



4iG

Q1

20

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**4iG PLC. FLASH REPORT
ON THE COMPANY'S Q1 2020 ACTIVITIES**



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1. MANAGEMENT REVIEW

4iG Plc. (hereinafter referred to as '4iG', 'Company', 'Corporation', 'Corporate Group') is to be **an innovative company with stable economic environment**. Due to its flexible operation, capacity and outstanding professionals, 4iG Plc. has been able to **adopt to the changed economic environment and market needs caused by the recent Corona virus pandemic**.

In order to **ensure the continuous course of business, the management created and established the required organizational, infrastructural and occupational health and hygiene conditions** in February and March, thus, the **corporate group was prepared for the restrictions caused by the pandemic situation**. Due to the **foreseeing measures and technical capability**, the performance of the Corporation has been continuous, and the customers have been being served at an unchanged high professional level.

Financial results

Even in the international and national economic and operational environment suffering from the pandemic situation, **4iG has maintained its dynamic progress**. With regards, **the volume of orders of the Company has been growing dynamically** in the first three months in relation to 2020. **With respect to the total amount of the book of contracts accounted for the year of 2020 upon 20 May 2020 was exceeding 23 billion Hungarian Forints**. In the first quarter of 2020 the **consolidated sales revenue of 4iG Plc. accounted in line with IFRS was 8.62 billion Hungarian Forints** (the value of the hereinbefore is 78% higher compared to the previous year). The **business effectiveness of the corporate group** has shown a significant improvement: the value of **EBITDA** accounted in the first quarter of 2020 was exceeding **578 million Hungarian Forints**, resulting 20% growth compared to the profit and loss before the financial and depreciation deductions concerning Q1 of 2019. The position and situation of the Company is stable, and, due to the successful closed quarters, still has significant reserve.

Performance of the first quarter

The dynamic growth of the Company experienced in 2019 was not slower at the beginning of 2020 as well. Already on 10 January the tender submitted by 4iG Plc. was announced to be the successful one 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. 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. Following the aforementioned event, upon the recall of the competition within the framework of 'Hungarian Village Program' in relation with the subprogram under the title

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, the tender submitted by 4iG Plc. was announced to be the best tender. Following the aforesaid conclusion of the contract, the developments to be performed by the Company within the framework of the basic health care shall support consultancy, prevention and the activities of the GP's population screening upon providing the appropriate IT support for the herein. The total value of the thereof two assignments exceeds 2 billion Hungarian Forints.

Even, before the end of January, the Corporation was awarded with an assignment in the value of almost 1 billion Hungarian Forints in the hereinafter projects, namely, '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, called for by Nemzeti Fejlesztési Programiroda (in English: National Development Program Office) to perform the tasks of application operation of subsystems for the following 24 months.

With regard to the second month of the said year, 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, the Company should also account business successes. Within the framework of the project the Hungarian State Treasury replaces its bank account system used since 1997. The development is to be realized in two phases resulting the introduction of a multicurrency bank account system based on up-to-date technology making possible the day and night account balance management. During the course of the work, it is going to be the task of 4iG Plc. to develop a front-end application supporting the relationship between the customer and the administrator, and the development of Payment Switch application supporting payment services internationally and nationally in relation with the bank account system, and with the internal subsystems are all included, and as well as to have the hereof put into operation.

In February, the Corporation could give news on, due to the result of the public procurement procedure called for by Állami Egészségügyi Ellátó Központ (in English: National Healthcare Services Center) in the subject of 'Router Replacement for Institutions Participating in the Project of Healthy Budapest', that 4iG performs the expansion of data connection and router devices for 11 national hospitals, 13 co-hospitals and 32 clinics, and, moreover, the integration of new net devices to the existing systems, testing and installation are also included.

It is the success of the first quarter that it was 4iG which won in 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 initiating a centralized public procurement procedure. The public procurement procedure was realized

upon the agreement under the number of KM01SRVT17 being concluded by the General for Public Procurement and Supply (KEF) by means of reopening the competition.

Capital market performance

Regarding the average stock market price of 4iG in Q1 2020 (namely 498 Hungarian Forints) is 18.2% lower compared to the same period of 2019. Upon 31 March 2020, the average closing price amounted 405,- Hungarian Forints, which is 50% less compared to the closing price at the end of March of 2019. At the time of the compilation of this report the share price range is above 500,-HUF. Concerning the market capitalization of 4iG, the thereof was 38.1 billion Hungarian Forints on 31 March in 2020.

The significant share price and market capitalization decrease are both due to the global stock exchange break in March caused by Corona virus crisis.

Market environment and vision

Due to the successful closed quarter, following the restart, 4iG shall start the period ahead with a stable technical, human and economic background. **The epidemic situation shall highlight the importance of distance working, the application of artificial intelligence, IT security, and respectively shall improve the need for robotization.** On the basis of the aforesaid, **the company management shall expect an outstanding 4iG performance in the thereof strategical areas in the following quarters.**

In accordance with the expectations, and with regard to the steady ICT sector development, **the changed economic environment shall bring new assignments and result new acquisitions.** Therefore, 4iG is continuously considering the national and international possibilities for growths.

As a reason of the typical seasonality of the IT technology segment, the timing of income is concentrated on III and IV quarters, strengthening the growing effectiveness expectations. The aforementioned tendencies shall be affected by the impact of Corona virus pandemic, with that, the herein may continue in the second quarter.

The key financial 4iG Plc. indicators consolidated in accordance with the international financial reporting standards are included in the following table as follows:

Description (data in thousands of Hungarian Forints)	2020.Q1	2019.Q1	Change +/- in percentage
Net sales revenues	8,623,002	4,850,286	77.78%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	577,870	483,076	19.62%
Earnings before interest and taxes (EBIT)	387,632	353,708	9.59%
Profit after tax (PAT)	311,793	280,529	11.14%
Total comprehensive income	311,793	280,529	11.14%
Number of employees			
Net sales revenue per person***	14,300	12,533	14.10%
Average staff number	603	387	55.81%
Stock exchange indicators			
Stock exchange closing share price* (in HUF)	405	812	(50.12)%
Average stock market price of the shares (in HUF)	498	609	(18.20)%
4iG Plc. market capitalization (in billion HUF)	38.1	76.3	(50.12)%
Per share (HUF)			
EBITDA**	6.1	5.1	19.62%
Net earnings per share (EPS)**	3.4	3.1	11.66%
Diluted EPS indicator**	3.3	3.0	11.14%
Own equity**	56	31	80.32%

*at the end of the period

** in Hungarian Forint

*** per average number of employees

With regards the base related to the share-related indicators, the nominal value of HUF 20,- per quantity per share was calculated upon translation.

Unless otherwise indicated and in line with the IFRS principles, the data included in the Interim Management Report are consolidated, non-audited and given in thousands of Hungarian Forints.

The data in brackets indicate negative values.

2. IFRS CONSOLIDATED, NON-AUDITED QUARTERLY FINANCIAL STATEMENTS

2.1 Consolidated comprehensive profit and loss account

data in thousands of Hungarian Forints unless otherwise

	<u>31 December 2020</u>	<u>31 December 2019</u>
Net sales revenues	8,623,002	4,850,286
Other operating income	39,257	81,886
Revenues in total	8,662,259	4,932,172
Costs of goods and services sold	5,881,723	3,196,030
Operational expenditures	493,050	336,883
Staff costs	1,704,908	912,671
Other expenditures	4,708	3,512
Operational expenses	8,084,389	4,449,096
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)	577,870	483,076
Depreciation and impairment	190,238	129,368
Earnings before interest and tax (EBIT)	387,632	353,708
Financial income	70,999	40,935
Financial expenditures	59,406	34,732
Profit before tax	399,225	359,911
Income taxes	87,432	79,382
Profit after tax	311,793	280,529
Other comprehensive income	-	-
Total comprehensive income	311,793	280,529
Earnings per share (HUF)		
Base	3.4	3.1
Diluted	3.3	3.0
From profit after tax:		
Share per parent company:	360,978	280,529
Share for external owner	(49,185)	0
From the total comprehensive income:		
Share per parent company:	360,978	280,529
Share for external owner	(49,185)	0

2.2 Consolidated balance sheet

data in thousands of Hungarian Forints unless otherwise

	<u>31 March 2020</u>	<u>31 December 2019</u>
ASSETS		
Over the year assets		
Tangible assets	328,830	322,353
Intangible assets	1,034,001	1,114,174
Deferred tax assets	12,618	3,202
Goodwill	411,243	411,243
Other investments	88,486	97,488
Over the year assets in total	<u>1,875,178</u>	<u>1,948,460</u>
Current assets		
Liquid assets and cash equivalents	2,361,900	6,237,873
Trade receivables	9,439,956	12,891,746
Other receivables and accrued and deferred assets	2,314,728	2,065,341
Actual income tax receivables	0	0
Securities	442,600	442,600
Inventories	732,681	523,318
Current assets in total	<u>15,291,865</u>	<u>22,160,878</u>
Assets in total	<u>17,167,043</u>	<u>24,109,338</u>
RESOURCES		
Own equity		
Issued capital	1,880,000	1,880,000
Repurchased own share	(587,536)	(92,251)
Capital Reserve	816,750	816,750
Accumulated profit reserve	3,312,935	2,951,957
Own equity per parent company in total	<u>5,422,149</u>	<u>5,556,456</u>
Non-controlling interest	(112,928)	(63,743)
Own equity in total:	<u>5,309,221</u>	<u>5,492,713</u>
Long-term liabilities		
Provisions	6,950	56,718
Deferred tax liabilities	0	335,181
Financial lease liabilities	286,652	0
Long-term liabilities in total	<u>293,602</u>	<u>391,898</u>
Short-term liabilities		
Trade creditors and other accounts payable	6,565,395	11,609,090
Short-term credits and loans	1,500,000	1,500,000
Other short-term liabilities and accrued liabilities	3,128,784	4,751,793
Dividend payment liabilities	0	0
Financial lease liabilities	370,041	363,843
Short-term liabilities in total	<u>11,564,220</u>	<u>18,224,726</u>
Liabilities and own equity in total	<u>17,167,043</u>	<u>24,109,338</u>

2.3 Consolidated statement on 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 2019	1,880,000	101,741	816,750	124,547	2,719,556	0	2,719,556
Delisting of the subsidiary company goodwill	0	0	0	(240,460)	(240,460)	0	(240,460)
Sale of own share	0	9,490	0	175,183	184,673	0	184,673
Total comprehensive income	0	0	0	280,529	280,529	0	280,529
Balance on 31 March 2019	1,880,000	(92,251)	816,750	339,799	2,944,298	-	2,944,298
Balance on 1 January 2020	1,880,000	(92,251)	816,750	2,951,957	5,556,456	(63,743)	5,492,713
Purchase of own share	0	(495,285)	0	0	(495,285)	0	(495,285)
Total comprehensive income	0	0	0	360,978	360,978	(49,185)	311,793
Balance on 31 March 2020	1,880,000	(587,536)	816,750	3,312,935	5,422,149	(112,928)	5,309,221

2.4 Consolidated Cash Flow Statement

data in thousands of Hungarian Forints unless otherwise indicated

	31 December 2020	31 December 2019
Cash flow from operating activities		
Profit after tax	311,793	280,529
Corrections:		
Depreciation and impairment in the current year	190,238	129,368
Impairment booked for customers	0	0
Provisions	(49,767)	(11,247)
Deferred tax	(9,416)	21,190
Interests	3,358	2,588
<i>Changes in working capital</i>		
Changes in trade receivables	3,451,790	(808,170)
Change in inventories	(209,363)	(259,746)
Changes in trade creditors	(5,043,695)	903,088
Changes in finance leasing	6,199	150,848
Change in other assets and liabilities	(1,872,496)	(135,132)
Net cash flow from operating activities	(3,221,360)	273,316
Cash-Flow from investments		
Sale (and purchase) of tangible assets	(46,446)	(35,957)
Purchase of intangible assets	(70,096)	(339,500)
Purchase of securities	0	0
Change in over the year assets	9,000	2,100
Acquisition of interests	0	(263)
Net cash flow from investment activities	(107,542)	(373,620)
Cash flow from financing activities		
Long-term credits and loans		
Bank credits and loans / (repayment)	100	(103,603)
Use of financial leasing (repayment)	(48,529)	146,849
Own shares issued/repurchased	(495,285)	9,490
Interests of credits and loans	(3,358)	(2,588)
Profit of own share sale	0	175,183
Net cash flow from financing activities	(547,072)	225,330
Net change in cash and cash-like items and instruments	(3,875,973)	125,026
Balance of cash and cash-like items and instruments at the beginning of the year	6,237,873	175,570
Interim balance of cash and cash-like items	2,361,900	300,596

3. GENERAL INFORMATION ON THE ISSUER

Name of the company:	4iG Nyilvánosan Működő Részvénytársaság (in English: 4iG Public Limited Company) (former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. (in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares))
Legal status of the company:	Public Limited Company
Seat of business:	1037 Budapest, Montevideo u. 8.
Branch businesses:	8000 Székesfehérvár, Seregélyesi út 96. 6782 Mórahalom, Röszei út 43. 6722 Szeged, Tisza Lajos krt. 41.
Company registration number:	01-10-044993
Tax number:	12011069-2-4194
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

4. INFORMATION ON SHARES

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	20,- HUF/quantity
Quantity of the shares:	94,000,000,- quantity
ISIN code of the shares:	HU 0000167788
Series of the share class:	'A'
Serial number of the shares:	0000001-94000000
Repurchased own shares:	3,038,544,- quantity

5. OWNERSHIP STRUCTURE

The ownership structure of the Company is as it follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
KZF Vagyonkezelő Kft. (owned by Jászai Gellért)	35.02%	22.57%
Manhattan Invest Kft.(owned by Jászai Gellért)	3.29%	n.d. ¹
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%	13.79%
4iG own share ownership	3.23%	2.39%
Free float	34.98%	34.51%
Total	<u>100.00%</u>	<u>100.00%</u>

Upon 31 March 2020, the amount of 3,038,544,- quantity of own shares were owned by 4iG Plc.

¹ no data: hereinafter referred to as n.d.

6. OFFICERS

With regard to the period between 01 January 2020 and 31 March 2020, the executive officers of 4iG Plc. were the following listed persons.

6.1 Company Management

Board of Directors:	Jászai Gellért, chairperson of the board of directors, chief executive officer Tóth Béla Zsolt, member of the board of directors Linczényi Aladin, member of the board of directors Zibriczki Béla, member of the board of directors Simon Zoltán, member of the board of directors
Supervisory Board:	Tomcsányi Gábor, chairperson of the Supervisory Board Kunosi András, member Ódorné Angyal Zsuzsanna, member Tima János, member
Audit Committee:	Tomcsányi Gábor, chairperson of the Supervisory Board Kunosi András, member Ódorné Angyal Zsuzsanna, member Tima János, member

6.2 Remuneration of the officers

With regards, the remuneration of the members of the Board of Directors, of the Supervisory Board and of the Audit Committee of the Company in the hereinabove said period was accounted as 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 in the amount of 175,000,-HUF per month per person, while the chairperson of the Board of Directors is eligible for 200,000,-HUF per month.

In line with the general meeting resolution under the number of 42./2014(10.27) issued by the General Meeting, the members of the Supervisory Board are entitled to receive remuneration in the amount of 155,000,-HUF per month per person, while the chairperson of the Supervisory Board is eligible for 175,000,-HUF per month.

The members of the audit committee are not entitled to receive any remuneration for their work performed in the audit committee.

6.3 4iG shareholding of the executive officers

Name	Position	Direct capital ownership (quantity)	Indirect capital ownership (quantity)	Direct and indirect (quantity)	Capital ownership rate (%)
Jászai Gellért Zoltán	chairperson – Chief Executive Officer	0	37,798,850	37,798,850	40.21%
Tóth Béla Zsolt	member of the board of directors	1,052,200	0	1,052,200	1.12%

7. PERSONS BEING ENTITLED TO SIGN THIS 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 jointly practice the thereof right of signing at the Company.

8. SUBSIDIARIES

Name of the subsidiary company	Seat of business	Capital ownership		Notes
		2020	2019	
Humansoft Szerviz Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Founded on 17 April 2019
DOTO Systems Zrt.	1037 Budapest, Montevideo u. 8.	60%	n.d.	Founded on 03 July 2019
Veritas Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Acquired upon 10 September 2019

9. MAJOR EVENTS OF THE SAID PERIOD (IN CHRONOLOGICAL ORDER)**9.1 Announcement of large amount successful tender (10 January 2020)**

Upon the recall of the competition in the subject matter 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 one. The standstill period deadline for conclusion of the contract of the aforementioned tender shall 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.

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

Upon the recall of the competition within the framework of 'Hungarian Village Program' in relation with the subprogram under the title 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, 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 aforesaid 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 population screening upon providing the appropriate IT support for the herein activities.

The total value of the procedure is 1,555,346,000,-HUF + VAT.

9.3 Company's own share purchase (from 15 January 2020 to 27 January 2020)

With regards, the period between 15 January 2020 and 27 January 2020, 4iG Plc. – with the contribution of Equilor Zrt., an investment service provider, – purchased 508,519,- quantity of own shares at Budapest Stock Exchange by means of stock exchange transaction. As a result of the thereof transactions performed 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 value of the treasury stock of own shares of the Company is 3.13%. The boundary limit was not exceeded.

9.4 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 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 insiders, the

Authority obliged 4iG Plc. to pay 5,000,000,-Hungarian Forints, namely five million Hungarian Forints as an authority fine.

9.5 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, 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 projects is to be terminated on 8 February 2020 (but with regard to the fact that the aforesaid date is to be a holiday, the actual standstill period date shall be terminated upon 10 February 2020). The term for the performance of the service is 24 months.

The total value of the procedure is 906,624,000,-HUF + VAT.

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

Upon the recall of the competition in the subject of 'Procurement of Development, Implementation, Parameterization Services Related to Accounting Systems' called for by Magyar Államkincstár (in English: Hungarian State Treasury) (hereinafter referred to as 'Treasury') initiating a centralized public procurement procedure, 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 shall be terminated on 11 February 2020.

The total value of the procedure is 3,469,838,990,-HUF + VAT.

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

Upon the recall of the competition called for by National Healthcare Services Center (hereinafter referred to as: 'ÁEEK') in the subject of 'Provision of Routers for the Participating Institutions in Healthy Budapest Project' initiating a centralized public procurement procedure, 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 shall be terminated on 13 February 2020.

The total value of the procedure is 754,535,000,-HUF + VAT.

9.8 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, the tender submitted by 4iG Plc. was announced to be the successful tender. The value of the tender is 1,083,556,965,-HUF + VAT

9.9 Company's own share purchase (12 March 2020)

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

9.10 COVID-19 pandemic

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

10. MAJOR EVENTS AND CHANGES FOLLOWING THE REPORTING DAY

10.1 4iG Plc. Board of Directors resolution in relation with the annual ordinary general meeting of the Company

With regard to the Hungarian Government Decree of 102/2020. (IV.10.) (hereinafter referred to as 'Government Decree No. 102/2020. '), and, in line with the Government Decree No. 40/2020. (III.11.) on the announcement of emergency promulgated on account of the Corona virus epidemic, the Board of Directors of 4iG shall not be allowed to hold the general meeting convened during the emergency period by means of personal presence of the shareholders, hence the Company is not to hold the annual ordinary general meeting convened at 10:00 on 29 April 2020.

10.2 Company's Board of Directors resolutions replacing holding the annual ordinary general meeting on 29 April 2020

Upon the authorization of the Government Decree No. 102/2020. and acting on behalf of the competence of the General Meeting, the Board of Directors of the Company, without holding a meeting on 29 April 2020, and by means of written decision-making, adopted the hereinunder resolution as follows:

Board of Directors Resolution Number 1/2020. (IV. 29.)

In line with the IFRS (International Financial Reporting Standards), the Company's main data concerning the annual report for the year of 2019 as follows:

- the total amount of assets/capital and resources is 24,183,682,-HUF in thousands

-
- the amount of own equity is 5,649,511,-HUF in thousands
 - the amount of income after taxes is 3,049,436,-HUF in thousands

In line with the IFRS (International Financial Reporting Standards), the Company's main data of the consolidated annual report for the year of 2019 as follows:

- the total amount of assets/capital and resources is 24,109,338-HUF in thousands
- the amount of own equity is 5,649,511,-HUF in thousands
- the total amount of the comprehensive income after taxes is 2,826,944,-HUF in thousands

In line with the authorization of the thereof Decree and having regard to the content of the disclosed annual financial statement for the year of 2019, the Board of Directors, moreover, shall hereby make the decision that, following the business year of 2019, the Company is to pay dividend disbursement in the amount of 22,-HUF, namely twenty-two Hungarian Forints per share. In line with the authorization of the thereof Decree, the Board of Directors, moreover, shall make the decision to authorize the Board of Directors of the Company to define the dividend payment date upon taking the actual liquidity situation into account, with that, the payment of dividend shall be performed until 31 December 2020 the latest.

Board of Directors Resolution Number 2/2020. (IV. 29.)

In line with the authorization of the thereof Decree and in accordance with the submission, the Board of Directors shall hereby make the decision on the adoption of the content of the said Corporate Governance Report of the Company for the year of 2019.

Board of Directors Resolution Number 3-7/2020. (IV. 29.)

In line with the authorization of the Decree and in accordance with the opinion of the Nomination and Remuneration Committee of the Company, the Board of Directors shall hereby state that Jászai Gellért, Chairperson and Chief Executive Officer, Linczényi Aladin Ádám, member of the board of directors, Zibriczki Béla, member of the board of directors, Tóth Béla Zsolt, member of the board of directors and Simon Zoltán, member of the board of directors performed the assigned work upon keeping the interest of the Company in mind in relation with 2019 and with regard to the thereof fact the hold-harmless warrant concerning the year of 2019 shall be granted.

Board of Directors Resolution Number 8/2020. (IV. 29.)

In line with the authorization of the Decree and upon this resolution, the Board of Directors shall hereby state that in accordance with the personal service contract concluded between

and by the Company and INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság (in English: INTERAUDITOR Neuner, Henzl, Honti Consultant Private Limited Liability Company) (seat of business: 1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F.; company registration number: 01-09-063211; tax number: 10272172-2-42, the person being personally responsible for performing the audit: Freiszberger Zsuzsanna [mother's name: Böczkös Rózsa Mária; address: 2440 Százhalombatta, Rózsa utca 7.; chamber membership number: INTERAUDITOR Kft.007229], hereinafter referred to as 'INTERAUDITOR Kft.' or 'Auditor') on 18 July 2018 – INTERAUDITOR Kft. is to be assigned to perform the audit in relation with the Company in the business year of 2020.

In line with the authorization of the Decree and on the basis of the prior negotiation with the Auditor, the Board of Directors shall hereby make the decision that the remuneration of the Auditor for the year of 2020 is to be 7,900,000,-HUF + VAT, namely seven-million-nine-hundred-thousand Hungarian Forints + VAT (with the gross value of 10,033,000,- Hungarian Forints) in relation with individual annual financial statement of the Company compiled pursuant to the IAS-IFRS, while, with regard to the compilation of the consolidated annual financial statement of the Company, the aforesaid remuneration of the Auditor is to be 2.500.000,-HUF + VAT, namely two-million-five-hundred-thousand Hungarian Forints + VAT (with the gross value of 3,175,000,-Hungarian Forints).

Board of Directors Resolution Number 9/2020. (IV. 29.)

In line with the authorization of the Decree and upon the approval of this resolution, the Board of Directors shall hereby adopt the initiation of the Employee Stock Ownership Plan of the Company (hereinafter referred to as 'ESOP') and the establishment the hereof organization (hereinafter referred to as 'ESOP Organization') under the title of 4iG Employee Stock Option Plan Organization, abbreviated 4iG ESOP Organization, and respectively shall accept the articles of association of the hereof (hereinafter referred to as 'Articles'), and the same shall be applied to the remuneration policy (hereinafter referred to as 'ESOP Remuneration Policy'), and, moreover, the Articles of Association and Remuneration Policy are to be included into a document countersigned by an attorney-at-law. With regards, the Articles of Association of the ESOP Organization is included in Annex No. 1 of this resolution, while the ESOP Remuneration Policy is to be disclosed in Annex No. 2 of this resolution.

In line with the authorization of the Decree, the Board of Directors shall hereby make the decision on the assignment of Kertész és Társai Ügyvédi Iroda (in English: Kertész and Partners PLLC.) (seat of business: 1062 Budapest, Andrássy út 59.) to act as a proxy on behalf of the supreme body of the ESOP Organization.

In line with the authorization of the Decree and upon this resolution, the Board of Directors shall hereby make the decision on the appointment of Salánki Olga Katalin (date of birth: 14 May 1977; address: 1117 Budapest, Fehérvári út 31. 5. em. 41., mother's name: Bacsa Katalin, tax identification number: 8403103646) to represent the ESOP Organisation for an unspecified term.

In line with the authorization of the Decree, the Board of Directors shall hereby make the decision to indicate 4iG in the full and abbreviated name of ESOP Organization.

In line with the authorization of the Decree and in the interest of the planned implementation of ESOP Remuneration Policy, the Board of Directors shall hereby make the decision that the Company, as a founder, is to provide purchase option for the ESOP Organization in relation with the acquisition of 4iG Plc. equity shares in the amount of 2,500,000,- (namely two-million-five-hundred-thousand) quantity of the hereof at the nominal value of 20,-HUF per quantity under the ISIN identification number of HU0000167788, as a non-monetary contribution. There is going to be a purchase option in respect of the acquisition right of 2.500.000,- (namely two-million-five-hundred-thousand) quantity of 4iG Plc. equity shares transferred for ESOP Organization until 30 April 2020 the latest.

In line with the authorization of the Decree and upon applying the general principles included in ESOP Remuneration Policy, the Board of Directors shall hereby resolve, that, on behalf of 4iG Plc., makes decisions and declarations on the establishment, maintenance and operation in relation with ESOP Organization. The authorization shall cover – particularly but not exclusively – the initiation of Programs grounding ESOP Organization, the designation of the beneficiary group and the requirements of the share acquisitions and the number of the hereof in relation with the Programs.

Board of Directors Resolution Number 10/2020. (IV. 29.)

In line with the authorization of the Decree and upon this resolution, the Board of Directors shall make the decision that the supreme body of the Company or, in accordance with the authorization by law, and on behalf of the supreme body, the decision-making body shall hereby approve the Remuneration Policy of the Company by means of opinion voting during 2020 at a later date.

Board of Directors Resolution Number 11/2020. (IV. 29.)

In line with the authorization of the Decree, the Board of Directors shall hereby make the decision on the approval of the existing consolidated version of the text with amendments included in the Rules of Procedures of the Supervisory Board attached to the Annex of this draft resolution.

Board of Directors Resolution Number 12/2020. (IV. 29.)

In line with the authorization of the Decree, the Board of Directors shall hereby resolve on the amendments of regulations included in the Articles of Association, on which, decisions are made in the course of each agenda item discussion by means of resolutions.

With regards, the indication of the amendments of the Articles of Association, in line with the authorization of the Decree, the Board of Directors shall make the decision on the strikethrough form of the deleted text, while the new texts inserted are to be indicated in italics, underlined and bold editing modes.

In line with the authorization of the Decree, the Board of Directors shall hereby make decision that some of the regulations included in the Articles of Association are to be amended as follows:

'1. INTRODUCTORY PROVISIONS

...

1.3. The Articles of Association replacing the former Articles of Incorporation was approved by the Company on the general meeting held as of 25 April 2004, and it has been amended several times by the general meeting. With regards, this consolidated version of the amendments of the Articles of Association, under the authorization included in the Government Decree No. 102/2020. (IV.10.) on Derogations from Regulations on Operation of Partnerships and Corporations in case of emergency, and in accordance with the Board of Directors Resolution No. 12/2020. (IV. 29.) concluded on 29 April 2020 and pursuant to the Act V of 2013 on the Civil Code (hereinafter referred to as Act on the Civil Code) was compiled within the scope of the general meeting.'

'10. THE GENERAL MEETING

...

10.1. The scope of competence of the general meeting

Matters within the exclusive scope of the authority and the competence of the General Meeting:

- (a) the decision on the establishment and amendment of the Articles of Association – unless provided otherwise by the Civil Code or the articles of association;*
- (b) the decision on the change of the form of operation of the Company;*
- (c) the decision on the transformation or termination of the Company without a legal successor;*
- (d) the election and removal of the members of the Board of Directors, the members of the Supervisory Board, the Auditor and the manager, as well as the establishment of their remuneration;*
- (e) acceptance of the annual financial statements;*
- (f) the decision on the distribution of dividends and interim dividends,*
- (g) modification of the rights attached to a certain series of shares and the transformation of categories or classes of shares;*
- (h) the decision on the issue of convertible bonds or bonds with subscription rights;*

-
- (i) unless the general meeting provides otherwise, the decision on the share capital increase;*
 - (j) the decision on the decrease of registered capital;*
 - (k) the decision on exclusion of exercising subscription priority right, on the authorization of the Board of Directors to restrict or prohibit the exercise of subscription priority right;*
 - (l) the decision on the acceptance of a public takeover bid made on the Company's own share;*
 - (m) the decision on taking measures that would disturb the public takeover bidding procedure;*
 - (n) the opinion voting on remuneration policy decision on the frameworks and guidelines of the long-term remuneration and incentive scheme applicable to the executive officers, supervisory board members and member of the senior management;*
 - (o) election of the members of the audit committee;*
 - (p) the decision on the initiation of listing on and delisting from the stock exchange of the Company's securities;*
 - (q) Deleted;*
 - (r) the approval of the rules of procedure of the Supervisory Board;*
 - (s) the decision on all further subjects which are assigned to the exclusive scope of competence of the general meeting by the Act on Civil Code or this Articles of Association.'*

'11. THE BOARD OF DIRECTORS

...

11.10. The decisions within the scope of the competences of the Board of Directors

...

11.10.4. The Board of Directors shall be entitled to establish, maintain and make any relevant and necessary decision and declaration in relation with the Organization ('ESOP Organization') within the Employee Stock Option Plan Organization (ESOP). The authorization shall cover – particularly but not exclusively – the initiation of Programs grounding ESOP Organization, the designation of the beneficiary group and the requirements of the equity share acquisition, and, respectively, of the number, value and acquisition of the rights related to the hereof equity shares.

11.10.45 The Board of Directors is entitled to resolve upon questions not vested to the exclusive scope of competence of the general meeting by either the Civil Code or by the present Articles of Association.'

'14. Supervisory Board, Audit Committee

...

14.12 The Supervisory Board shall have a quorum if, in the case of a Supervisory Board consisting of three (3) members, all members, or, in the case of a Supervisory Board consisting of more than three (3) members, minimum two-third of the members, but at least four (4) three (3) members are present at the Supervisory Board's meeting. The Supervisory Board shall adopt its resolutions with the simple majority of the votes.'

In line with the Decree and pursuant to Section 3:279 of the Act on the Civil Code, the resolutions adopted within the competence of the general meeting were respectively disclosed on the websites of the Company (www.4ig.hu), and Budapest Stock Exchange (www.bet.hu), and the Hungarian National Bank (Magyar Nemzeti Bank) (kozvetetelek.mnb.hu).

In line with Subsection 7 of Section 9 of the Decree, the Company informed its Esteemed Investors and Shareholders that shareholders holding at a minimum of 1% of the votes shall convene the general meeting within the forfeit deadline of 30 (thirty) days following the emergency cessation in the interest of the posterior approval of the general meeting resolutions made during the emergency period by the Board of Directors, with that, the resolutions made on the report and on the approval of the utilization of the profit after tax are respectively are not to be included in item of the thereof convocation. In line with Subsection 6 of Section 9 of the Decree, shareholders holding at a minimum of 1% of the votes shall have the right to convene the general meeting on the posterior approval of the annual financial statement and the profit after tax utilization not later than 31 May 2020.

Regarding the case that the period between the emergency cessation and the 01 April of the following calendar year is shorter than 180 days, the aforesaid cessation of the general meeting is not allowed, with that, the general meeting resolutions approved by the Board of Directors during the emergency shall be included in the agenda items upon the following general meeting.

11. DECLARATION

The Issuer shall state hereby that the Interim Management 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 considered to be significant from the point of evaluating the situation of the Issuer.

In line with Subsection 1 of Section 57 of the Act on the Capital Market, the Issuer shall be liable for any and all damages caused by his failure to meet the obligation of disclosure of regulated information.

I, the undersigned, take full responsibility for the numerical figures and the true content of analyses and conclusions included in present Q1 2020 interim management report.

Dated as of 20 May 2020 in Budapest



Jászai Gellért

chairperson and chief executive officer



Tóth Béla Zsolt

member of the board of directors

4iG Plc.

H-1037 Budapest, Montevideo u. 8.

Tel.: +36 1 270 7600

Fax.: +36 1 270 7679

Web: www.4ig.hu