costs and expenditures being invoiced prior to the balance sheet day but accounted for 2020. In line with the standards of IFRS 15 the receivables under accrued and deferred assets exclusively includes those items of the income which were actually performed in 2019, but only invoiced and documented at the beginning of 2020, and moreover, as it is set forth in the standards of IAS 20, the state subsidy in the amount of 197,462,-HUF in thousands being accrued for 2020 in proportion with the costs and in accordance with the intensity of the subsidy.

23. Actual income tax receivables

	2019 31 December	2018 31 December
Corporate income and dividend tax	5,957	2,913
Local business tax	3,570	2,635
Contribution on innovation	(27,018)	0
Total	**(17,491)**	**5,548**

Regarding the balance sheet items the negative value of the income tax receivables is reclassified into the item of liabilities.

24. Securities

Upon 31 December 2019 the treasury stock of the securities of the Company was 442,600,-HUF in thousands as follows hereunder.

	Purchase value	BSE exchange rate 31 December 2018	Fair value 31 December 2018
490 quantity of Csokréta Holding shares (19.84%)	237,500	no	237,500
64 quantity of EBPP.HU shares (9.14%)	94,100	no	94,100
GridLogic Kft. business share (9.91%)	111,000	no	111,000
Total	**442,600**		**442,600**

With regards, since there were not up-to-date information available to make the estimation of the fair value of EBPP.HU, Csokréta shares and GridLogic business share, we indicated the investment at historical value as an estimation of the fair value. The investigation of the data on the previous years does not prove impairment accounting.

25. Inventories and stocks

Inventories of the Company at the end of the 2019:

	2019 31 December	2018 31 December
Inventory of raw materials	56,412	0
Stock and inventory of goods	530,779	0
Refundable packaging	130	0
Impairment of inventories	(55,955)	0
Total	**531,366**	**0**

26. Affiliated receivables

Regarding the receivables of the company in respect of affiliated undertaking are as follows.

	2019 31 December	2018 31 December
DOTO Systems Zrt.	17,478	0
Humansoft Szerviz Kft.	2,003	0
Veritas Consulting Kft.	0	0
Total	**19,481**	**0**

27. Issued capital

The amount of the issued capital of the Company is 1,880,000,-HUF in thousands.

	2019	2018
Opening value	1,880,000	1,880,000
Increase	0	0
Decrease	0	0
Closing value	**1,880,000**	**1,880,000**

The share capital of IFRS equals with the share capital of HAS. There was not share capital change.

28. Repurchased own shares

Upon 31 December 2019 the number of the repurchased own shares of the Company was amounted to 2,250,000,- quantity upon the accounted registered value of 92,251,- HUF in thousands. The repurchase of the shares were realized in the interest of the acquisitions.

29. Capital reserve

	2019	2018
Opening value	816,750	1,074,500
Increase	0	0
Decrease	0	(257,750)
Closing value	**816,750**	**816,750**

30. Accumulated profit reserve

Regarding the item of accumulated profit reserve, the accumulated profit reserve accounted for the previous year and the profit and loss of the current year are aggregated values.

	2019 31 December	2018 31 December
Accumulated profit reserve (profit and loss of the previous years)	25,600	0
Accumulated profit reserve of the merger subsidiary companies	35,252	0
Delisting of the subsidiary company goodwill	(240,460)	0
Profit and loss of own share distribution	175,184	
Profits in the current year	3,049,436	25,600
Accumulated profit reserve in total	**3,045,012**	**25,600**

31. Provisions

The Company accounted provisions in the amount of 48,294,- HUF in thousands for the vacations subject to 2019 but deferred to 2020.
With regards the previous periods provisioning was performed as follows.

	2019 31 December	2018 31 December
Provisions due to deferred vacation	48,294	3,161
Provisions for expected losses	6,950	0
Accumulated profit reserve in total	**55,244**	**3,161**

As a result of the liquidated damage claim for late performance of the customer, provisions were accounted for the expected losses.

32. 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)	301,537	36,351
Finance lease liabilities (long-term)	**301,537**	**36,351**

	2019 31 December	**2018 31 December**
Tangible assets finance lease liabilities	0	4,991
Concessions and similar rights lease fee liabilities (IFRS 16)	339,227	12,937
Finance lease liabilities (short-term)	**339,227**	**144,991**

In the interest of comparability, and in line with IFRS 16 as of 31 December 2018, legal lease data are accounted as calculated base values.

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	508,668	442,863	951,531
Decrease	0	0	0
Closing gross value	508,668	442,863	951,531
Opening depreciation	0	0	0
Increase	148,252	167,702	315,954
Decrease	0	0	0
Closing depreciation	148,252	167,702	315,954
Closing net value	360,416	275,161	635,577
Lease transaction interest expense	1,377	1,356	2,733
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 of lease transactions in 2019	**196,105**	**233,430**	**429,535**

The remaining lease transactions included in IFRS 16 yearly (the Present Value is calculated with the lending rate of Raiffeisen Bank upon 1 month BUBOR (Budapest Interbank Offered Rate)+0.55%):

	Actual fees	**Present Value of fees**
in 2020	342,513	341,996
in 2021	221,229	220.684
in 2022	73,129	72,744
in 2023	5,370	5,340
Lease transactions in total:	**642,241**	**640,764**

Disclosure in line with Section 51 of IFRS 16 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 cost by the Company.

33. Trade creditors and other accounts payable change

	2019 31 December	**2018 31 December**
Trade creditors and other accounts payable	11,473,063	186,607
Total	**11,473,063**	**186,607**

34. Short-term credits and loans

The stock of credits and loans accounted at the end of the two previous periods is as follows.

	2019 31 December	**2018 31 December**
Raiffeisen Bank revolving credit	1,500,000	0
Raiffeisen bank overdraft	0	0
Securities lending		152,485
Short term credits and loans in total	**1,500,000**	**152,485**

The aforesaid data represent the amounts actually called from 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 the 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 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 a credits and loans relationship with CIB Bank.

35. Other liabilities and accrued liabilities

	2019	**2018**

	31 December	**31 December**
Tax liabilities and contributions	1,861,839	118,212
Wage transfer liabilities	262,679	0
Other liabilities	150	0
Advance payments received from customers	1,565,024	0
Advance payment received from central budget	277,257	134,933
Trade creditors security deposit	0	0
Accrued liabilities of revenues	140,269	0
Accrued liabilities of costs	607,070	9,202
Subsidy received, deferred revenue	180	7,510
Affiliated liabilities	137,907	553,285
Total	**4,852,375**	**823,142**

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.

4iG Plc. received advance payment for Research and Development project support in the amount of 83,710,-HUF in thousands in 2019.

36. Affiliated liabilities, dividend obligations in respect of owners

With regards, the liabilities of affiliated undertakings of the Company were as follows.

	2019 **31 December**	**2018** **31 December**
Affiliated trade creditors liabilities	137,907	25,328
Affiliated credit and loan liabilities	0	525,066
Affiliated interest liabilities	0	2,891
Affiliated bills of exchange liabilities	0	0
Affiliated dividend liabilities	0	0
Total	**137,907**	**553,285**

The affiliated trade creditors and other accounts payable upon 31 December 2019 is as follows: in respect of Veritas Consulting Kft. 137,907,-HUF in thousands. Upon 31 December 2019 the Company did not have any dividend obligation payable for the owners.

37. Impact of the interest received on and provided for the cash-flow

Regarding the interest revenues and interest expenses the Company had the hereof items only in relation with financing activities in 2018.

	2019	2018
Interests received (actually accounted)	2,717	0
Interests paid	(14,061)	(4,159)
Rounding	(1)	
Interest spread	**(11,345)**	**(4,159)**

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

38. Segment information

The two significant segments of the Company'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	10,785,185	29,678,002	0	40,463,187
Purchase value of goods sold	0	(22,251,298)	0	(22,251,298)
Intermediations	(3,933,329)	(3,405,523)	(162,245)	(7,501,097)
Other revenues	35,017	915	304,806	340,738
Hedge 1	**6,886,873**	**4,022,096**	**142,561**	**11,051,530**
Direct costs	(4,177,445)	(1,240,348)	0	(5,417,793)
Hedge 2	**2,709,428**	**2,781,748**	**142,561**	**5,633,737**
Expenditures and expenditures cannot be allocated directly to the segments				(2,067,273)
Earnings before interest and tax (EBIT)				**3,566,464**
Financial profit and loss				(17,959)
Profit before tax				**3,548,505**
Segment assets	**4,496,809**	**11,513,593**	**9,438**	**16,019,839**
Assets cannot be allocated to the segments				8,163,843
Assets in total				**24,183,682**

For the year of 2018:

Description	**IT services**	**Trade**	**Other activities**	**Total**
Net sales revenue	881,657	7,598	7,976	897,231
Purchase value of goods sold	0	(7,105)	0	(7,105)
Intermediations	(184,244)	0	(6,523)	(190,767)
Other revenues	0	0	138,366	138,366
Hedge 1	**697,413**	**494**	**139,819**	**837,726**
Direct costs	(83,767)	(318)	(173,615)	(257,700)
Hedge 2	**613,646**	**175**	**(33,795)**	**580,026**
Expenditures and expenditures cannot be allocated directly to the segments				(538,243)
Earnings before interest and tax (EBIT)				**41,783**
Financial profit and loss				(4,013)
Profit before tax				**37,770**
Segment assets	**1,870,020**	**12,544**	**9,854**	**1,892,418**
Assets cannot be allocated to the segments				1,901,129
Assets in total				**3,793,547**

39. 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 Company. Regarding item of assets and liabilities of the Company, 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.

The Company is exposed to the hereinbelow financial risks:

- credit risk
- liquidity risk
- market risk

The hereof chapter is to present the aforementioned risks of the Company, such as the aims, policy, the measurement of the processes and risk management of the Company, 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 Company.

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

Capital management

The policy of the Company is to preserve the share capital in order to keep the trust of the investors and creditors and to ensure the development of the Company. 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 Company consists of net outside capital and own equity of the Company (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 Company is trying to ensure the activities of the members of the Company and at the same time, for the owners, to be able 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.
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 Company upon 31 December 2019 and as of 31 December 2018.

	31 December 2019	31 December 2018
Trade receivables	12,876,341	700,253
Other, and affiliated receivables, and accrued and deferred assets	2,063,412	408,272
Securities	442,600	374,000
Liquid assets and cash equivalents	6,225,511	6,805
Total	**21,256,665**	**1,489,330**

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

	Debts	Impairment	Total
Not due	12,149,540	0	12,149,540
1 and 30 days past due	447,793	0	447,793
30 to 90 days past due	89,092	0	89,092
90 and 180 days past due	152,493	0	152,493
between 180 and 360 days past due	17,693	0	17,693
due over 360 days	49,557	(29,827)	19,730
Total	**12,906,168**	**(29,827)**	**12,876,341**

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.

The classification of the customers is carried out continuously. The value of the undue trade receivables was 756,628,-HUF in thousands, and the ratio of the due and undue trade receivables does not account significant value for recovery risk, meaning, that the all our trade receivables were confirmed or settled until the time of the compilation of the report. The value of the over the year debts is 49,557,-HUF in thousands upon accounting 29,827,-HUF in thousands for impairment.

Liquidity risk

Liquidity risk is the risk of undue performance of the financial obligations by the Company. The liquidity management policy of the Company is that, as much as possible, to ensure appropriate liquidity for the due performance of the commitments, even upon ordinary or tight circumstances without producing unacceptable loss or risking the fame of the Company.

Ageing of the trade creditors and other accounts payable upon 31 December 2019 as as follows:

	Debts
Not due	10,733,316
1 and 30 days past due	673,636
30 to 90 days past due	43,999
90 and 180 days past due	14,033
between 180 and 360 days past due	1,279
due over 360 days	6,799
Total	**11,473,062**

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

The Company held the hereinbelow lending capacity and credits and loans claimed upon the closing of the period.

	Lending capacity	**Claimed on 31 December 2019**	**Expired**
Bank overdraft	500,000	0	31 July 2020
Revolving credit	2,970,000	1,500,000	31 July 2020
Total	**3,470,000**	**1,500,000**	

Analysis of bank guarantees (in thousands of Hungarian Forints)

Upon 31 December 2019 the Company had 11 quantity of bank guarantee claims provided by CIB Bank Zrt. and Raiffeisen Bank Zrt. in the amount of 144,288,-HUF in thousands in full. 4iG Plc. received CIB bank guarantee of the amount of 9,000,-HUF in thousands upon 100 percentage bank deposit. Regarding Raiffeisen Bank guarantees there is no cash deposit of the Company. (See the details in Point 34)

Market risk

Market risk is the risk that the market 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 Company 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.

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 surveyed and 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 Company shall 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, and sensitivity analysis was carried out on the herein key factors. With regards the reduction of the interest rate risk the Company primarily tries to ensure the hereof upon depositing free liquid assets.

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

	HUF	**EUR**	**USD**	**Total**
Trade receivables	10,935,533	1,402,431	538,377	12,876,341
Trade creditors and other accounts payable	9,585,171	1,287,548	600,344	11,473,063
Liquid assets	5,627,075	544,804	53,632	6,225,511
Credits and loans	1,500,000	0	0	1,500,000

Foreign exchange risk of the Company is significant.

The Company does not apply the rules of hedge accounting.

Interest sensitivity analysis

Upon interest rate rise

Profit before tax (without interests)	3,559,850
Net value of the interest expense	(11,345)
Profit before tax	**3,548,505**
Assets in total	**24,183,682**
1%	
Profit before tax (without interests)	3,559,850
Net value of the interest expense	(11,458)
Profit before tax	**3,548,392**
Profit before tax change	***(113)***
Profit before tax change (%)	***(0.003%)***
Assets in total	***24,183,569***
Total change of assets	***(113)***
Total change of assets (%)	***0.000%***
5%	
Profit before tax (without interests)	3,559,850
Net value of the interest expense	(11,912)
Profit before tax	**3,547,938**
Profit before tax change	***(567)***
Profit before tax change (%)	***(0.016%)***
Assets in total	***24,183,115***
Total change of assets	***(567)***
Total change of assets (%)	***(0.002%)***
10%	
Profit before tax (without interests)	3,559,850
Net value of the interest expense	(12,480)
Profit before tax	**3,547,371**
Profit before tax change	***(0.032)***
Profit before tax change (%)	***(1.101%)***
Assets in total	***24,182,548***
Total change of assets	***(1,135)***
Total change of assets (%)	***(0.005%)***

Upon interest rate reduction

-1%

Profit before tax (without interests)	3,559,850
Net value of the interest expense	(11,232)
Profit before tax	**3,548,618**
Profit before tax change	***113***
Profit before tax change (%)	***0.003%***
Assets in total	***24,183,795***
Total change of assets	***113***
Total change of assets (%)	***0.000%***

-5%

Profit before tax (without interests)	3,559,850
Net value of the interest expense	(10,778)
Profit before tax	**3,549,072**
Profit before tax change	***567***
Profit before tax change (%)	***0.016%***
Assets in total	***24,184,249***
Total change of assets	***567***
Total change of assets (%)	***0.002%***

-10%

Profit before tax (without interests)	3,559,850
Net value of the interest expense	(10,211)
Profit before tax	**3,549,640**
Profit before tax change	***1,135***
Profit before tax change (%)	***0.032%***
Assets in total	***24,184,817***
Total change of assets	***1,135***
Total change of assets (%)	***0.005%***

Exchange rate sensitivity analysis

Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,539,244
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,887,892
Net assets	**5,649,511**
Profit before tax	**3,548,505**

Upon exchange rate rise

1%

Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,564,636
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,906,771
Net assets	**5,656,025**
Net assets change	***6,514***
Net assets change (%)	***0.115%***
Profit before tax	***3,555,019***
Profit before tax change	***6,514***
Profit before tax change (%)	***0.184%***

5%

Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,666,206
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,982,287
Net assets	**5,682,079**
Net assets change	***32,568***
Net assets change (%)	***0.576%***
Profit before tax	**3,581,073**
Profit before tax change	**32,568**
Profit before tax change (%)	**0.918%**

10%

Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,793,168
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	2,076,681
Net assets	**5,714,646**
Net assets change	***65,135***
Net assets change (%)	***1.153%***
Profit before tax	***3,613,640***
Profit before tax change	***65,135***
Profit before tax change (%)	***1.836%***

Upon foreign currency decrease

-1%	
Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,513,852
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,869,013
Net assets	**5,642,997**
Net assets change	***(6,514)***
Net assets change (%)	***0.115%***
Profit before tax	***3,541,991***
Profit before tax change	***(6,514)***
Profit before tax change (%)	***(0.184%)***

-5%	
Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,412,282
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,793,497
Net assets	**5,616,943**
Net assets change	***(32,568)***
Net assets change (%)	***(0.576%)***
Profit before tax	**3,515,937**
Profit before tax change	***(32,568)***
Profit before tax change (%)	**(0.918%)**

-10%	
Non-monetary and forint-denominated assets	21,644,438
Foreign currency assets	2,285,320
Denominated liabilities in Hungarian Forints	16,646,279
Foreign currency liabilities	1,699,103
Net assets	**5,584,376**
Net assets change	***(65,135)***
Net assets change (%)	***1.153%***
Profit before tax	***3,483,370***
Profit before tax change	***(65,135)***
Profit before tax change (%)	***(1.836%)***

40. 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 is 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.

2019.12.31		At fair value through profit or loss FVTPL (Fair Value Through Profit and Loss)	Derivatives included in hedge accounting Hedge accounting	Credits and loans, receivables and liabilities to be shown at the depreciated Cost depreciated costs	Fair value through other comprehensive profit or loss FVTOCI* (Fair Value Through the statement of Other Comprehensive Income)	Book value total
Book value of financial instruments						
Financial assets						
Other financial investments	Equity instruments	11,052	-	-	-	11,052
	Loans provided	-	-	251,436	-	251,436
	Deposits	-	-	9,000	-	9,000
	Finance lease receivables	-	-	-	-	-
	Other	-	-	-	-	-
Financial investments in total		**11,052**	**-**	**260,436**	-	**271,488**
Trade and other receivables		-	-	12,876,341	-	12,876,341
Finance lease receivables		-	-	-	-	-
Liquid assets and cash equivalents		-	-	6,225,511	-	6,225,511
Debt securities		442,600	-	-	-	442,600
Other short-term financial instruments	Loans provided	-	-	3,104	-	3,104
	Advance payments	-	-	594,661	-	594,661
	Lease charges deposit	-	-	78,805	-	78,805
	Other	-	-	504,277	-	504,277
Short-term financial assets in total		**442,600**	**-**	**20,282,699**	-	**20,725,299**
Financial assets in total		**453,652**	**-**	**20,543,135**	-	**20,996,787**
Financial liabilities						
Credits and loans (Long-term)		-	-	-	-	-
Finance lease liabilities		-	-	301,537	-	301,537
Other long-term financial liabilities		-	-	12,725	-	12,725
Long-term financial liabilities in total		-	-	**314,262**	-	**314,262**
Trade creditors and other obligations		-	-	11,473,062	-	11,473,062
Credits and loans (short-term)		-	-	1,500,000	-	1,500,000
Advance payments received from customers		-	-	1,565,024		1,565,024
Advance payments received from central budget		-	-	277,257		277,257
Tax liabilities				1,861,839		1,861,839
Finance lease liabilities		-	-	339,227	-	339,227
Other short-term financial liabilities		-	-	400,737	-	400,737
Short-term financial liabilities in total		**-**	**-**	**17,417,146**	**-**	**17,417,146**
Financial liabilities in total		-	-	**17,731,408**	-	**17,731,408**

Financial instruments

2018.12.31		At fair value through profit or loss FVTPL (Fair Value Through Profit and Loss)	Derivatives included in hedge accounting Hedge accounting	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						
Other financial investments	instruments	-	-	-	-	-
	Loans provided	-	-	-	-	-
	Deposits	-	-	3,000	-	3,000
	Finance lease receivables	-	-	-	-	-
	Other	-	-	-	-	-
Financial investments in total		-	-	3,000	-	3,000
Trade and other receivables		-	-	700,253	-	700,253
Finance lease receivables		-	-	-	-	-
Liquid assets and cash equivalents		-	-	6,805	-	6,805
Debt securities		374,000	-	-	-	374,000
Other short-term financial instruments	Loans provided	-	-	-	-	-
	Advance payments	-	-	29,525	-	29,524
	Lease charges deposit	-	-	7,440	-	7,440
	Other	-	-	5,585	-	5,585
Short-term financial assets in total		**374,000**	**-**	**749,608**	-	**1,123,608**
Financial assets in total		**374,000**	**-**	**749,608**	-	**1,123,608**
Financial liabilities						
Credits and loans (Long-term)		-	-	-	-	-
Finance lease liabilities		-	-	-	-	-
Other long-term financial liabilities		-	-	-	-	-
Long-term financial liabilities in total		-	-	-	-	-
obligations		-	-	858,104	-	858,104
Credits and loans (short-term)		-	-	152,485		152,485
Advance payments received from customers		-	-	-	-	-
Advance payments received from central budget		-	-	134,933		134,933
Finance lease liabilities		-	-	-		-
Other short-term financial liabilities		-	-	-	-	-
total		**-**	**-**	**1,145,522**	-	**1,145,522**
Financial liabilities in total		-	-	**1,145,522**		**1,145,522**

Fair value hierarchy

Fair value hierarchy	**31 December 2019**				**31 December 2018**			
	1st level not modified market price on active markets	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 market price on active markets	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	-	-	374,000	374,000
transactions	-	-	-	-	-	-	-	-
Financial assets in total		**-**	**442,600**	**442,600**	**-**	**-**	**374,000**	**374,000**
Financial liabilities	-	-	-	-	-	-	-	-
transactions	-	-	-	-	-	-	-	-
total	-	-	-	-	-	-	-	-

41. Transactions with affiliated parties

Transactions with affiliated parties in 2019 were as follows:

with HUMANsoft Kft.	**Amount**
Purchase of goods	1,145

with DOTO Systems Zrt.	**Amount**
Sale of goods	12,656
Material-type services provided	1,400

with Humansoft Szerviz Kft.	**Amount**
Credit and loan provided	**2,000**

with Veritas Consulting Kft.	**Amount**
Purchase of goods	108,588

42. 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.

43. Events following the balance sheet day

43.1 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.

43.2 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.

43.3 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.

43.4 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.

43.5 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.

43.6 Announcement of large amount successful tender (03 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.

43.7 Announcement of large amount successful tender (10 February 2020)

Upon the recall of the competition in the subject of ‘Healthy Budapest’ called by National Healthcare Services Center (hereinafter referred to as: ‘ÁEEK’) to provide Routers for the participating institutions while 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.

43.8 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

43.9 Company own shares purchase (12 March 2020)

On 10 March 2020, 4iG Plc. purchased own share in the quantity of 100,000 at Budapest Stock Exchange upon 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.

44. 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.

45. IFRS registered chartered accountant being responsible for the compilation of the report is as follows:

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

46. Persons being entitled to sign the report:

Regarding signing the Company report the chairperson of the board of directors is entitled to sign individually, or any two of the directorate shall jointly practice the right of signing.

47. Short company overview

47.1 General notes

Name of the company:	4iG Nyilvánosan Működő Részvénytársaság (in English: 4iG Public Limited Company) (Former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. (in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares))
Legal status of the company:	Public Limited Company
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:	12011069-6201-114-01
Share capital:	1,880,000,000,-HUF
Date of foundation:	8 January 1995
Date of transformation:	2 April 2004
Date of being listed on the stock exchange:	22 September 2004
Company website:	www.4ig.hu

With regards the completion date of this notes to the financial statements 4iG Plc. is a publicly listed company in the Standard section of Budapest Stock Exchange.

47.2 Information on shares

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	20 Hungarian Forints/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' share 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 the 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 management rights 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 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 board of directors. 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 hereof 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 share category upon 19 June 2019.

47.3 Branch businesses of the Company

Branch businesses of the Company:	8000 Székesfehérvár, Seregélyesi út 96.
	6782 Mórahalom, Röszkei út 43.
	6722 Szeged, Tisza Lajos körút 41.

47.4 Scope of activities

Main scope of activities of the company: **6201 '08 Computer programming activities**

On the basis of the General Industrial Classification of Economic Activities (NACE classification) the other scopes of activities are as follows:

2620 ‘08	Retail sale of computers, peripheral units and software in specialised stores
2823 ‘08	Manufacture of office machinery and equipment (except computers and peripheral)
3320 ‘08	Installation of industrial machinery and equipment
4651 ‘08	Wholesale of computers, computer peripheral equipment and software
4741 ‘08	Retail sale of computers, peripheral units and software in specialised stores

4690 '08	Non-specialized wholesale trade
4741 '08	Retail sale of computers, peripheral units and software in specialised stores
4742 '08	Retail sale of telecommunications equipment in specialised stores
5811 '08	Book publishing
5812 '08	Publishing directories and mailing lists
5821 '08	Publishing of computer games
5829 '08	Other software publishing
6203 '08	Computer facilities management activities
6311 '08	Data processing, hosting and related activities
6312 '08	Web portals
6420 '08	Activities of holding companies
6920 '08	Accounting, bookkeeping and auditing activities, tax consultancy
7021 '08	Public Relations and communication
7022 '08	Business and other management consultancy activities
7219 '08	Other research and experimental development on natural sciences and engineering
7490 '08	Not elsewhere classified other professional, scientific and technical activities
7830 '08	Other human resource provision and management
8532 '08	Professional intermediate training
8551 '08	Sports and recreation education
8552 '08	Cultural education
8559 '08	Not elsewhere classified, other education
8560 '08	Education support activities
9511 '08	Repair of computers and peripheral equipment
4110 '08	Development of building projects
4312 '08	Site preparation
5819 '08	Other publishing activities

5911 ‘08	Motion picture, video and television programme production activities
6202 ‘08	Computer consultancy activities
6820 ‘08	Renting or operating of own or leased real estate
7112 ‘08	Engineering activities and related technical consultancy
7120 ‘08	Technical testing and analysis
7311 ‘08	Advertising agencies
7733 ‘08	Renting and leasing of office machinery and equipment (including computers)
8230 ‘08	Organization of conventions and trade shows
9499 ‘08	Not elsewhere classified other community and social activities

47.5 Officers, controlled business associations

Officers in 2019

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

Remuneration of the officers in 2019

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. 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 which amount is 175,000,-HUF per month per person, while the chairperson of the Board of Directors is eligible for 200,000,-HUF per month.
In line with the general meeting resolution under the number of 42./2014(10.27) issued by the General Meeting the members of the Supervisory Board are entitled to receive remuneration, of the amount is 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 renumeration for their work performed in the audit committee.

Renumeration of 4iG Plc. executive officers
in 2019

Name	Position	Wages and salaries	Honorarium	Renumeration for assignment	Other benefits	Total
JÁSZAI Gellért	Chairperson of the Board of Directors	28,632,000	2,400,000	-	234,198	31,266,198
Linczényi Aladin ÁdÁm	Member of the Board of Directors	16,132,000	2,100,000	24,000,000	212,088	42,444,088
Tóth Béla Zsolt	Member of the Board of Directors	23,560,000	2,100,000		312,264	25,972,264
Zibriczki Béla	Member of the Board of Directors	47,999,040	2,100,000			50,099,040
Simon Zoltán	Member of the board of directors (from 05 September 2019)	5,082,000	1,920,000	6,159,000	52,000	13,213,000
	Chairperson of the Supervisory Board and Audit Committee (until 05 September 2019)					
Tomcsányi Gábor	Chairperson of the Supervisory Board and Audit Committee (from 06 September 2019)		700,000			700,000
Ódorné Angyal Zsuzsanna	Member of the Supervisory Board and Audit Committee		1,860,000			1,860,000
Tima János	Member of the Supervisory Board and Audit Committee		1,860,000			1,860,000
Total		**121,405,040**	**15,040,000**	**30,159,000**	**810,550**	**167,414,590**

In addition to the hereof they do not receive loan or other benefits.

47.6 Persons being entitled to sign the report

Regarding signing the report, the chairperson of the board of directors is entitled to sign individually, or any two members of the herein board of directors shall hereby jointly practice signing at the Company.

47.7 Data of the affiliated undertakings on the balance sheet day

Name of the subsidiary company	Seat of business	Capital ownership 2019	2018	Notes
Humansoft Szerviz Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d. (no data)	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.	Acquired 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%	

Main management data of the affiliated undertakings on 31 December 2019 as follows:

Name of the company	Issued capital:	Own equity	Accumulated profit reserve	Capital/Distributable reserve	Profit after tax
Humansoft Szerviz Kft.	3,000	10,842	–	–	7,842
DOTO Systems Zrt.	5,000	(8,856)	–	165,000	(178,856)
Veritas Consulting Kft.	3,000	9,686	5,170	500	1,016

47.8 Consolidated report

In line with IAS-IFRS international standards the consolidated report of the corporate group is compiled by 4iG Plc. upon disclosure of information and data by the subsidiary companies. The consolidated report is available for the public. The hereof report is available on the webpages of www.4ig.hu; www.bet.hu and www.kozzetetelek.hu, and it is even disclosed in the office of 4iG Plc., at the address of 1037 Budapest, Montevideo u. 8.

47.9 Ownership structure on 31 December 2019

	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 Invest Kft. (owned by Mészáros Lőrinc)	0	22.57%
4iG own shares	2.39%	2.59%
Free float	35.82%	34.30%
Total	**100.00%**	**100.00%**

47.10 Auditor

The auditor of 4iG Plc.:
INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Kft. (seat of business: H-1074 Budapest, Vörösmarty u. 16-18.; company registration number: 01 09 063211; chamber membership number: 000171)
The auditor personally responsible is:
Freiszberger Zsuzsanna (address: 2440 Százhalombatta Rózsa u. 7.; registration number: 007229)

47.11 Change to the application of IFRS

The Company changed to IFRS upon 1 January 2017.

47.12 Own equity of the Company

The share capital of the Company amounted to 1,880,000,000,- Hungarian Forints upon 31 December 2019. The capital registered in the company registry court equals with the amount of the share capital under IFRSs: namely 1,880,000,000,- Hungarian Forints.

47.13 Merger of subsidiary companies

Regarding the merger of the three subsidiary companies, namely, HUMANsoft Kft., and Axis Rendszerház Kft., and Mensor3D Kft. into 4iG Plc. upon 31 January 2019 makes the comparison of the data related to the previous year and the current year even harder, and the profit and loss of their activities included in the individual data of 4iG Plc. as of the start from February 2019.
Concerning the year of 2019 both the group level turnover and the volume significantly grew, and hence, a significant increase can be experienced in each area of the report compared to the data as of the previous year.

47.14 Own equity equivalency table for the dates as of 31 December 2018 and 31 December 2019 as follows:

2019.12.31

		Transfers										
Capital instrument	**Own equity in accordance with IFRS**	**On account of deferred tax**	**On account of extended vacation**	**On account of own share purchase**	**Derecognized Goodwill in HAS**	**On account of IFRS 16 exchange rate loss**	**On account of impairment of customers**	**GW impairment difference**	**Profit of own share sale**	**On account of additional payment**	**On account of merger of subsidiary companies**	**Own equity (HAS)**
Issued capital	**1,880,000**	-	-	-	-	**-**	**-**	-	-	-	-	**1,880,000**
Repurchased own share	(92,251)	-	-	92,251	-	-	-	-	-	-	-	-
Capital reserve	816,750	-	-	-	-	-	-	-	-	-	-	816,750
Distributable reserve	-	-	-	92,251	-	-	-	-	-	-	-	92,251
Accumulated profit reserve	(4,425)	(51,841)	3,161	(92,251)	-		-	1,680	(175,183)	(153,207)	(132,135)	(604.201)
Profit after tax	3,049,436	96,928	22,447	-	-	5,418	-	(103,160)	175,183	29.268	-	3,270,252
Total	**5,649,510**	**39,819**	**25,608**	**92,251**	**-**	**5,418**	**-**	**(101,480)**	**-**	**(123,939)**	**(132,135)**	**5,455,052**

2018.12.31

		Transfers										
Capital instrument	**Own equity in accordance with IFRS**	**On account of deferred tax**	**On account of extended vacation**	**On account of own share purchase**	**Derecognized Goodwill in HAS**	**On account of IFRS 16 exchange rate loss**	**On account of impairment of customers**	**GW impairment difference**	**Profit of own share sale**	**On account of additional payment**	**On account of merger of subsidiary companies**	**Own equity (HAS)**
Issued capital	**1,880,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,880,000**
Repurchased own share	(94,198)	-	-	94,198	-	**-**	-	-	-	-	-	-
Capital reserve	816,750	-	-	-	-	**-**	-	-	-	-	-	816,750
Distributable reserve	-	-	-	94,198	-	**-**	-	-	-	-	-	94,198
Accumulated profit reserve	-	(45,144)	1,830	(94,198)	(12,859)	**-**	(2,900)	1,840	-	-	-	(151,431)
Profit after tax	25,600	(6,697)	1,331	-	-	**-**	-	(160)	-	-	-	22,974
Total	**2,628,152**	**(51,841)**	**3,161**	**94,198**	**(12,859)**	**-**	**(2,900)**	**1,680**	**-**	**-**	**-**	**2,662,491**

47.15 Accumulated profit reserve of the Company available for dividend

In line with the data included in the report the amount of the accumulated profit reserve of the Company available for dividend was 3,045,011,-HUF in thousands upon 31 December 2019.

48. Declaration

The Issuer shall hereby state that the Report on the representation of 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 regulated information.

I, the undersigned, shall hereby undertake that the data of the statement included in the report upon 31 December 2019 and the contents of the analyses and the conclusions are in compliance with reality.

Dated as of 7 April 2020

Jászai Gellért

chairperson and chief executive officer

Tóth Béla Zsolt

member of the Board of Directors

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H-1037 Budapest, Montevideo u. 8.
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