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This report, by means of the written decision made by the Board of Directors of the Company as of the day of 27 August 2020, was approved by and upon the Board of Directors Resolution No. 1/2020. (VIII. 27.).

EXECUTIVE SUMMARY

4iG Plc. (hereinafter referred to as "4iG", "Company", "Corporation", "Corporate Group") due to its flexible operation, capacity and outstanding professionals, **adopted to the changed economic environment and market needs caused by the current Corona virus pandemic successfully. Due to the technical capability, the performances of 4iG has remained continuous and the company has served its customers at an unchanged high professional level upon further increase of the book of orders in the second quarter of 2020.** At present, the Company holds book of orders in the value of more than 20.8 billion Hungarian Forints for the year of 2020 alongside with the sales revenues measuring 20.2 billion Hungarian Forints for the first half of the year.

On account of Corona virus pandemic, digitalization and digital shift, both nationally and internationally, have been strengthened alongside with the claims for software-driven technologies (home office work, IT-safety services, data communication, artificial intelligence and robotization). **As a broad variety service provider, the Corporate Group adopted to the requirements of the market successfully, thus, besides the changed economic environment, 4iG performed outstandingly in the first half of 2020.**

Main services provided in the changed market environment

- **4iG changed to a new generation cloud-based service** upon the introduction of **Customer Service Management Professional** of **ServiceNow**, a platform for registration and organizing customer services.
- Moreover, in accordance with the industry trends, the Company **established a dedicated automation group** in order to serve robotized technical and operational tasks.
- **Due to the stable partnership, the Company served** the increased **prominent hardware claims in full upon performing its service activities without interruption.**
- 4iG performed well in the areas of outsourced **remote system management and operation services.**
- **Tracing real time status of allocated tasks in relation to home-office colleagues**, and **digital certification** and **signing** of documents and contracts.
- **Cyber security,** intelligent endpoint security solutions of **activities**, protection against purposeful phishing attacks.

Business performance, financial results and indicators

Due to the preparedness and adaptability **4iG** could **maintain its dynamic development despite the pandemic situation.** Regarding the first six months of 2020, the market and state **book of orders** of the Company **continued to grow**. The total amount of the book of contracts accounted for 2020 was exceeding 20.8 billion Hungarian Forints in the middle of August 2020. In the first half of 2020, the **consolidated sales revenue of 4iG Plc. accounted in line with IFRS was 20.2 billion Hungarian Forints of which value is 39% higher compared to the previous year. The business effectiveness of the corporate group has also shown a significant improvement:** in the first half of 2020, in addition to the sales revenue, the **value**

of EBITDA was increased to 1.4 million Hungarian Forints resulting a 35% growth compared to financial profit and loss and depreciation accounted for the first half of 2019.

With regard to the capital efficiency ratios, **the value of EBITDA per share was increased by 35%, and the own equity per share measured 16% growth.**

Description (data in thousands of Hungarian Forints)	H1 2020	H1 2019	Change +/- in percentage
Net sales revenues	**20,190,050**	**14,539,021**	**38.9%**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**1,360,243**	**1,009,306**	**34.8%**
Earnings before interest and taxes (EBIT)	990,287	715,196	38.5%
Profit after tax (PAT)	774,890	579,242	33.8%
Total comprehensive income	**774,890**	**579,242**	**33.8%**
Value per share			
EBITDA**	14	11	34.8%
Net earnings per share (EPS)**	9	6	34.7%
Diluted EPS indicator**	8	6	33.8%
Own equity**	40	35	16.3%

* at the end of the period ** in HUF

In the first half of 2020, the Company increased the number of employees by 50 members. **While 594 employees were working for 4iG as of 31 December 2019, the hereof number of employees was increased to 644 staff members by the end of the first half of 2020.**

The position and situation of the Company are still stable, and, due to the successful closed first half of the year, still accounts significant reserve. The nature of the industry in relation to IT and ICT companies is to realize the income in the third and fourth quarters, and accordingly, the management of 4iG calculates further business performance improvement in relation to the second half of the year. Despite the changing economic environment, the Corporate Group **maintains its aims and goals on expansion and growth expressed earlier.**

Capital market performance

Regarding the average stock market price of 4iG shares in the first half of 2020 (namely 538 Hungarian Forints) is 40% lower compared to the year of 2019. The average closing price regarding the first half of 2020 as of 30 June 2020 is 645 Hungarian Forints, 26% lower compared to the closing price at the end of June 2019. Regarding the compilation time of this report, the share price is in the range of exceeding 640,-HUF. **The market capitalization of 4iG measured 60.6 billion Hungarian Forints on 30 June 2020.**

As of 13 May 2020, Edison Group, based in London, published its first analysis on the Corporate Group. The independent analysis house, on behalf of 4iG, shall continuously follow the operation, market and effectiveness prospects of the company. **In accordance with the expectations of the Edison Group, 4iG shall be the number one integrator company in the**

Hungarian IT market in the period of between 2020 and 2022, with that, the organic, or acquisition supported growth can be catalyzed by the pandemic impacts on the IT market.

Research and Development, and Innovation activities
4iG in the research project of **medical diagnostics equipment supporting the evaluation of genetic results** initiated by Nemzeti Kutatási, Fejlesztési és Innovációs Hivatal (in English: National Research, Development and Innovation Office) creates such a software package by which loads of new generation genetic data produced by means of genome sequencing shall be easier interpreted. The analysis of the produced amount of data shall be performed upon the application of artificial intelligence and machine-learning algorithms, and herewith, **the new medical diagnostic software shall automate the interpretation of the results and, accordingly, shall promote the identification of the potentially relevant genetic disorders.** The aim is to establish **such a bioinformatics system** supporting decision-making which is **not available in the market at present, and for which, there shall be a significant demand in the near future.**

Even in this first half of the year, 4iG, as a founder, joined to the Regional Innovation Platform established upon the coordination of Szent István University. The national program series introducing the Regional Innovation Platform was launched by Nemzeti Kutatási, Fejlesztési és Innovációs Hivatal (in English: National Research, Development and Innovation Office) last November upon the support of the Ministry of Innovation and Technology. The primary aim of the herein initiation is to renew the innovation ecosystem in respect of a given region upon the coordination of university centers. On account of being **one of the leading IT Hungarian companies committed towards the enhancement of competitiveness**, 4iG shall participate in the aforesaid work. By means of applied researches related to cutting-edge basic and fundamental researches adopted to the market requirements, each and every member of the platform believes that the country shall be among the leading members in respect of the European innovations. Hence, we are all interested in the enrichment of the knowledge base and, accordingly, in embracing the creative initiations. **The Company has already participated in many cutting-edge applied researches in relation to the service provider sector (e-health care, e-transport, food safety).** As a member of the innovation network founded in Gödöllő, the Company shall share and acquire the best practice upon strengthening the professional competencies mutually with the members.

Annual ordinary general meeting
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 within the form of written decision-making, adopted the business reports and main financial indicators of the Corporate Group in respect of the previous year.
Upon the same time, the Board of Directors made the decision on dividend payment in the amount of 22,- Hungarian Forints per share for the business year of 2019, and on the initiation of Employee Stock Option Plan (ESOP), and on the establishment of its organization (ESOP Organization), and respectively adopted the documents required for the ESOP Organization.

Change in the ownership structure

Jászai Gellért, the Company's chairperson and chief executive officer, via his asset management company, acquired 9.95 percentage OPUS GLOBAL Plc., and 11.63 percentage Konzum PE Magántőkealap (in English: Private Equity Fund) of 4iG block of shares. **By means of the hereof transaction, Jászai Gellért indirectly – via IKON Befektetési Alapkezelő (in English: IKON Investment Fund Management Plc.) and KZF Vagyonkezelő Kft. (in English: KZF Asset Management Pllc.) – owns block of shares of the Company in the amount of 61.79 percentage altogether upon ensuring 63.86 percentage of votes in relation to the future.** Following the approval of the board of directors and owners, Budapest Stock Exchange announced the hereof transaction on its website as of 1 July 2020.

Prestigious recognitions

Upon the first quarter of 2020, the national ranking of ITC companies was announced in the ITBusiness&Technology conference. **In accordance with the public votes and on the basis of the decision of the professional jury, it was 4iG who was awarded with "The most successful ICT company of the year of 2019" from the TOP 52 contestant companies.**

One Identity, a key player in the global market, is to protect the (remote) identification of the users, which is a central security element of the cloud-based world. In the first half of 2020, 4iG was the first who was awarded with the unique and the highest Gold partner level in the country, and its experiences of sharp deployment have been expanded in order to protect a national critical infrastructure.

In June, the Company could receive an award from two international strategic partners: Dell recognized the cooperation in respect of the previous year with the title of "The Client Partner of the Year", and **Hewlet Packard Enterprise** granted the partner category of "As a Service".

Market environment and vision

Due to the successful first half of the year, 4iG shall start the second half of the year following the restart with a stable technical, human and economic background. In accordance with the expectations, the development of sectors in respect of strategical IT and ICT segments of the Company continues to be constant upon ensuring further potential growth for the corporate group.

The strategical target areas of the Corporation are still the software driven IT segments: Industry 4.0, Fintech, Blockchain, artificial intelligence, data communication, and accordingly, individual solution development.

The goal of the management is to reach further significant growth in relation to the Corporate Group for the following one-year period. Regarding the necessary resources needed to the continuous development, the Company, besides the organic development, ensures the hereof with acquisitions as well.

4IG PLC.
CONSOLIDATED FINANCIAL STATEMENTS

COMPILED IN LINE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
30 JUNE 2020

CONTENT

Consolidated comprehensive profit and loss account

the data in thousands of Hungarian Forints unless otherwise indicated

	Annex	H1 2020	H1 2019
Net sales revenues	3	20,190,050	14,539,021
Other operating income	3	97,597	148,117
Revenues in total		**20,287,647**	**14,687,138**
Goods and services sold	4	14,020,778	10,985,150
Operational expenditures	5	1,004,915	672,134
Staff costs	6	3,874,450	2,000,023
Other expenditures	7	27,261	20,525
Operational expenses		**18,927,404**	**13,677,832**
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		**1,360,243**	**1,009,306**
Depreciation and impairment	8	369,956	294,110
Earnings Before Interest and Tax (EBIT)		**990,287**	**715,196**
Financial income	9	184,549	71,048
Financial expenditures	9	185,544	83,857
Profit before tax		**989,292**	**702,387**
Income taxes	10	214,402	123,145
Profit after tax	11	**774,890**	**579,242**
Other comprehensive income		**-**	**-**
Total comprehensive income	12	**774,890**	**579,242**
From which: profit and loss of discontinuing operation		*0*	*0*
Earnings per share (HUF)			
Base	13	9	6
Diluted	13	8	6
From profit after tax:			
Share per parent company		**859,356**	**579,242**
Share for external owner		**(84,466)**	**0**
From the total comprehensive income:			
Share per parent company		**859,356**	**579,242**
Share for external owner		**(84,466)**	**0**

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

Consolidated balance sheet

the data in thousand of Hungarian Forints unless otherwise indicated

	Annex	30 June 2020	31 December 2019
ASSETS			
Over-the-year assets			
Tangible assets	14	633,934	322,353
Intangible assets	15	941,224	1,114,174
Deferred tax assets	16	18,412	3,202
Goodwill	17	411,243	411,243
Other investments	18	97,487	97,488
Over-the-year assets in total		**2,102,300**	**1,948,460**
Current assets			
Liquid assets and cash equivalents	19	3,586,717	6,237,873
Trade receivables	20	8,766,080	12,891,746
Other receivables and accrued and deferred assets	21	3,471,416	2,065,341
Current income tax receivables	22	0	0
Securities	23	442,600	442,600
Inventories	24	1,030,729	523,318
Current assets in total		**17,297,542**	**22,160,878**
Assets in total		**19,399,842**	**24,109,338**
RESOURCES			
Own equity			
Issued capital	25	1,880,000	1,880,000
Repurchased own shares:	26	(587,536)	(92,251)
Capital reserve	27	816,750	816,750
Accumulated profit reserve	28	1,810,161	2,951,957
Own equity per parent company in total		**3,919,375**	**5,556,456**
Non-controlling interest		(148,209)	(63,743)
Own equity in total:		**3,771,166**	**5,492,713**
Long-term liabilities			
Provisions	29	6,950	56,718
Financial lease liabilities	30	228,320	335,181
ESOP liabilities	45	18,897	0
Long-term liabilities in total		**254,167**	**391,898**
Short-term liabilities			
Trade creditors and other accounts payable	31	6,991,497	11,609,090
Short-term credits and loans	32	2,970,000	1,500,000
Other short-term liabilities and accrued liabilities	33	3,045,362	4,751,793
Dividend liability accounted for the owners	34	2,001,152	0
Financial lease liabilities	30	366,498	363,843
Short-term liabilities in total		**15,374,509**	**18,224,726**
Liabilities and own equity in total		**19,399,842**	**24,109,338**

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

Statement on consolidated own equity change

	Annex	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		(240,460)	(240,460)	0	(240,460)
Own share sale		0	9,490	0	175,183	184,673	0	184,673
Total comprehensive income	12	0	0	0	579,242	579,242	0	579,242
Balance on 30 June 2019		**1,880,000**	**(92,251)**	**816,750**	**638,512**	**3,243,011**	**0**	**3,243,011**
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)
Dividend liabilities segregation		0	0	0	(2,001,152)	(2,001,152)	0	(2,001,152)
Total comprehensive income	12	0	0	0	859,356	859,356	(84,466)	774,890
Balance on 30 June 2020		**1,880,000**	**(587,536)**	**816,750**	**1,810,161**	**3,919,375**	**(148,209)**	**3,771,166**

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

Consolidated Cash Flow statement

the data in thousands of Hungarian Forints unless otherwise indicated

	Annexes	30 June 2020	30 June 2019
Cash flow from operating activities			
Profit after tax	11	774,890	579,242
Corrections:			
Depreciation and impairment in the current year	8	369,956	294,110
Impairment	8	0	0
Provisions	29	(49,768)	(11,247)
Deferred tax	16	(15,210)	9,369
Interests	35	8,580	7,820
Changes in working capital			
Changes in trade receivables	20	4,125,666	(2,810,456)
Change in inventories	24	(507,411)	(2,050,159)
Change in trade creditors	31	(4,617,593)	7,666,140
Change in financial lease (within-the-year)	30	2,655	401,301
Change in other receivables and liabilities	21; 33	(3,093,608)	55,889
Net cash flow from operating activities		***(3,001,843)***	***4,142,010***
Cash-Flow from investments			
Sale (and purchase) of tangible assets	14	(408,795)	(162,665)
Purchase of intangible assets	15	(99,793)	(893,755)
Purchase of securities	23	0	0
Supplementary payment for project companies	36	0	0
Over-the-year receivables	37	0	6,393
Acquisition of interests	18	2	300
Dividends and interests received for investments	38	0	0
Net cash flow from investment activities		***(508,586)***	***(1,049,727)***
Cash flow from financing activities			
Impairment of short-term credits and loans	32	0	0
Borrowing bank credits and loans / (repayment)	32	1,470,000	(258,056)
Borrowing financial leasing (repayment)	30	(106,862)	359,997
Repurchased own shares:	26	(495,285)	9,490
Interests of credits and loans	35	(8,580)	(7,820)
Profit of own share sale	34	0	175,183
Net cash flow from financing activities		***859,273***	***278,793***
Net change in cash and cash-like items and instruments	19	(2,651,156)	3,371,075
Balance of cash and cash-like items and instruments at the beginning of the year	19	**6,237,873**	175,570
Balance of cash and cash-like items and instruments at the end of the period		**3,586,717**	**3,546,646**

Annexes included on pages 33 to 71 shall hereby form integral parts of the consolidated report

1. General information

Introduction of the corporation

4iG Plc. is a public limited company listed in Budapest upon performing its operation in compliance with the Hungarian laws and regulations, and, the Company shall keep its books and financial records pursuant to the International Financial Reporting Standards (IFRS), and, respectively, its shares are traded at Budapest Stock Exchange (BÉT) in Premium category.

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

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

Basis for balance sheet preparation

i) Approval and declaration

Hereby, the Board of Directors approved the consolidated financial statements upon 28 August 2020. The herein consolidated financial statements are to be prepared in accordance with the International Financial Reporting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations defined and drafted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless provided otherwise, the data in the financial statements are given in HUF currency, rounded to HUF in thousands. The numbers in brackets indicate negative value.
The financial report is not audited.

ii) The basis of reporting (Compliance Statement)

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

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

iii) The basis of evaluation

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

The preparation of IFRS-compliant financial statements requires the company's management to apply professional judgment, estimations, and assumptions that influence the 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 to be reasonable under the given circumstances, and the result of which serves as a basis to the evaluation of the book value of assets and liabilities, the value of which cannot be determined from other sources unambiguously. Actual results may differ from the herein assumptions.

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

2. Accounting policy

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

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

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

2.1 Material elements of the accounting policy

2.1.1 **The basis of consolidation**

Subsidiary companies
The consolidated report shall hereby include the performance of 4iG Plc. and respectively the subsidiary companies being under the control of the company. Controlling is said to be meant

if the Company indirectly or directly owns more than 50% of the voting rights of the company in question and has benefits from the activities of the hereof upon influence on the financial and operational activities of the aforesaid company.

Regarding the capital ownership, the Company holds a dominant influence on those three companies which belong to the corporate group and the herein data of its subsidiary companies are, in line with the requirements, consolidated.
Upon 31 January 2019, HumanSoft Kft., Axis Rendszerház Kft., and Mensor 3D Kft. were all merged into 4iG Plc. The profit and loss data related to the 1st month of 2019 are included in the income consolidation.

Name of the subsidiary company	**Seat of business**	**Capital ownership**	
		2020	**2019**
Humansoft Szerviz Kft.*	1037 Budapest, Montevideo u. 8.	100.00%	100.00%
DOTO Systems Kft.**	1037 Budapest, Montevideo u. 8.	60.00%	60.00%
Veritas Consulting Kft.***	1037 Budapest, Montevideo u. 8.	100.00%	100.00%

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

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

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

We employed the method of acquisition accounting for the acquired business shares, which is based on the value ratio of the assets and resources calculated at the time of the acquisition, namely considering the market value at the time of the acquisition of control. The consideration is calculated as the cost of the acquisition, and as the amount of the shares and the non-controlling equity in the acquired business. Regarding those companies acquired or sold during the year, the transactions are accounted from the time of or to the transaction in the consolidated financial statements.

Regarding the transactions between the companies involved in the consolidation, the balances and profit and loss, and not-realized profit and loss are filtered, unless such losses are calculated for impairment of the related assets. Upon the compilation of the consolidated annual report, the similar transaction and events are evaluated in line with the same unified accounting principles.

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

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

2.1.2 **Reporting currency and foreign currency balances**

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

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

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

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

2.1.3 **Revenue**

The revenue of the Corporate Group is 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 contract with a customer shall be capitalized and depreciated during the term of the contract in accordance with the obtainment of the related profits by the Company.

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

The revenue from the provision of services shall be accounted for by the Corporate Group time-proportionately (if it is allowed by the contract) during the given time period, except if, the related contracts and agreements require 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 the contact with a customer as assets if the return thereof is reasonably expected.

In the case of deferred revenues, the sales revenue shall be accounted for by discounting.

2.1.4 **Land and buildings, 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 is brought to a condition when it is fit for its intended purpose.

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

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

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

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

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

The depreciation period of tangible assets used for Research and Development and in case of software is realized during 2 to 10 years.

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

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

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

2.1.5 **Intangible assets**

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

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

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

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

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

2.1.6 Goodwill

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

2.1.7 Badwill

Goodwill is the negative difference between the purchase value and the fair value of the identified net assets of an acquired subsidiary company upon the day of acquisition. In accordance with the regulations of Sections 3 to 34 of IFRS, badwill is accounted for as financial profit and loss ??? in the current year. In 2019, upon the takeover of Veritas Consulting Kft. 154,-HUF in thousands worth badwill was generated.

2.1.8 Impairment

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

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

The rate of return of the cash-generating units is determined on the basis of the useful value calculation. The aforementioned 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 Corporate Group accounts impairment to cover the eventual losses arising from unenforceable, and disputed receivables of the customers' unenforceable and disputed receivables. The impairment accounted for in respect of the unenforceable, and disputed receivables shall hereby be determined individually and indicated in the balance sheet. The estimations used to evaluate the appropriateness of the impairment accounted for unenforceable and disputed receivables shall be based on the ageing of the receivables, the creditworthiness of the customer, the changes in the customers' payment habits and other information in the Company's possession (e.g. insolvency, bankruptcy etc.).

2.1.9 **Inventories**

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

2.1.10 **Receivables**

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

2.1.11 **Financial assets**

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

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

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

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

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

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

2.1.12 **Financial liabilities**

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

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

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

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

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

2.1.13 **Provisions**

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

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

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

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

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

2.1.14 **Corporate income tax**

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

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

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

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

On every balance sheet day, the Corporate Group shall hereby revise the not-recognized deferred tax assets included in the balance sheet and the same shall be applied to the book value of the recognized tax assets. In the interest of the reduction of the amount related to the future corporate income tax, the Company shall respectively enter those former off-balance sheet receivables which are expected to be recovered to the stock. On the contrary, the Corporate Group shall reduce the deferred tax receivables with the amount of the recovery, to which, expectably, there will not be available after-tax profit resources.
The current and the deferred tax obligations shall be booked directly for the own equity, including the case of, if, the tax base shall be accounted for the equity either in the current or in a different reporting period, with special regards to the amendments of the initial values of reserves which are due to changes of retrospective effect of the accounting policies.

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

2.1.15 **Lease transactions**

As of 13 January 2016, IASB has issued a new standard under the number of IFRS 16 in relation with the settlement of lease transactions. The application of the new standard concerning the lease transactions is compulsory for the companies keeping their books according to the IFRS in respect of the reporting period starting on 1 January 2019 or thereafter. The new standard shall hereby replace the IAS 17 lease standard regulation and shall respectively introduce a new and fundamentally different accounting method for the account of operative lease transactions.

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

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

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

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

A lease transaction shall be classified as a financial lease if the lessor basically transfers the entirety of the risks and benefits related to the possession of the subjected asset to the lessee. Otherwise, the said transaction shall be classified as an operating lease. The lessor shall 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 shall respectively apply the IFRS 16 standard as of 1 January 2019, however, but upon, and as a result of, the application of selecting short-term maturity period lease transactions and small-value assets, the aforesaid standard is not to be employed as the lease charges of the hereof are accounted for costs.

2.1.16 **Earnings per share (EPS)**

The earning per share is calculated by considering the Group's profit and loss and the share stock reduced by the average treasury stock of own shares repurchased in the given reporting period.

The value of the diluted earnings per share is calculated similarly to the method of earning per share. However, in this calculation all diluted shares on the market are taken into consideration upon increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, while the hereof is modified by conversion revenues and expenditures, and increased by the weighted average number of the shares on the market by the weighted average number of the shares which were to be on the market if all convertible bonds were converted. As of 30 June 2020, the number of own shares held by 4iG was 3,038,544 quantity, which had a minimal dilution effect on the EPS rate.

2.1.17 **Off-balance sheet items**

Off-balance sheet liabilities are not included in the consolidated annual balance sheet and in the profit and loss account unless they are acquired upon business combinations. The off-balance sheet items are presented in the notes to the financial statements unless possibility of an outflow of the sources of economic benefit is distant and minimal. Off-balance sheet receivables are not included in the consolidated annual balance sheet and in the profit and loss account, but to the extent of the likelihood of the economic benefits, the hereof shall hereby be presented in the notes to the financial statements.

2.1.18 **Repurchased own shares**

The purchase value of repurchased own shares is presented in the balance sheet, in a separate row among the capital items, with a negative sign. As of 30 June 2020, there were 3,038,544,- quantity of own shares held by 4iG Plc.

2.1.19 **Dividend**

The amount of dividend shall be accounted for in the year when it's approved by the shareholders.
As of the 29 April 2020, the Board of Directors of the Company, upon the authorization of the general meeting rights, made the decision on the payment of dividends at the value of 22,- HUF per share.

2.1.20 **Profit and loss on financial transactions**

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

2.1.21 **State subsidy**

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

2.1.22 **Events after the balance sheet day**

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

2.2 Changes in the accounting policy

The Corporate Group's financial report is compiled in accordance with the standards and interpretations valid and effective as of the date of 1 January 2020.

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

IFRS 9 Financial instruments: classification and evaluation (effective date: 1 January 2018)
The standard introduced new requirements in relation to the classification, evaluation, and depreciation of financial assets and liabilities. The application of the IFRS 9 standard affected the classification and evaluation of the Corporate Group's financial assets but was of no effect on the classification and evaluation of the financial liabilities.
The application of the new standard did not result in a significant change in the Company's financial reports. With respect to the standard, the Corporate Group employed the hereof for the year of 2018.
Amendments to IFRS 9 'Financial Instruments' standard – Prepayment Features with Negative Compensation – adapted by the EU on 22 March 2018 (effective date: 1 January 2019, applicable in reporting periods starting on the effective day or thereafter).

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
IASB has announced amendments to 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 in respect of 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 adopted EU Regulation as of 7 February 2018 requires the application of amendments to IAS 28 standards in the reporting period starting as of 1 January 2018 or thereafter. The implementation of the aforesaid 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 equity method.

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

IFRS 16 Leases (effective date from 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 Plc. has adjusted its books and records to be compliant with IFRS 16 and has been accounting for the lease transaction in accordance therewith since 1 January 2019. Upon the inclusion of the right of facility sharing, the total value of the assets for the year of 2019 was increased by 693,936,- HUF in thousands.

IAS 1 Presentation 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 statements and reports. The amendment clarifies that the materiality threshold is applicable to the entire report and draws the attention to that publishing irrelevant data may hinder the proper use thereof. Pursuant to this amendment, it is also clarified that the enterprises shall use professional consideration to decide on the location and the sequence of the notes they intend to disclose in their financial statements and reports. The amendment is applicable to financial reports on years starting as of 1 January 2016 or thereafter. The amendment of this standard has no effect on the financial statements

and reports of the Corporate Group. The EU Regulation as of 7 February 2018 requires the application of the amendments in respect of the reporting period starting on 1 January 2018 or thereafter. Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" standards – Definition of materiality – adapted by the EU on 10 December 2019 (effective date as of 1 January 2019, applicable in the reporting periods starting on the effective day of thereafter).

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

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

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

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

IAS 16 Property, Plant 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 benefits of the asset. Furthermore, IASB also clarified that income is an inappropriate tool in general to measure the utilization of the economic benefits represented by intangible assets. The amendments of these standards have no effect on the financial reports of the Corporate Group, as the Company applies the linear depreciation method.

In respect of 2020, the Corporate Group has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2020, that are relevant from the aspect of the Corporate Group's operation.

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

Amendments to IAS 1 „Presentation of Financial Statements" standard – Classification of Liabilities as Current or Non-current (enter into force as of the date of 1 January 2022, and applicable to the reporting periods starting on the effective day or thereafter).

Amendments to IAS 1 és IAS 8 standards – Definition of Materiality (announced on 31 October 2018, effective date is as of 1 January 2020, applicable to the annual periods beginning on or after, not yet implemented by the EU).

Amendment ot IFRS 3 standard – Definition of a Business (announced on 22 October 2018, effective date is as of 1 January 2020, applicable to the acquisitions or mergers starting from the annual periods beginning on or after, not yet implemented by the EU).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date of amendment has been postponed to a yet unknown later date to wait for the conclusions of the research project on the equity method).

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

Amendments to IAS 19 'Employee Benefits' standard - Plan Amendment, Curtailment or Settlement (effective date is as of 1 January 2019, applicable to reporting periods starting on the effective date or thereafter). The standard has no relevance from the aspect of the Company as does not employ pension-fund accounting.

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

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

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

2.3 Uncertainty factors

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

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

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

2.3.1 **Impairment of goodwill**

As it is set forth in Section 2.1.7 of material accounting principles, the Corporate Group shall examine the impairment in respect of the goodwill on a yearly basis. The rate of return of the cash-generating units is determined on the basis of useful value calculation. The aforementioned calculations shall require estimations. In order to establish the impairment of the goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be estimated. The calculation of the useful value requires the management's estimation concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

2.3.2 **Impairment accounted for unenforceable and disputed receivables**

The Corporate Group shall hereby account for a certain amount as impairment to cover the eventual losses arising from the customers' payment default in respect of unenforceable or disputed claims. The estimations used to evaluate the appropriateness of the impairment accounted for unenforceable and disputed receivables shall 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 respect of the consolidated balance sheet was 32,668,-HUF in thousands on 30 June 2020 and 47,338,-HUF in thousands as of 31 December 2019.

2.3.3 Depreciation

The lands and buildings, machinery, and equipment, as well as 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 Corporate Group was 369,956,-HUF in thousands for the the first half of 2020. The useful life of the assets is determined on the basis of past experience in respect of similar assets, and moreover, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors are also taken into account. The estimations concerning the useful lives are revised on a yearly basis.

3. Sales revenue and other operating income

	H1 2020	H1 2019
Net sales revenues	20,190,050	14,539,021
Own performance capitalized	0	0
Other revenues	97,597	148,117
Total	**20,287,647**	**14,687,138**

With respect to the first half of 2020, the amount of 323,990,-HUF in thousands was accounted as export sales revenue while as of the first half of 2019, the amount of 351,560,-HUF in thousands was measured to export sales revenue. The export sales revenue was almost entirely originated from countries of the European Union in full. There has been 18,-HUF in thousands measured as distribution for outside the European Union.
With regard to the sales revenue of the Corporate Group, within-the-year cyclicality shall be experienced. Due to the nature of the activity, sales revenues of the first and third quarters are lower and it is even more significant in the second quarter, with that, 40% of the annual turnover is being realized in the fourth quarter.

The content of other operating income is as follows:

	H1 2020	H1 2019
State subsidy and refunds	67,368	106,783
Provisions backmarking	0	2,050
Penalties, liquidated damages, compensations	0	954
Income of intangible assets and tangible assets sold	788	0
Manufacturer service costs refund	0	27,731
Impairment marked back	14,670	936
Workers fees	12,148	7,137
Other subsidies	2,589	0
Other	34	2,526
Total	**97,597**	**148,117**

Out of the state budget subsidies, 180,-HUF in thousands is a proportional share of the amount spent on the purchase of assets from the completed project No. GOP-2011-1.1.1 "*Development of a Complex System Suitable for the Qualification and Deep-frosting of Spawn and the Systematization of Deep-frozen Spawn"* reduced by the depreciation accounted for 2020.
Regarding the amount of 23,000,-HUF in thousands is the measured income for staff costs, accrued upon the subsidy intensity, and accounted for the given period on the research and development project *'National Innovation Onco-genomics and Precision Onco-therapy Program'*.
The amount of 22,000,-HUF in thousands is accounted for the subsidies in relation to the project *'Development of a Complex Sensor System for Detecting UAV Equipment'*.
With regards, the amount of 19,000,-HUF in thousands is accounted by our Company for the project *'Application of Networked Technologies in the Field of Designing, Construction, Assembly and Maintenance of Steel Structures and the Related Services'*.
The accounted income is in proportion to the intensity of the subsidy granted to cover the related costs and expenses.

Own performance capitalized was not measured for the year of 2020 at the Corporate Group.

Regarding the year of 2020, the turnover, filtered upon consolidation, in the amount of 46,267,-HUF in thousands, was invoiced between the member companies of the Corporate Group.

4. Goods and services sold

	H1 2020	H1 2019
Cost of goods sold	9,500,071	9,436,698
Cost of services sold	4,520,707	1,548,452
Total	**14,020,778**	**10,985,150**

5. Operational expenditures

	H1 2020	H1 2019
Material costs	62,140	48,485
Value of contracted services	903,980	595,678
Value of other service activities	38,795	27,971
Change in self-manufactured stocks	-	-
Total	**1,004,915**	**672,134**

6. Staff costs

	H1 2020	H1 2019
Wages and salaries	3,134,251	1,535,437
Other staff benefits	136,647	123,102
Contributions on wages and salaries	603,552	341,484
Total	**3,874,450**	**2,000,023**
Average statistical number	615	401

Stuff number increase is due to the expansion of the tasks.

7. Other operating expenditures

	H1 2020	H1 2019
Financial supports for foundation	1,746	3,000
Penalties, liquidated damages, compensations	6,694	2,841
Value of intangible assets and tangible assets sold	203	0
Taxes, duties, contributions	3,120	2,810
Inventories scrapped, impairment	0	0
Bad debt	14,670	11,824
Impairment of receivables	0	0
Provisions	0	0
Loss related to loss events	0	0
Other	828	50
Total	**27,261**	**20,525**

Table of difference related to the impairment for the year of 2020:

	Opening	Increase	Backmarking	Closing
Credit and loan provided for the project company	38,789	0	35,948	2,841
Interest of credits and loans provided	7,990	0	7,990	0
Customers	29,827	0	0	29,827
Total	**76,606**	**0**	**43,938**	**32,668**

8. Depreciation and impairment

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

	H1 2020	H1 2019
Depreciation	369,956	294,110
Impairment of Goodwill	0	0
Total	**369,956**	**294,110**

9. Income from and expenses on financial transactions

Finance income	H1 2020	H1 2019
Interests received	927	166
Exchange gain	183,622	70,882
Total	**184,549**	**71,048**

The amount of 42,025,-HUF in thousands of exchange gain was due to the revaluation, while the amount of 141,597,-HUF in thousands of receivables and liabilities is accounted for exchange rate difference.

Finance expenditures	H1 2020	H1 2019
Interests paid	9,507	7,589
Loss on exchange	176,037	76,268
Other	0	0
Total	**185,544**	**83,857**

The amount of 4,140,-HUF in thousands of loss on exchange was due to the revaluation, while the amount of 171,897,-HUF in thousands of receivables and liabilities is accounted for exchange rate difference.

10. Income taxes

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

	H1 2020	H1 2019
Corporate income tax	92,007	35,449
Deferred tax	(15,210)	9,370
Business tax	119,657	68,154
Contribution on innovation	17,948	10,172
Total	**214,402**	**123,145**

The current year corporate income tax at group level is calculated on the basis of general principles in 2020 and in 2019. The rate of the corporate income tax is 9 percentage.

Taxation is calculated as follows:

	H1 2020	H1 2019
Profit before tax	989,292	702,387
On the basis of the current tax rate, the tax payment obligation is to be calculated by the ratio of 9%.	89,036	63,215
Business tax	119,657	68,154
Contribution on innovation	17,948	9,370
Constant differences	(12,239)	(17,594)
Income taxes in total	**214,402**	**123,145**

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

11. Profit after tax

	H1 2020	H1 2019
Profit after tax	774,890	579,242

12. Total comprehensive income

	H1 2020	H1 2019
Total comprehensive income	774,890	579,242

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

13. Profit and loss per share

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

	30 June 2020	30 June 2019
Profit after tax	774,890	579,242
Weighted average number of the equity shares issued	94,000,000	94,000,000
Weighted average of shares carrying voting rights	91,060,941	91,671,043
Diluted EPS indicator	**8**	**6**
Earnings per share (base) EPS in HUF	**9**	**6**

The Corporate Group owned 3,038,544,- quantity of own shares on 30 June 2020, while the calculated quantity of the hereof was 2,250,000,- quantity upon 30 June 2019.

14. 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 2019	**258,337**	**643,493**	**42,196**	**2,518**	**946,544**
Increase and reclassification	0	307,099	26,633	338,070	671,802
Decrease and reclassification	(1,025)	(98,896)	0	(333,732)	(433,653)
Rounding				(1)	
on 31 December 2019	**257,312**	**851,696**	**68,829**	**6,855**	**1,184,693**
Increase and reclassification	0	102,071	310	408,688	511,069
Decrease and reclassification	(784)	(53,956)	0	(102,071)	(156.811)
Rounding					
on 30 June 2020	**256,528**	**899,811**	**69,139**	**313,472**	**1,538,950**
Accrued depreciation					
on 1 January 2019	**246,074**	**545,232**	**15,080**	**0**	**806,386**
Increase and reclassification	12,224	140,593	3,020	0	155,837
Decrease and reclassification	(1,025)	(98,858)	0	0	99,883
Rounding	0	0	0	0	0
on 31 December 2019	**257,273**	**586,967**	**18,100**	**0**	**862,340**
Depreciation in the current year	7	95,121	2,085	0	97,213
Decrease	(784)	(53,753)	0	0	(54,537)
Rounding	0	0	0	0	0
on 30 June 2020	**256,496**	**628,335**	**20,185**	**0**	**905,016**
Net book value					
on 1 January 2019	**12,263**	**98,261**	**27,116**	**2,518**	**140,157**
on 31 December 2019	**39**	**264,729**	**50,729**	**6,855**	**322,353**
on 30 June 2020	**32**	**271,476**	**48,954**	**313,472**	**633,934**

As a result of purchase, the value of tangible assets was increased, and the amount of 102,381,-HUF in thousands was accounted for scrapping.

15. Intangible assets

data in HUF in thousands	IFRS 16 Leases	Concessions and similar rights	Intellectual properties	Total
Gross value				
on 1 January 2019	**0**	**220,124**	**1,715,228**	**1,935,352**
Increase and reclassification	1,017,185	0	114,128	1,131,313
Decrease and reclassification	0	0	(54,823)	(54,823)
Rounding				
on 31 December 2019	**1,017,185**	**220,124**	**1,774,533**	**3,011,842**
Increase and reclassification	52,989	17,766	29,057	99,812
Decrease and reclassification	0	0	(131,500)	(131,500)
Rounding				
on 30 June 2020	**1,070,174**	**237,890**	**1,672,090**	**2,980,154**
Accrued depreciation				
on 1 January 2019	**0**	**207,035**	**1,158,173**	**1,365,208**
Increase and reclassification	323,249	11,672	222,580	557,501
Decrease and reclassification	0	0	(54,823)	(54,823)
Rounding	0	0	29,782	29,782
on 31 December 2019	**323,249**	**218,707**	**1,355,712**	**1,897,668**
Depreciation in the current year	200,186	746	71,810	272,743
Decrease	0	0	(131,500)	(131,500)
Rounding/correction	19	0	0	19
on 30 June 2020	**523,454**	**219,453**	**1,296,023**	**2,038,930**
Net book value				
on 1 January 2019	**0**	**13,089**	**557,057**	**570,144**
on 31 December 2019	**693,936**	**1,417**	**462,200**	**1,114,174**
on 30 June 2020	**546,720**	**18,437**	**376,067**	**941,224**

The application of IFRS 16 standard in the first half of 2020 resulted in an increase of 52,989,- HUF in thousands in relation to the value of the Company's assets, while, as of the end of the period, regarding the net value of the lease rights was accounting 546,720,-HUF in thousands.

With regards, the decrease of 131,500,- HUF in thousands in respect to the intellectual property was due to the scrapping accounted for disused assets.

Intangible assets being individually significant

data in HUF in thousands

Description	Book value	Period for amortization	Closing date of the amortization
Contentum (KIR) (in English: Public Education Information System) program system	245,678	10 years	31 December 2024
on 30 June 2020	**245,678**		

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

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

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

16. Deferred tax receivables and liabilities

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

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

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

	31 December 2019	Increase	Utilization	30 June 2020
Impairment of receivables	6,895	0	(3,955)	2,940
Land and buildings, machinery, equipment	(24,592)	2,481	0	(22,111)
Provisions	4,972	0	(4,346)	626
Accrued and deferred loss	15,927	21,030	0	36,957
Deferred tax assets in total	**3,202**	**23,511**	**(8,301)**	**18,412**

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

17. Goodwill

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

Name of the subsidiary company	**30 June 2020**	**31 December 2019**
former FreeSoft Kft.	411,243	411,243
HUMANsoft Kft.	0	0
Axis Rendszerház Kft.	0	0
Goodwill in total	**411,243**	**411,243**

Goodwill is the positive difference between the procurement cost and the fair value of the identified net assets in respect to 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 any possible impairment.
In line with the regulations of IFRS, the Company does not record subsidiary goodwill, the hereof is not included its individual report as the subsidiary goodwill enhances the value of investments.
Upon 2 April 2004, in line with the set accounting rules of that time, the accounted FreeSoft goodwill is due to the acquisition of FreeSoft Kft. The hereof company, later, merged into FreeSoft Rt., (the predecessor of 4iG Plc.).

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

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 calculation). The hereof method applied up to now is revised from the year of 2019, as the three subsidiary companies – namely HUMANsoft Kft., and Axis Rendszerház Kft., and Mensor3D Kft. – merged into 4iG Plc., herewith, the IT activity of the formal FreeSoft company shall not be evaluated separately; 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 still accounted as cash-generating unit for the (expanded) IT activities of 4iG Plc. Due to the dynamic changes in the IT market, accordingly, upon the employment of the principles of prudence, we switched to the evaluation method of calculating 5-year period in respect of DCF calculation, and the formerly employed residual value calculations including broad period are not taken into consideration.

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

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

18. Other investments

The amount of investements invested in limited liability companies (typically project companies), non-significant business shares invested, and the supplementary capital contributions of the hereof are accounted by the Company for the item of DCF value with that the herein investments are evaluated at the end of each year on the basis of the rate of return by own equity and/or DCF rate of return for the purposes of possible impairment, in accordance with assumptions as they are set forth in Note Number 18.

data in HUF in thousands

Name of the company	Investment in initial capital	Ratio of votes in %	Supplementary payment/guarantee deposit	Investment in total
Alliance Klaszter Menedzsment Kft.	350	11.11	0	350
Ökopolisz Kft.	430	14.28	0	430
iCollWare Kft.	700	19.80	86,437	87,137
SziMe3D Kft.	570	19.00	0	570
4iG bank guarantee deposit				9,000
on 30 June 2020	**2,050**	**-**	**86,437**	**97,487**

The amount of 18,312,-HUF in thousands in relation to supplementary capital contribution of Szime3D was cancelled in 2020.

19. Liquid assets and cash equivalents

	30 June 2020	31 December 2019
Treasury	4,542	7,005
Bank	3,582,175	6,230,868
Total	**3,586,717**	**6,237,873**

With regard to the liquid assets upon 30 June 2020, the amount of 134,153,-HUF in thousands was at disposal in Euro, while the amount of 20,471,-HUF in thousands was available in USD for the Corporate Group.

20. Trade receivables

	30 June 2020	31 December 2019
Trade receivables	8,795,907	12,921,573
Impairment of trade receivables	(29,827)	(29,827)
Total	**8,766,080**	**12,891,746**

21. Other receivables and accrued and deferred assets

	30 June 2020	31 December 2019
Other receivables	1,462,701	1,166,966
Accrued and deferred assets	2,008,715	898,375
Total	**3,471,416**	**2,065,341**

The value of other receivables shall hereby include as follows:

	30 June 2020	31 December 2019
Advance payments	1,151,229	594,661
Liquid assets lent for short-term	65,217	3,104
Lease charge deposit	89,556	83,805
Guarantees provided	142,533	143,998
Other short-term receivables	14,166	336,398
Total	**1,462,701**	**1,166,966**

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

As of 30 June 2020, the members of the Group have the hereinunder claims towards each other, which have been filtered out upon the consolidation as follows:

Claims of 4iG Plc. towards DOTO Systems Zrt.: 335,881,-HUF in thousands.

The content of accrued and deferred assets:

	30 June 2020	31 December 2019
Receivables under accrued and deferred assets	1,924,209	791,504
Costs and expenditures under accrued and deferred assets	84,506	106,871
Total	**2,008,715**	**898,375**

In line with IFRS 15 standard, the receivables under accrued and deferred assets invoiced after the balance sheet day consists of part revenues of items measured and performed in the first half of 2020 but, accordingly, recognized in the second half of 2020.

The item of costs and expenditures under accrued and deferred assets includes costs and expenditures being invoiced prior to the balance sheet day but accounted for the second half of 2020. When accruing costs related to a certain project, the rate of accrual is set on the basis of the level of hereof completion. In respect of other expenses, the performance date indicated on the invoice shall be considered to be relevant.

22. Current income tax receivables/(liabilities)

	30 June 2020	31 December 2019
Corporate income and dividend tax	(85,049)	5,133
Local business tax	(104,849)	2,798
Contribution on innovation	(44,823)	(27,133)
Total	**(234,721)**	**(19,202)**

23. Securities

	30 June 2020	31 December 2019
Shares	331,600	331,600
Business shares	111,000	111,000
Total	**442,600**	**442,600**

The Corporate Group's security stock consists of non-listed shares in the amount of 331,600,-HUF in thousands dedicated to short-term financial investment, and the amount of 111 million HUF Hungarian Forints, not significant, less than 20% ownership share and voting rights, to short-term investment business shares. The aforesaid financial instruments are evaluated at fair value, on level 3, as the Company has no open market information in relation thereto. According to the IFRS classification, these are short-term financial instruments measured to other classification profit and loss at fair value.

24. Inventories

	30 June 2020	31 December 2019
Finished goods	-	-
Goods	1,030,390	522,731
Materials	56,064	56,412
Refundable packaging	230	130
Impairment of inventories	(55,955)	(55,955)
Total	**1,030,729**	**523,318**

The inventories are to be revalued to market value at the end of each year. The amount of 55,955,-HUF in thousands in relation to inventory stock is accounted for impairment as of 30 June 2020.

25. Issued capital

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

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

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

26. Repurchased own shares

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

	30 June 2020	**31 December 2019**
4iG Plc.	3,038,544	2,250,000
Total	**3,038,544**	**2,250,000**

The repurchased value of the own shares is 587,536,-HUF in thousands, while the exchange rate of the average price of the hereof shares is 193.36,-HUF per quantity. The stock exchange closing exchange rate of the period was 645,-HUF per quantity, with that, the exchange rate of the average price was measured to 538,-HUF per quantity.

27. Capital reserve

The capital reserve of 4iG Plc. includes the difference between the nominal value and the pair value of the shares upon issue, amount to 1,074,500,-HUF in thousands. The general meeting held on 26 April 2018 ordered the replenishment of the negative profit reserve of 4iG Plc. on the debit of the capital reserve, in the amount of 257,750,-HUF in thousands. Accordingly, the amount of the capital reserve is to be 816,750,-HUF in thousands as of 30 June 2020.

28. Accumulated profit reserve

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

	30 June 2020	31 December 2019
Accumulated profit reserve	1,810,161	2,951,957

29. Provisions

	31 December 2019	Increase	Utilization	30 June 2020
Provisions accounted for unused vacation	49,767	0	(49,767)	0
For expected losses	6,950	0	0	6,950
Liabilities under guarantee	0	0	0	0
Total	**56,717**	**0**	**(49,767)**	**6,950**

	31 December 2018	Increase	Utilization	31 December 2019
Provisions accounted for unused vacation	9,197	49,767	(9,197)	49,767
For expected losses	9,000	0	(2,050)	6,950
Liabilities under guarantee	0	0	0	0
Total	**18,197**	**49,767**	**(11,247)**	**56,717**

As of 31 December 2019, regarding the item of the provisions in relation to the Corporate Group, 49,767,-HUF in thousands was accounted for the purposes of covering the costs related to the unused holidays in 2019. The thereof provisions were marked back in 2020.
As a result of the liquidated damage claim for late performance of the customer, provisions were accounted for the expected losses.

30. Financial lease liabilities

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

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

	30 June 2020	**31 December 2019**
Tangible assets finance lease liabilities	0	0
Concessions and similar rights lease fee liabilities (IFRS 16)	228,320	335,181
Finance lease liabilities (long-term)	**228,320**	**335,181**

	30 June 2020	**31 December 2019**
Tangible assets finance lease liabilities	0	0
Concessions and similar rights lease fee liabilities (IFRS 16)	366,498	363,843
Finance lease liabilities (short-term)	**366,498**	**363,843**

Presentation of right-of-use lease transactions included in IFRS 16 (as of 30 June 2020):

Description	Related to land and buildings	Related to machinery, equipment, and vehicles	Total
Opening gross value	574,341	442,863	1,017,204
Increase	52,970	1,012	53,982
Decrease	0	0	0
Closing gross value	627,311	443,875	1,071,186
Opening depreciation	155,566	167,702	323,268
Increase	125,714	74,472	200,186
Decrease	0	0	0
Closing depreciation	281,280	242,174	523,454
Closing net value	**346,031**	**201,701**	**547,732**
Lease transaction interest expense	1,194	697	1,891
Expenditures related to small value assets	0	104	104
Expenditures related to lease transactions of short-term maturity period	13,464	95,889	109,353
Total cash out-flow of lease transactions in 2020	**140,372**	**171,162**	**311,534**

	Current fees	Present Value of the fees
in the year of 2020	208,185	188,362
in the year of 2021	286,971	267,114
in the year of 2022	93,924	86,968
in the year of 2023	5,738	5,288
Lease transactions in total:	**594,818**	**547,732**

Disclosure in line with Paragraph 51 of IFRS 16 as follows:

a) the nature of the lessee's leasing activities – Real property and machinery hire

b) not-calculated future cash out-flow upon the evaluation of the lease transaction liabilities to which the lessee is potentially exposed. The hereinbelow exposures are included in the thereof as follows:

i. variable lease payments (as described in paragraph B49) – in case of office lease transaction
ii. extension options and termination options (as described in paragraph B50) – Not relevant
iii. residual value guarantees (as described in paragraph B51) – Not relevant
iv. leases not yet commenced to which the lessee is committed – Not relevant

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

31. Change in trade creditors and other accounts payable

	30 June 2020	31 December 2019
Trade creditors and other accounts payable	6,991,497	11,609,090
Total	**6,991,497**	**11,609,090**

32. Short-term credits and loans

	30 June 2020	31 December 2019
Raiffeisen Bank revolving credit	2,970,000	1,500,000
Raiffeisen bank overdraft	0	0
Credits and loans	0	0
Total	**2,970,000**	**1,500,000**

The aforesaid data represent the amounts de facto 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 in force in the total appropriation of 3,180,000,-HUF in thousands upon 31 December 2019. With regards the safeguard of the lending capacity, the lien in the amount of 3,657,000,-HUF in thousands was established on future receivables of the Company upon maintaining the entries made prior to 4 December 2007. The thereof amount was 1,620,000,-HUF in thousands.
Upon the Bank Credit Agreement, the Company concluded an agreement on revolving credit with the Bank in a total appropriation of 1,500,000,-HUF in thousands. One-month BUBOR + 0.55% per month are to be the interest of the credits and loans and, respectively, stand-by commitment commission of 0.3% for those parts which have not been called yet.

In addition to the aforesaid revolving credit, bank overdraft in the total amount of 250,000,-HUF in thousands is available for the Company, with that, the total appropriation of 100,000,-HUF in thousands shall be callable in both in HUF and EUR, and the total appropriation of 150,000,-HUF in thousands shall be utilized in EUR. Regarding the case of 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.

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

Regarding the Bank Credit Overdraft agreement concluded between and by the Company and Raiffeisen Bank on 1 February 2020 was revised and extended until 31 July 2020. The total amount of the full Bank Credit Overdraft is raised to 6,450,000,-HUF in thousands. As a safeguard to the Bank Credit Agreement additional mortgage was established on trade receivables less than 30 days past due in the amount of 3,763,000,-HUF in thousands, altogether in the value of 7,420,000,-HUF in thousands upon the former establishments, and 1,620,000,-HUF in thousands remained from the entries made prior to 4 December 2007, and thereby the total value of the lien is to be 9,040,000,-HUF in thousands.

Within the Bank account landing capacity the amount of revolving credit was increased to 2,970,000,-HUF in thousands upon unaltered conditions related to the credit interest payment as the amount of the interest is one-month BUBOR + 0.55%, and a stand-by commitment commission of 0.3% for those parts which have not been called yet.

The amount of the bank overdraft was increased to 500,000,-HUF in thousands, with that, on the basis of the allocation assignment, the amount of 100,000,-HUF in thousands in EUR, while the remaining amount of 400,000,-HUF in thousands 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 unclaimed part.

The amount of the bank guarantee facility was increased from 250,000,-HUF in thousands to 1,000,000,-HUF in thousands. With regards the guarantees and warranties, cash security deposit placement is required on trade receivables of the Company upon lien establishment.

The Company may conclude a contract on revolving credit in the amount of 1,650,000,-HUF in thousands and on factoring financing in the value of 330,000,-HUF in thousands in relation to the remaining uncontracted amount of 1,980,000,-HUF in thousands included in the Bank Credit Overdraft, with that, the herein total appropriation is to be required for the needs of the realization of the future projects of the Company and for financing the projects within the corporate group.

Regarding the pandemic period started in the middle of March 2020, on account of the potential time lag in relation to the pending projects, the Company made the decision on exercising the legal options, namely the possibilities ensured by the Government Decree No. 47/2020. (III. 18.), and by the Government Decree No. 62/2020. (III. 24.) on the detailed rules in relation to the measures defined in the hereof as follows: “The contracts being terminated during the payment moratorium are to be extended until the day as of 31 December 2020.” Consequently, the termination of the bank credit overdraft contract, originally being terminated on 31 July 2020, is to be shifted by 31 December 2020.

Upon the value date as of 14 April 2020 revolving credit in the amount of 1,470,000,-HUF in thousands was called on, and herewith the total appropriation of the revolving credit, namely the total amount of 2,970,000,-HUF in thousands, was utilized, and the thereof amount is available in the bank account of the Company as of the date of 30 June 2020.
The bank overdraft has not been utilized. It is available on the bank account of the Company as liquidity reserve.

4iG Plc. concluded a Bank Overdraft contract with Budapest Bank for a total appropriation of the amount of 1,000,000,-HUF in thousands 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 was terminated on 31 January 2020 and was not renewed. In the course of the maturity period the hereof bank overdraft was not utilized.

Analysis of the bank guarantees (in HUF):

Bank guarantees of 4iG Plc. on 30 June 2020

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Expired
Sys IT Services Kft.	Raiffeisen Bank	performance	85,680,000	31.08.2020.
Testnevelési Egyetem (in English: University of Physical Education)	Raiffeisen Bank	Advance payment repayment	127,760,130	15.09.2020.
Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company)	Raiffeisen Bank	information provision	10,000,000	30.09.2020.
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	information provision	10,000,000	30.09.2020.
IdomSoft Informatikai Zrt.	Raiffeisen Bank	performance	4,099,200	30.09.2020.
IdomSoft Informatikai Zrt.	Raiffeisen Bank	performance	2,016,000	30.09.2020.
Getronics Zrt.	Raiffeisen Bank	performance	10,000,000	07.12.2020.
NIF-Nemzeti Infrastruktúra Fejlesztő Zrt. (in English: National Infrastructure Development Plc.)	Raiffeisen Bank	performance	9,987,350	11.04.2021.
Csongrád Megyei Kormányhivatal (in English: Csongrad County Government Office)	Raiffeisen Bank	good / appropriate performance	7,789,000	21.12.2021.
Raiffeisen Bank in total:			**267,331,680**	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	31.08.2020.
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	30.12.2021.

Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	30.12.2021.
CIB Bank in total:			**9,000,000**	
Guarantees in total:			**276,331,680**	

Upon 31 December 2019, 4iG Plc. held a bank guarantee facility in the amount of 250,000,-HUF in thousands at Raiffeisen Bank and 135,287-HUF in thousands (54%) was utilized from the hereof limit. The termination of the framework contract on the 1,000,000,-HUF in thousands amount bank guarantee being extended in February 2020 is on 31 July 2025, and 267,332-HUF in thousands (27%) was utilized from the hereof limit.
In order to perform in conformity with the contract, a security deposit in the amount of 779,-HUF in thousands (10%) was placed on a separate bank account held for the herein purpose at Raiffeisen Bank as a safeguard.
Cash deposit is to be placed for the safeguard in respect of the guarantees issued by CIB Bank. The Company does not have a credits and loans relationship with CIB Bank.

33. Other liabilities and accrued liabilities

	30 June 2020	31 December 2019
Tax liabilities and contributions	538,932	1,854,471
Corporate income tax liabilities	234,721	19,202
Wage transfer liabilities	347,109	286,473
Advance payments received from customers	909,097	1,565,024
Advance payments received from central budget	467,729	277,257
Other liabilities	100	250
Accrued liabilities of revenues	28,722	140,269
Accrued liabilities of costs	518,187	608,667
Subsidy received, deferred revenue	765	180
Total	**3,045,362**	**4,751,793**

Regarding the item of other tax liabilities, undue obligation is not accounted for the hereof item in respect of the Corporate Group and no company is included in the database of public-law debt.
Revenues mark off is to be accounted for the invoiced annual support fees being due in following period.
4iG Plc received an advance payment of the amount of 60,443,-HUF in thousands from NKFIH (National Research, Development and Innovation Office) for the realization of the Research and Development project under the identification number of NVKP-16-2016-0005 with the title of *"Initiation of the National Innovation Onco-genomics and Precision Oncotherapy Programme and Integrated Development of the Related Technologies"*.
Advance payment in the amount of 157,727,-HUF in thousands for the project involving 4iG Plc. under the title of *'Development of a Complex Sensor System to Locate UAV Tools'* was allocated for the Company.

The amount of 118,172,-HUF in thousands, as an advance payment, was provided for the project of *'Application of Networked Technologies in the Field of Designing, Construction, Assembly and Maintenance of Steel Structures and the Related Services'*.
The amount of 131,387,- HUF in thousands, as an advance payment, was transferred in relation to the tender, submitted under the title of "*Medical Diagnostics Equipment Supporting the Evaluation of Genetic Results"*, and issued within the framework of *"Support for Market-driven Research, Development and Innovation Projects (2019-1.1.1-PIACI KFI)"* upon the call for by Nemzeti Kutatási és Fejlesztési, Innovációs Hivatal (in English: National Research, Development and Innovation Office).

34. Dividend liabilities towards the owners

Upon 30 June 2020, the Company had dividend obligation payable for the owners in the amount of 2,001,152,032,-HUF being due by 31 December 2020.

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

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

	30 June 2020	31 December 2019
Interests received	927	2,033
Interests paid	9,507	14,602
Interest spread	**(8,580)**	**(12,569)**

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

36. Supplementary payment to project companies

With regards the remission of supplementary capital contribution, the Corporate Group practiced the hereof rights in relation to Sime3D Kft. in the amount of 18,312,-HUF in thousands in 2020. New additional payment has not occurred.

37. Over-one-year receivables

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

	30 June 2020	31 December 2019
4iG Plc.	9,000	9,000
Total	**9,000**	**9,000**

38. Dividends and interests received for investments

The Corporate Group did not account any of the aforesaid income in 2020.

39. Segment information

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

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

In relation to the first half of 2020:

Description	IT services	Trade	Other activities	Total
Net sales revenue	8,269,997	11,920,053	-	20,190,050
Cost of goods sold	-	(9,500,072)	-	(9,500,072)
Intermediations	(4,073,550)	(402,460)	(44,697)	(4,520,707)
Other revenues	-	-	97,597	97,597
Hedge 1	**4,196,447**	**2,017,521**	**52,900**	**6,266,868**
Direct costs	(3,153,311)	(649,777)	-	(3,803,088)
Hedge 2	**1,043,136**	**1,367,744**	**52,900**	**2,463,780**
Costs and expenditures that cannot be allocated directly to the segments				(1,473,493)
Earnings before interest and tax (EBIT)				**990,287**
Financial profit and loss				(995)
Profit before tax				**989,292**
Segment assets	**5,496,690**	**8,297,404**	**52,187**	**13,846,281**
Assets that cannot be allocated to the segments				5,553,561
Assets in total				**19,399,842**

In relation to the first half of 2019:

Description	IT services	Trade	Other activities	Total
Net sales revenue	2,577,346	11,866,550	95,125	14,539,021
Cost of goods sold	-	(9,436,698)	-	(9,436,698)
Intermediations	(946,364)	(507,628)	(94,460)	(1,548,452)
Other revenues	27,731	41,637	78,749	148,117
Hedge 1	**1,658,713**	**1,963,861**	**79,413**	**3,701,988**
Direct costs	(1,705,501)	(632,027)	-	(2,337,528)
Hedge 2	**(46,788)**	**1,331,834**	**79,413**	**1,364,460**
Costs and expenditures that cannot be allocated directly to the segments				(649,264)
Earnings before interest and tax (EBIT)				**715,196**
Financial profit and loss				(12,809)
Profit before tax				**702,387**
Segment assets	**2,268,695**	**10,301,715**	**162,978**	**12,733,388**
Assets that cannot be allocated to the segments				5,398,415
Assets in total				**18,131,803**

40. Risk management

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

The Corporate Group is exposed to the hereinbelow financial risks as follows:

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

This chapter is to present the aforementioned risks related to the Corporate Group, such as the aims, policy, the measurement of the processes and risk management of the Corporate Group, and, moreover, the realization of capital management at the Corporate Group. The Board of Directors shall hereby hold a general responsibility for the areas of establishment, supervision and risk management of the Corporate Group.

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

Capital management

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

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

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

As the Company typically finances its activities from own resources, the capital risk was not significant in 2020 as, similarly, it was the case in 2019.

Credit risk

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

The book value of the financial instruments shows the maximum risk exposures. The hereinbelow chart represents the maximum credit risk exposure of the Corporate Group upon 30 June 2020 and as of 31 December 2019.

	30 June 2020	31 December 2019
Trade receivables	8,766,080	12,891,746
Other receivables and accrued and deferred assets	3,471,416	1,732,619
Securities	442,600	442,600
Liquid assets and cash equivalents	3,586,717	6,237,873
Total	**16,266,813**	**21,304,838**

Regarding the ageing of trade receivables upon 30 June 2020 was as follows:

	Debts	Impairment	Total
Not due	7,683,907		7,683,907
1 to 30 days past due	689,720		689,720
30 to 90 days past due	241,957		241,957
90 and 180 days past due	73,455		73,455
between 180 and 360 days past due	54,741		54,741
due over 360 days	52,126	(29,826)	22,300
Total	**8,795,907**	**(29,826)**	**8,766,080**

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

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

Liquidity risk

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

Regarding the ageing of trade creditors and other accounts payable upon 30 June 2020 was as follows:

	Debts
Not due	5,935,066
1 to 30 days past due	556,140
30 to 90 days past due	478,558
90 and 180 days past due	2,329
between 180 and 360 days past due	11,813
due over 360 days	7,590
Total	**6,991,497**

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

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

Creditor Bank	Type of credits and loans	Lending capacity	Claimed	Expiration
Raiffeisen Bank	Revolving credit	2,970,000	2,970,000	31 December 2020
Raiffeisen Bank	Current account	500,000	0	31 December 2020
Total		**3,470,000**	**2,970,000**	

Measures on credits and loans repayment standstill period undertaken by the government to moderate the economic impact of COVID-19 is not to be applied for the credits and loans of the Company, and the repayments are not to be rescheduled.

With regards, Raiffeisen Bank credits and loans with a higher amount were extended until 31 July 2020 (see Notes No. 32). The safeguard of the aforementioned credits and loans is lien on trade receivables.
The Budapest Bank credits and loans were terminated upon 31 January 2020 and there was not extension of the hereof.

Analysis of the bank guarantees (in HUF):

Bank guarantees of 4iG Plc. on 30 June 2020

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Expired
Sys IT Services Kft.	Raiffeisen Bank	performance	85,680,000	31.08.2020.
Testnevelési Egyetem (in English: University of Physical Education)	Raiffeisen Bank	Advance payment repayment	127,760,130	15.09.2020.
Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited Company)	Raiffeisen Bank	information provision	10,000,000	30.09.2020.
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	information provision	10,000,000	30.09.2020.
IdomSoft Informatikai Zrt.	Raiffeisen Bank	performance	4,099,200	30.09.2020.
IdomSoft Informatikai Zrt.	Raiffeisen Bank	performance	2,016,000	30.09.2020.
Getronics Zrt.	Raiffeisen Bank	performance	10,000,000	07.12.2020.
NIF-Nemzeti Infrastruktúra Fejlesztő Zrt. (in English: National Infrastructure Development Plc.)	Raiffeisen Bank	performance	9,987,350	11.04.2021.
Csongrád Megyei Kormányhivatal (in English: Csongrad County Government Office)	Raiffeisen Bank	good / appropriate performance	7,789,000	21.12.2021.
Raiffeisen Bank in total:			**267,331,680**	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	31.08.2020.
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	30.12.2021.
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	information provision	3,000,000	30.12.2021.
CIB Bank in total:			**9,000,000**	
Guarantees in total:			**276,331,680**	

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

Market risk

Market risk is the risk that the market prices – as the exchange rate, interest rates and the prices of investments into investment funds, and the changes of the hereof – influence the profit and loss of the Corporate Group and the value of 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 Covid-19 (Corona virus) pandemic

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

Sensitivity analysis

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

Exposure to foreign currency of the Corporate Group upon 30 June 2020 was as follows:

	HUF	EUR	USD	Total
Trade receivables	7,203,709	1,071,126	491,245	8,766,080
Trade creditors and other accounts payable	5,709,889	773,250	508,358	6,991,497
Liquid assets	3,444,107	125,995	16,615	3,586,717
Credits and loans	2,970,000	0	0	2,970,000

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

Interest sensitivity analysis

Upon interest rate rise

Profit before tax (without interests)	997,872
Net value of the interest expense	(8,580)
Profit before tax	**989,292**
Assets in total	**19,399,842**

1%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(8,665)
Profit before tax	**989,206**
Change in profit before tax	***(86)***
Change in profit before tax (%)	***(0.009%)***
Assets in total	***19,399,756***
Change in assets in total	***(86)***
Change in assets in total (%)	***(0.000%)***

5%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(9,009)
Profit before tax	**988,863**
Change in profit before tax	***(429)***
Change in profit before tax (%)	***(0.043%)***
Assets in total	***1,399,413***
Change in assets in total	***(429)***
Change in assets in total (%)	***(0.002%)***

10%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(9,437)
Profit before tax	**988,434**
Change in profit before tax	***(858)***
Change in profit before tax (%)	***(0.087%)***
Assets in total	***19,398,984***
Change in assets in total	***(858)***
Change in assets in total (%)	***(0.004%)***

Upon interest rate reduction

-1%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(8,494)
Profit before tax	**989,378**
Change in profit before tax	***86***
Change in profit before tax (%)	***0.009%***
Assets in total	***19,399,928***
Change in assets in total	***86***
Change in assets in total (%)	***0.000%***
-5%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(8,151)
Profit before tax	**989,721**
Change in profit before tax	***429***
Change in profit before tax (%)	***0.043%***
Assets in total	***19,400,271***
Change in assets in total	***429***
Change in assets in total (%)	***0.002%***
-10%	
Profit before tax (without interests)	997,872
Net value of the interest expense	(7,722)
Profit before tax	**990,150**
Change in profit before tax	***858***
Change in profit before tax (%)	***0.087%***
Assets in total	***19,400,700***
Change in assets in total	***858***
Change in assets in total (%)	***0.004%***

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

Exchange rate sensitivity analysis

Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,704,981
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,281,608
Net assets	**3,771,166**
Profit before tax	**989,292**
Upon exchange rate rise	
1%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,722,031
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,294,424
Net assets	**3,775,400**
Change in net assets	***4,234***
Change in net assets (%)	***0.112%***
Profit before tax	***993,526***
Change in profit before tax	***4,234***
Change in profit before tax (%)	***0.428%***
5%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,790,230
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,345,688
Net assets	**3,792,335**
Change in net assets	***21,169***
Change in net assets (%)	***0.561%***
Profit before tax	**1,010,461**
Change in profit before tax	***21,169***
Change in profit before tax (%)	**2.140%**
10%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,875,479
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,409,769
Net assets	**3,813,503**
Change in net assets	***42,337***
Change in net assets (%)	***1.123%***
Profit before tax	***1,031,629***
Change in profit before tax	***42,337***
Change in profit before tax (%)	***4.280%***

Upon foreign currency decrease

-1%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,687,931
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,268,792
Net assets	**3,766,932**
Change in net assets	***(4,234)***
Change in net assets (%)	***(0.112)%***
Profit before tax	***985,058***
Change in profit before tax	***(4,234)***
Change in profit before tax (%)	***(0.428)%***
-5%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,619,732
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,217,528
Net assets	**3,749,997**
Change in net assets	***(21,169)***
Change in net assets (%)	***(0.561)%***
Profit before tax	**968,123**
Change in profit before tax	***(21,169))***
Change in profit before tax (%)	**(2.140)%**
-10%	
Non-monetary and forint-denominated assets	17,694,861
Foreign currency assets	1,534,483
Denominated liabilities in Hungarian Forints	14,347,068
Foreign currency liabilities	1,153,447
Net assets	**3,728,829**
Change in net assets	***(42,337)***
Change in net assets (%)	***(1.123)%***
Profit before tax	***946,955***
Change in profit before tax	***(42,337)***
Change in profit before tax (%)	***(4.280)%***

41. Financial instruments

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

Financial instruments

30.06.2020		At fair value through profit or loss	Derivatives included in hedge accounting	Credits and loans, receivables and liabilities to be shown, at depreciated Costs	Fair value through other comprehensive profit or loss	Book value
		FVTPL	Hedge accounting	depreciated costs	FVTOCI*	total
Book value of financial instruments						
Financial assets						
Other financial investments	Equity instruments	2,050	–	–	–	2,050
	Loans provided	–	–	–	–	
	Deposits	–	–	9,000	–	9,000
	Finance lease receivables	–	–	–	–	
	Other	–	–	86,437	–	86,437
Financial investments in total		**2,050**	-	**95,437**	–	**97,487**
Trade and other receivables		–	–	8,766,080	–	8,766,080
Finance lease receivables		–	–		–	
Liquid assets and cash equivalents		–	–	3,586,717	–	3,586,717
Debt securities		442,600	–	–	–	442,600
Other short-term financial instruments	Loans provided	–	–	65,217	–	65,217
	Advance payments	–	–	1,151,229	–	1,151,229
	Guarantees provided	–	–	142,533	–	142,533
	Lease charge deposit	–	–	89,556	–	89,556
	Other	–	–	14,166	–	14,166
Short-term financial instruments in total		**442,600**	-	**13,815,498**	–	**14,258,098**
Financial instruments in total		**444,650**	-	**13,910,935**	–	**14,355,585**
Financial liabilities						
Credits and loans (Long-term)		–	–	–	–	–
Financial leasing liabilities IFRS16		–	–	228,320	–	228,320

Other long-term financial liabilities	–	–	18,897	–	18,897
	–	–	**247,217**	–	**247,217**
Long-term financial liabilities in total			–	–	–
Trade creditors and other obligations	–	–	6,991,497	–	6,991,497
Credits and loans (short-term)	–	–	2,970,000	–	2,970,000
Advance payments received from customers	–	–	909,097	–	909,097
Advance payments received from central budget	–	–	467,729	–	467,729
Financial leasing liabilities IFRS16	–	–	366,498	–	366,498
Dividend liabilities	–	–	2,001,152	–	2,001,152
Tax liabilities	–	–	773,653	–	773,653
Other short-term financial liabilities	–	–	347,209	–	347,209
Short-term financial liabilities in total	-	-	**14,826,835**	-	**14,826,835**
Financial liabilities in total	–	–	**15,074,052**	-	**15,074,052**

Financial instruments

		At fair value through profit or loss	Derivatives included in hedge accounting	Credits and loans, receivables and liabilities to be shown at the depreciated Cost	Fair value through other comprehensive profit or loss	Book value
31. 12.2019		FVTPL	Hedge accounting	depreciated costs	FVTOCI*	total
Book value of financial instruments						
Financial assets						
	Equity instruments	2.052	–	–	–	2.052
	Loans provided	–	–	–	–	–
	Deposits	–	–	9,000	–	9,000
	Finance lease receivables	–	–	–	–	–
Other financial investments	Other	–	–	86,436	–	86,436
Financial investments in total		**2,052**	-	**95,436**	–	**97,488**
Trade and other receivables		–	–	13,035,744	–	13,035,744
Finance lease receivables		–	–	–	–	–
Liquid assets and cash equivalents		–	–	6,237,873	–	6,237,873
Debt securities		442,600	–	–	–	442,600
	Loans provided	–	–	3,104	–	3,104
	Advance payments	–	–	594,661	–	594,661
	Lease charge	–	–	83,805	–	83,805
Other short-term financial instruments	Other	–	–	8,676	–	8,676
Short-term financial assets in total		**442,600**	-	**19,963,863**		**20,406,463**
Financial assets in total		**444,652**	-	**20,059,299**		**20,503,951**
Financial liabilities						
Credits and loans (Long-term)		–	–	–	–	-
Finance lease liabilities		–	–	335,181	–	335,181
Other long-term financial liabilities		–	–	–	–	–
		–	–	**335,181**	–	**335,181**

Long-term financial liabilities in total					
Trade creditors and other obligations	–	–	11,609,090	–	11,609,090
Credits and loans (short-term)	–	–	1,500,000	–	1,500,000
Advance payments received from customers	–	–	1,232,302		1,232,302
Advance payments received from central budget	–	–	277,257		277,257
Finance lease liabilities	–	–	363,843	–	363,843
Tax liabilities	–	–	1,873,673	–	1,873,673
Other short-term financial liabilities	–	–	286,724	–	286,724
Short-term financial liabilities in total	**-**	**-**	**17,142,889**	**-**	**17,142,889**
Financial liabilities in total	–	–	**17,478,070**	–	**17,478,070**

Fair value hierarchy

	30 June 2020				**31 December 2019**			
	1st level not modified quoted active market price	2nd level assessment processes based on available and monitored market data	3rd level assessment processes based on not available and monitored market data	Fair value in total	1st level not modified quoted active market price	2nd level assessment processes based on available and monitored market data	3rd level assessment processes based on not available and monitored market data	Fair value in total
Financial assets								
Equity instruments	–	–	–	–	–	–	–	–
Debt securities	–	–	442,600	442,600	–	–	442,600	442,600
Derivative transactions	–	–	–	–	–	–	–	–
Financial assets in total	**-**	**-**	**442,600**	**442,600**	**-**	**-**	**442,600**	**442,600**
Financial liabilities	–	–	–	–	–	–	–	–
Derivative transactions	–	–	–	–	–	–	–	–
Financial liabilities in total	–	–	–	–	–	–	–	–

42. Transactions with affiliated parties

Transactions in relation to affiliated external parties were not accounted for the first half of 2020.
The turnover accounted for the transactions performed within the Corporate Group was measured to 335,881,-HUF in thousands being filtered upon consolidation.

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

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

44. Contingent assets and contingent liabilities

On 30 June 2020, regarding the unclosed legal transactions and legal proceedings of 4iG Plc. in relation to inheritance from its merged subsidiary company upon acquisition, namely from HUMANsoft Kft., were as follows:

Type		Description	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 its interest	33,000,000,-HUF	in progress	Infokom-Innovátor Nonprofit Kft.

45. 4iG ESOP Organization

On the basis of the authorization of the Government Decree No. 102/2020 (IV.10.) on Derogations from Regulations on Operation of Partnerships and Corporations in case of emergency (hereinafter referred to as “Decree”), the Board of Directors, by means of the Board of Directors Resolution No. 9/2020. (IV. 29.), shall adopt the initiation of the Employee Stock Option Plan (hereinafter referred to as “ESOP”) and the establishment of its organisation

(hereinafter referred to as “ESOP Organization”) under the name of 4iG Employee Stock Option Plan Organization, abbreviated 4iG ESOP Organization. And, moreover, the herein board of directors adopted its articles of association (hereinafter referred to as “Articles of Association”) and its remuneration policy (hereinafter referred to as “ESOP Remuneration Policy”), and, further, ensured to have the Articles of Association and Remuneration Policy included in a document countersigned by an attorney-at-law. The Board of Directors hereby made assigned 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 for a specified term of seven (7) years following the herein decision.
In the interest of the planned implementation of ESOP Remuneration Policy, the Board of Directors hereby made the decision that the Company, as a founder, is to provide purchase option for the ESOP Organization in relation to the acquisition of 4iG Plc. equity shares in the amount of 2,500,000,- (namely two-million-five-hundred-thousand) quantity of the hereof at the nominal value of 20,-HUF per quantity under the ISIN identification number of HU0000167788, as a non-monetary contribution. 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 was transferred for ESOP.

In accordance with the Black-Scholes-Merton-formula, as of 30 June 2020, the fair value of the share option was measured to

625.97581,-HUF per quantity.

Upon taking the expected call on of the founders into account, the Company accounted 18.9 million Hungarian Forints for the item of staff costs in respect of the first half of 2020.

Disclosures related to share options:
- Section (b) of Paragraph 45 of IFRS 2

Description	Quantity of share options (quantity)	Fair value (HUF in thousands)	Weighted exercise price (HUF/quantity)
Outstanding at the beginning of the period (01 January 2020)	0	0	0
Granted during the period under review (29 April 2020)	2,500,000	1,564,940	0
Forfeited during the period under review	0	0	0
Exercised during the period under review	0	0	0
Expired during the period under review	0	0	0
Outstanding at the end of the period	2,500,000	1,564,940	0
Exercisable at the end of the period	0	0	0

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

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

46. Events after the balance sheet day

46.1 Modification of the ownership structure (01 July 2020)

As a result of over-the-counter transactions as of 01 July 2020, the number of dematerialized equity shares directly held by KZF Vagyonkezelő Korlátolt Felelősségű Társaság (in English: KZF Asset Management Private Limited Liability Company) (seat of business: 1037 Budapest, Montevideo utca 8.; company registration number: 01-09-294248; court of registration: Fővárosi Törvényszék Cégbírósága (in English: Company Registry Court of Budapest-Capital Regional Court); hereinafter referred to as "KZF Vagyonkezelő Kft.) conferring voting rights and issued by 4iG Plc. at the nominal value of 20,-HUF (hereinafter referred to as "4iG Share") is to be increased to 53,203,500,- quantity, namely fifty-three-million-two-hundred-and-three-thousand-five-hundred quantity, with 20,284,650,- quantity, namely twenty-million-two-hundred-and-eighty-four-thousand-six-hundred-and-fifty quantity, from 32,918,850,- quantity, namely thirty-two-million-nine-hundred-and-eighteen-thousand-eight-hundred-and-fifty quantity, herewith, pursuant to Subsection 3 of Section 61 of the Act of CXX of 2001 on Capital Market, the value of the existing voting right of the herein said company in relation to the Company is to be increased to 58.49% from 36.19% upon exceeding the thresholds of 40%, 45% and 50%.

46.2 Conclusion of large amount contract (03 July 2020)

As of 16 June 2020, a large amount contract was concluded between and by 4iG Plc. and MVM NET Távközlési Szolgáltató Zártkörűen Működő Részvénytársaság (MVM NET Telecommunications Operator) (seat of business: 1134 Budapest, Róbert Károly körút 59.).
Upon the conclusion of a framework contract between and by MVM NET Távközlési Szolgáltató Zrt. and 4iG Plc. in the subject of "WDM-tools Delivery" the parties also signed the first individual order as part of the hereof framework contract.
The amount of the first individual order of the framework contract is: 1,313,507,-EUR.

46.3 Company takeover (09 July 2020)

4iG Plc. acquired 100% ownerhsip of the business shares over TR Consult Kft. (seat of business: 1144 Budapest, Gvadányi utca 61-65., company registration number: 01-09-686917, hereinafter referred to as "Purpose Company") and herewith, 4iG Plc. became the exclusive owner of the herein Purpose Company.

46.4 Announcement of large amount successful tender (16 July 2020)

The Company was announced to be the successful tenderer in two part-tenders aiming a conclusion of a framework agreement upon a public procurement procedure called for by Digitális Kormányzati Ügynökség Zrt. (in English: Digital Governmental Agency Private Limited

Company) in the subject of “Procurement of Display Devices and Performance of the Related Services”. In respect of one of parts 4, while in the other part 5, different bidder consortiums were announced to be the successful tenderers.
The framework agreement shall not ensure automatic orders, as on the basis of the institutional claims, the individual procurements are to be repeatedly tendered among the consortiums entered into. With regard to Part 1 on the maximum quantity of projectors and its accessories in respect of the framework agreement is to be 34,750,- quantity, while Part 2 shall mean the maximum quantity of interactive whiteboards of 3,700,- quantity.

46.5 Large amount successful tender announcement (17 July 2020)
The Company was announced to be the successful tenderer upon the open EU public procurement procedure called for by IKK Innovatív Képzéstámogató Központ Zrt. (in English: Innovative Training Support Center Private Limited Company (IKK)) in the subject of “Development, Pilot System Introduction and Testing of Digital Educational Materials, and Providing Related Services”.
The procurement procedure is to be realized by means of the sources of GINOP-6.2.4-VEKOP-16-2017-00001 upon the aims as follows:
- pilot system introduction and digital educational materials and teaching aids testing;
- teaching aids development;
- suitability verification of the digital educational materials and teaching aids;
- compilation of digital materials for training purposes of teachers in order to make them able to employ digital materials worked out in projects and teaching aids;
- the implementation of the application in relation to digital materials worked out in projects and teaching aids upon the preparation of teachers.

The total value of the procedure is 4,238,000,000,-HUF + VAT.

46.6 Announcement of large amount successful tender (30 July 2020)
The tender submitted jointly by 4iG Plc., Getronics Magyarország Kft. (in English: Getronics Hungary Private Limited Liability Company) and ASH Szoftverház Kft. (in English: ASH Software House Private Limited Liability Company) was announced to be the successful tender upon public procurement procedure under the title of “e-Commerce Server Infrastructure and License Procurement” called for by the Nemzeti Adó- és Vámhivatal (in English: National Tax and Customs Administration of Hungary).

The procurement procedure was realized by means of the agreement under the number of KM02SRVT17 concluded by the General for Public Procurement and Supply (KEF) upon reopening the competition. The aim of the procurement is to procure servers and storages and related services for the institutions of National Tax and Customs Administration of Hungary. It is 4iG Plc. who is the supplier out of the members of the consortium.

The value of the tender is 1,103,498,538,-HUF + VAT.

46.7 Announcement of large amount successful tender (05 August 2020)
Upon reopening the centralized public procurement procedure competition called for by Kormányzati Informatikai Fejlesztési Ügynökség (in English: Governmental Agency for IT

Development), 4iG Plc., the Company, submitted a successful tender in the subject of "Providing wifi-coverage in Vocational Training Institutions of Convergence Regions".
The procurement procedure is to be realized by means of GINOP 3.4.6-17-2017-00001 source upon the aim to establish the infrastructure for a unified and modern wireless network system at public educational and vocational institutions in the convergence regions (outside Budapest and Pest county).
On the basis of the summary document, the total value of the procedure is 3,310,483,720,-HUF + VAT.

46.8 Foundation of subsidiary company (17 August 2020)

The Board of Directors of 4iG Plc. made the decision on the foundation of CarpathiaSat Magyar Űrtávközlési Zrt. (in English: CarphatiaSat Hungarian Space Telecommunications Private Company Limited by Shares) (hereinafter referred to as "Subsidiary Company" or "CarpathiaSat"). The Subsidiary Company was founded upon issued capital in the amount of 5,000,000,-HUF and capital reserve in the amount of 365,000,000,-HUF, with that, the majority-owned capital ownership of 4iG is measured to 51%, resulting decisive influence over the hereof. Besides 4iG, Antenna Hungária Zrt. also holds 44% capital ownership in CarpathiaSat., while the thereof in respect of New Space Industries Zrt. is measured to 5%.

47. Authorization for the financial statement disclosure

Upon 27 August 2020, the Board of Directors of the parent company of the Corporate Group approved and authorized the publication of the herein financial statements in its present form.

The IFRS chartered accountant being responsible for the compilation of the consolidated report:
Piros Ferenc
2097 Pilisborosjenő, Tulipán köz 1.
IFRS chartered accountant registration number: 145011

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

Plc.

MANAGEMENT REPORT

CONTENT

Consolidated comprehensive profit and loss account

Description	2020 H1	H1 2019	Change +/- in percentage
Net sales revenues	**20,190,050**	**14,539,021**	**38.9%**
Earnings before interest, taxes, depreciation and amortization (EBITIDA)	**1,360,243**	**1,009,306**	**34.8%**
Earnings before interest and taxes (EBIT)	990,287	715,196	38.5%
Profit after tax (PAT)	774,890	579,242	33.8%
Total comprehensive income	**774,890**	**579,242**	**33.8%**
Stock exchange indicators			
Stock exchange closing share price* (in HUF)	645	1,076	(40.1)%
Average stock market price of the shares (in HUF)	538	731	(26.4)%
P/E ratio	76	170	(55.5)%
4iG Plc. market capitalization (in billion HUF)	60.6	101.1	(40.1)%
Value per share			
EBITDA**	14	11	34.8%
Net earnings per share (EPS)**	9	6	34.7%
Diluted EPS indicator**	8	6	33.8%
Own equity**	40	35	16.3%

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

The quarterly change on the efficiency of the Corporate Group is included in the hereinunder chart as follows:

4iG Plc. consolidated comprehensive income (profit and loss) statement in line with IFRS

Description	H1 2020	H1 2019	Change +/- in percentage	Q2 2020	Q2 2019	Change +/- in percentage
Revenues	**20,287,647**	**14,687,138**	38.13%	11,625,388	9,754,966	**19.17%**
- out of which: Net sales revenues	20,190,050	14,539,021	38.87%	11,567,048	9,688,735	19.39%
ELÁBÉ (in English: cost of goods sold) + Intermediation	14,020,778	10,985,150	27.63%	8,139,055	7,789,120	4.49%
Operational expenditures	1,004,915	672,134	49.51%	511,865	335,251	52.68%
Staff costs	3,874,450	2,000,023	93.72%	2,169,542	1,087,352	9.,53%
Other expenditures	27,261	20,525	32.82%	22,553	17,013	32.56%
Earnings before interest, taxes, depreciation and amortization (EBITIDA)	**1,360,243**	**1,009,306**	**34.77%**	**782,373**	**526,230**	**48.68%**
Depreciation	369,956	294,110	25.79%	179,718	164,742	9.09%
Earnings Before Interest and Tax (EBIT)	**990,287**	**715,196**	**38.46%**	**602,655**	**361,488**	**66.72%**
Financial income	184,549	71,048	159.75%	113,550	30,113	277.08%
Financial expenditures	185,544	83,857	121.26%	126,138	49,125	156.77%
Profit before tax (PBT)	**989,292**	**702,387**	**40.85%**	**590,067**	**342,476**	**72.29%**
Profit-type taxes	214,402	123,145	74.11%	126,970	43,763	190.13%
Net profit and loss	**774,890**	**579,242**	**33.78%**	**463,097**	**298,713**	**55.03%**
Other comprehensive income	0	0	n.d[1].	0	0	n.d.
Total comprehensive income	**774,890**	**579,242**	**33.78%**	**463,097**	**298,713**	**55,03%**
From which: profit and loss of discontinuing operation	*0*	*0*	*n.d.*	*0*	*0*	

[1] n.d.: no data

Profit and loss per share	30.06.2020	30.06.2019
Earnings per share (EPS)	6	6
Diluted values of earnings per share	6	6

Out of the net profit and loss:	30.06.2020	30.06.2019
Share applicable to the owners of the parent company	859,356	579,242
Share applicable to the non-controlled equity participation	(84,466)	-

Out of total comprehensive income:	30.06.2020	30.06.2019
Share applicable to the owners of the parent company	859,356	579,242
Share applicable to the non-controlled equity participation	(84,466)	-

1. General information on the issuer

Company name:	4iG Public Limited Company
Legal status:	Public Limited Company
Seat of business:	1037 Budapest, Montevideo u. 8.
Branch business:	8000 Székesfehérvár, Seregélyesi út 96. 6782 Mórahalom, Röszkei út 43. 6722 Szeged, Tisza Lajos krt. 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

2. Information on shares

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	20,- HUF per 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:	2,038,544,- quantity

Other information related to the shares:

- Each share shall hold the same rights and each share shall mean 1 vote.
- The shares are registered in 'PREMIUM' share category in Budapest Stock Exchange and 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 / or the right of first refusal there are not existing restrictions regarding the hereof, with that, 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 new shareholder shall exclusively exercise his or her rights related to being a shareholder if the name of the herein shareholder has already been 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 management rights.
- Employee share ownership system do not operate at the Company.
- There are no restrictions in relation to voting rights, with that, no voting rights are attached to repurchased own shares. Regarding repurchased own shares, the quantity of the hereof was measured to 2,038,544 as of 30 June 2020.
- Minority rights: Shareholders holding at a minimum of 1 percentage of the votes shall have the right to convene the general meeting of the Company upon indicating the reason and the aim at any time.
- In line with the Articles of Association, the designated officers are elected upon simple majority by the General Meeting.
- Operational management of the Company is to be performed by the Board of Directors.
- In accordance with the submission of the Board of Directors, the General Meeting shall make decision on the share capital increase. 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 means of exchange transactions at an exchange rate of at a minimum of 1,000,-HUF or 100,-HUF and at a maximum of 5,000,-HUF or 500,-HUF. Within the framework of an over-the-counter transaction, the Board of Directors is exclusively allowed to purchase own shares 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 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 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 as of 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 as of 17 June 2019.
- The CEO of Budapest Stock Exchange reclassified 4iG shares into Premium category upon 19 June 2019.

3. Ownership structure

	30 June 2020	30 June 2019
KZF Vagyonkezelő Kft.	35.02%	32.01
Manhattan Invest Kft.	3.29%	n.d.
MANHATTAN Magántőkealap	1.90%	n.d.
KONZUM PE Magántőkealap	11.63%	19.82%
OPUS GLOBAL Plc.	9.95%	9.95%
4iG own share ownership	3.23%	2.39%
Free float	35.82%	35.83%
Total	**100.00%**	**100.00%**

4. Officers

Regarding the period between 01 January 2020 and 30 June 2020, the executive officers of 4iG Plc. were the hereinunder listed persons as follows.

4.1 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 Audit Committee
Kunosi András, member
Ódorné Angyal Zsuzsanna, member
Tima János, member

4.2 Remuneration of the officers

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

4.3 4iG shareholding of the executive officers on 30 June 2020 (quantity)

Name	Position	Direct capital ownership	Indirect capit ownership	Direct and indirect	Capital ownership rate (%)
Jászai Gellért Zoltán	president and chief executive office	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%

4.4 Persons being entitled to sign this Report

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

4.5 Appointment and removal of the officers

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

4.6 Competence of the officers

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

5. Report and Declaration on Corporate Governance Liability

The Company holds the Report and Declaration on Corporate Governance Liability, with that, the Company revises its corporate governance system on a yearly basis, and, if it is required, amend or modify the hereof. By means of the annual ordinary general meeting the modifications and amendments are approved and following the general meeting held the Report on Corporate Governance Liability is disclosed.

The Report and Declaration on Corporate Governance Liability is available on the websites of www.4ig.hu, www.bet.hu and www.kozzetetelek.hu.

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

6. Amendment of the Articles of Association

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

7. Subsidiary companies

Name of the subsidiary company	Seat of business	Capital ownership 2019	Capital ownership 2018	Notes
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

8. Major events of the said period (in chronological order)

8.1 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.
With regards, the 'NAHU 2014-2020' is the IT system of the ten national data recording support programs of the European Regional Development Fund, of Instrument for Pre-Accession Assistance, and of European Neighbourhood Instrument.
The total value of the procedures is 563,445,500,-HUF + VAT.

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

Upon the recall of the competition within the framework of the 'Hungarian Village Program' in relation to the subprogram under the title of 'Medical Equipment Pilot 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.
Following the aforesaid conclusion of the contract, the developments to be performed by 4iG within the framework of the basic health care shall support consultancy, prevention and the activities of the GP's population screening by means of the appropriate IT support provided for the herein activities.
The total value of the procedure is 1,555,346,000,-HUF + VAT.

8.3 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.

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

Upon the resolution number of h-PJ-III-B-4/2020. dated as of 22 January 2020 and received by 4iG Plc. on 23 January 2020, Magyar Nemzeti Bank (in English: Hungarian National 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 the relevant regulations as it is set forth into consideration.
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 to 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.

8.5 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 term for the performance of the service is 24 months.
The total value of the procedure is 906,624,000,-HUF + VAT.

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

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

Upon the recall of the competition called for by Állami Egészségügyi Ellátó Központ (in English: 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 total value of the procedure is 754,535,000,-HUF + VAT.

8.8 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.

8.9 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 owns shares at Budapest Stock Exchange by means of stock exchange transaction. As a result of the hereof transaction, the quantity of the Company's 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.

8.10 COVID-19 pandemic

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

8.11 4iG Plc. Board of Directors resolution on the annual ordinary general meeting of the Company

With regard to the Hungarian Government Decree of 102/2020. (IV.10.) (hereinafter referred to as "102/2020. Government Decree"), 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 did not hold the annual ordinary general meeting convened at 10:00 on 29 April 2020.

Board of Directors resolutions of the Company replacing the annual ordinary general meeting held 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 within the form of written decision-making, adopted the hereinunder resolutions 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 are 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 are as follows:

- the total amount of assets/capital and resources is 24,109,338-HUF in thousands
- the amount of own equity is 5,492,713,-HUF in thousands
- the total amount of the comprehensive income after taxes is 2,826,944,-HUF in thousands

In accordance 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 Forint per share. In accordance 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 date of the dividend payment 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 accordance 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 accordance with the authorization of the Decree and subject to 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 their work upon keeping the interest of the Company in mind in 2019 and with regard to the herein the hold-harmless warrant in relation to the year of 2019 is to be granted.

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

In accordance 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: 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 as of 2020.

In accordance 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 respect to the 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 thereof 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 accordance 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 name of 4iG Employee Stock Option Plan Organization, abbreviated 4iG ESOP Organization, and respectively shall accept the articles of association of the thereof (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 to be 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 accordance 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 accordance 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 Organization for an unspecified term.

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

In accordance 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 to the acquisition of 4iG Plc. equity shares in the amount of 2,500,000,- (namely two-million-five-hundred-thousand) quantity of the hereof at the nominal value of 20,-HUF per quantity under the ISIN identification number of HU0000167788, as a non-monetary contribution. 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 is to be transferred for ESOP Organization until 30 April 2020, the latest.

In accordance 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., make decisions and declarations on the establishment, maintenance and operation of 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 share acquisitions and the number of the hereof being acquired within the Programs.

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

In accordance 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 operating on the basis of the authorization provided by law, or the decision-making body acting on behalf of the supreme body shall hereby approve the Remuneration Policy of the Company by means of opinion voting at a later date during 2020.

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

In accordance 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 effective text with amendments as it is included in the Rules of Procedures of the Supervisory Board and attached to the Annex of this draft resolution.

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

In accordance with the authorization of the Decree, the Board of Directors shall hereby amend those regulations of the Articles of Association which are impacted by the discussed agenda items upon decision-making and included in resolutions.

In accordance with the authorization of the Decree, in order to indicate the amendments of the Articles of Association, 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 accordance 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 upon the general meeting held as of 25 April 2004, and it has been amended several times by the hereof 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 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 to the Organization ("ESOP Organization") within the Employee Stock Option Plan ("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 by means of 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) (www.kozzetetelek.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 respectively are not to be included in the 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 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.

8.12 Analysis of the EDISON Investment Research Limited on the Company (13 May 2020)

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

https://www.edisongroup.com/publication/building-on-a-transformational-fy19/26819

Following the initial comprehensive analysis, EDISON shall hereby disclose analyses on 4iG Plc. on a quarterly basis.

8.13 Disclosure of information on the first quarter (QI) management (20 May 2020)

The Company disclosed its management review on its data in relation to the management of the first quarter of 2020 upon 20 May 2020.

8.14 Analysis of the EDISON Investment Research Limited on the Company (21 May 2019)

EDISON Investment Research Limited performed an analysis on 4iG Plc. following the first quarter flash report of 2020, which is available via the hereinunder link in English as follows:

https://www.edisongroup.com/publication/continuing-momentum-despite-lockdown/26892

8.15 Announcement of large amount successful tender of the Company (25 May 2019)

It is the result of the announcement of the successful tender submitted by 4iG and called for by Élelmiszerlánc-biztonsági Centrum Nonprofit Kft. (in English: Safety of Food Supply Chain Center Nonprofit Pllc.) under the title of "The Tasks of Software Development and Application related to Specialized System at NÉBIH (National Food Chain Safety Office)" within the re-call of the competition upon a centralized public procurement procedure.
The total value of the procedure is 3,721,242,000,-HUF + VAT.

8.16 Announcement of large amount successful tender of the Company (26 May 2019)

It is the result of the announcement of the successful tender submitted by 4iG Plc. called for by NISZ Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság (in English: National Infocommunications Service Company Ltd. (NISZ)) under the title of "IT-related Developments Needed for the Introduction of EES" within the re-call of the competition upon a centralized public procurement procedure.
The total value of the procedure is 970,447,184,-HUF + VAT.

DECLARATION

The Issuer shall hereby state that the Report on the development and performance of the Company is reliable, and the data and statements are in accordance with reality, and do not hide any fact or facts which are considered to be significant from the point of proper evaluation of 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 and the same shall be applied for false or untrue information that is made available to the public.
I, the undersigned, shall hereby undertake that the data of the statement included in the report for the first half of 2020 and the contents of the analyses and the conclusions are in compliance with reality.

Dated as of 28 August 2020 in Budapest

Zibriczki Béla
member of the Board of Directors

Tóth Béla Zsolt
member of the Board of Directors

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