

CONSOLIDATED FINANCIAL REPORT

4iG

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Upon 19 April 2021, the Board of Directors of the Company approved the publication of the financial statements in its present form.

EXECUTIVE SUMMARY

Due to the organic growth and the acquisitions, 4iG Plc. (hereinafter referred to as: “4iG”, “Company”, “Corporation”, “Corporate Group”) has become one of the most dominant corporate groups in the domestic IT and ICT markets in 2020.

Despite of the fact, the far-reaching and severe impacts of the COVID19 pandemic on the economies, the slow-down in the IT and ICT sectors was not perceptible in respect of the Company, rather in some segments the pandemic acted as a catalyst, the IT solutions have been appreciated and digital migration of the corporations and actors in the economy has been accelerated. **4iG has reacted quickly and efficiently to the challenges of the market, and as a result, the Corporate Group has retained its growth dynamism in its main strategical areas in 2020.**

The most prominent assignments of 4iG Plc. were awarded in the areas of logistics, education, pharmaceutical industry and health care, automotive industry and passenger air transport, and the banking sector and financial advice, but the Company gained significant profit and loss in the fields of license and assets purchase and similarly in relation to infrastructure maintenance, and even in the areas of IT security.

Business performance, financial results and indicators

4iG maintained its growth dynamism in respect of the fourth quarter as well, and as a result, the Company closed the year of 2020 with business effectiveness exceeding any previous period.

- **the consolidated sales revenue of 4iG Plc. accounted in line with IFRS was 57.3 billion Hungarian Forints of which value is 39% higher compared to the previous year.**
- **business effectiveness of the corporate group** has also improved significantly: the **EBITDA of the Company grew over 5 billion Hungarian Forints exceeding which is 13% higher** compared to the financial and depreciation profit and loss of 2019;
- **profit after tax in accordance with IFRS in respect of the Company exceeds 3.4 billion Hungarian Forints.**

The position and situation of the Company are both stable and, due to the successful closed quarters, the Company still has significant reserve.

With regards to the capital efficiency ratios, **the value of EBITDA per share increased by 25%, and the own equity per share measured 41% growth.**

Description (data in thousands of Hungarian Forints)	2020	2019	Change +/- in percentage
Net sales revenues	57 299 644	41 129 298	39.3%
Earnings before interest, taxes, depreciation and amortization (EBITIDA)	5 047 386	4 075 399	23.9%
Earnings before interest and taxes (EBIT)	4 211 183	3 332 279	26.4%
Profit after tax (PAT)	3 438 803	2 826 944	21.6%
Total comprehensive income	3 438 803	2 826 944	21.6%
Value per share			
EBITDA**	54	43	24.9%
Net earnings per share (EPS)**	38	31	21.6%
Diluted EPS indicator**	37	30	21.9%
Own equity**	82	58	40.9%

* at the end of the period ** in HUF

The positions and situation of the Company is still stable and, due to the successful year, still has significant reserve.

Shareholding structure

By virtue of the announcement at Budapest Stock Exchange of Jászai Gellért, the key shareholder of 4iG Plc., on 18 December, the investment portfolio regarding 4iG Plc. was restructured, and simultaneously, as a result of the transactions, the number of shares in his direct shareholding, and the existing extent of his interest has not changed. MANHATTAN Magántőkealap, administered by iKON Befektetési Alapkezelő Zrt., sold 821,018,- quantity of equity shares issued by 4iG Plc. by means of over-the-counter transaction for KZF Vagyonkezelő Kft., owned by Jászai Gellért. As a result of the transaction, the number of 4iG equity shares being in the shareholding of Manhattan Magántőkealap¹ changed to 4,058,982,- quantity, herewith the existing voting rights in the Company decreased to 4.32%. Simultaneously, the number of 4iG equity shares owned by KZF Vagyonkezelő Korlátolt Felelősségű Társaság increased to 54,024,518,- quantity, herewith the voting right measured to 57.47%.

¹ Manhattan Magántőkealap – in English: MANHATTAN Private Equity Fund

New subsidiary companies

4iG Plc. has extended the number of its subsidiary companies by two acquisitions in 2020.

On 09 July 2020, the Company acquired 100% business shares of TR Consult Kft., the aim of the herein acquisition is to expand the capacities of 4iG and service portfolio provided in the areas of cyber security.

In addition to the acquisitions, the **Board of Directors of the Company made the decision on the foundation of CarpathiaSat Magyar Űrtávközlési Zrt.**² (hereinafter referred to as: "Subsidiary Company") accounting 5,000,000,-HUF issued capital, and 365,000,000,-HUF capital reserve. In addition to the 44% shareholding in Antenna Hungária Zrt., and the 5% capital ownership in New Space Industries Zrt., 4iG holds 51% majority shareholding and dominant control in the aforesaid Subsidiary Company. Upon the foundation of the Subsidiary Company, the target of the founders is to have the first commercial satellite in Hungary and to launch thereof on the geostationary orbit in 2014, and to operate in the long run.

Following the thorough technical, financial and legal screening as of 14 October 2020, the final share sales contract on the acquisition of majority shareholding was concluded by and between 4iG Plc. and **INNObyte Zrt.** The aim of 4iG of the acquisition is the synergistic expansion of its development resources and competencies. With regards to 4iG, the acquisition of the majority shareholding in INNObyte contributes to gain market presence as an application developer in the areas of fintech, Industry 4.0, artificial intelligence development, and blockchain. The turnover in respect of 2019 of the companies of INNObyte employing 300 employees directly and indirectly was exceeding 3.3 billion Hungarian Forints in total, and the EBITDA of the hereof was a bit over 447 billion Hungarian Forints.

On 07 December, the Company acquired **100%** shareholding of business shares of **DTSM Kft.** (hereinafter referred to as: "DTSM"). The scope of activities of DTSM, founded in 2018, ranges from physical maintenance of data centers, via the installation of IT and telecommunication systems and maintenance, to setting-up cloud-based technologies and integration. DTSM, employing 140 members, holds dominant competencies in the areas of service desk services and serves 2,000 company clients on a daily basis.

The acquisition is an important step regarding the expansion of the existing capacity and competencies of 4iG. The aim of the Company is to build dominant position up in data center and IT systems maintenance, and in the area of service desk services.

Number of employees

By means of the acquisitions and the organic growth, the Company shows a significant growth regarding the number of employees during the year. **The number of employees employed indirectly and directly at 4iG Group increased by 48 percentage only in one year**, with that, it reached 924 employees on 31 December 2020.

² CarpathiaSat Magyar Űrtávközlési Zrt. – in English: CarpathiaSat Hungarian Space Telecommunications Private Company Limited by Shares

Capital market performance

The value of average stock market price of 4iG shares (553 Hungarian Forints) subject to the year of 2020 was 26.9% lower compared to the same period in the previous year. The average closing price regarding December 2020 is 636 Hungarian Forints, which is 3.9% lower compared to the closing price on 31 December 2019. The changes occurring in respect of the exchange rate are primarily due to the effects of the pandemic. **At the time of compilation of this report, 4iG shares were traded in the range between 620-650 Hungarian Forints.** With regards to the market capitalization of the Company, the thereof amount was 59.8 billion Hungarian Forints on 31 December in 2020.

Vision

The Corporate Group performed its expansion targets for 2020 and closes the most successful year during its existence of 25 years. Market positions of 4iG Plc. was strengthening in 2020, and the accomplishments and the future business visions are all positive, and as a result of hereof the management of the company forecasts further dynamic growth even for 2021.

The already performed and the planned acquisitions all support largely the successful operation of the corporate group, the development of the result indicators, and moreover the large-scale expansion of resources and the realization of strategy aims. The goal of the Board of Directors of the Company is to expand the portfolio of the Companies Group during the acquisition activities of 4iG with assets that work in synergy with our IT services.

One of the key objectives of 4iG is to continue its organic and acquisition-supported growth in a wide range of IT and ICT services in 2021, as well as to build additional strategic positions in the space and defence and telecommunications sectors.

In the latter area, 4iG is facing significant acquisitions in 2021. The Company may acquire a majority stake in Hungaro DigiTel Ltd., which is Hungary's leading and one of the dominant satellite telecommunications service providers in the region. In addition, it entered into a preliminary draft agreement with the Romanian RCS & RDS consortium to acquire the Hungarian interests of the DIGI Group. **The transactions under closure and preparation dovetail well with the growth plans announced by 4iG in the telecommunications market, in which our companies group considers Antenna Hungária Plc. as a strategic partner.**

**4iG PLC.
CONSOLIDATED FINANCIAL STATEMENTS**

**COMPILED IN LINE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS
31 December 2020**

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**Statement on the consolidated comprehensive
income**

data in thousands of Hungarian Forints unless otherwise
indicated

	Annex	2020	2019
Net sales revenues	3	57 299 644	41 129 298
Other operating income	3	480 150	355 716
Revenues in total		57 779 794	41 485 014
Goods and services sold	4	41 371 555	30 125 908
Operational expenditures	5	2 467 066	1 840 032
Staff costs	6	8 702 544	5 378 032
Other expenditures	7	191 243	65 015
Operational expenses		52 732 408	37 409 615
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		5 047 386	4 075 399
Depreciation and impairment	8	836 203	743 120
Earnings Before Interest and Tax (EBIT)		4 211 183	3 332 279
Financial income	9	338 979	173 912
Financial expenditures	9	375 027	191 703
Profit before tax		4 175 135	3 314 488
Income taxes	10	736 332	487 544
Profit after tax	11	3 438 803	2 826 944
Other comprehensive income		–	–
Total comprehensive income	12	3 438 803	2 826 944
<i>Of which: profit and loss of discontinuing operation</i>		0	0
Earnings per share (HUF)			
Base	13	38	31
Diluted	13	37	30
From profit after tax:			
Share per parent company		3 392 722	2 892 687
Share for external owner		46 081	(65 743)
From the total comprehensive income:			
Share per parent company		3 392 722	2 892 687
Share for external owner		46 081	(65 743)

Annexes included on pages 32 to 69 are inseparable parts of the herein consolidated report

**Consolidated statement on the
financial status**

data in thousands of Hungarian Forints unless otherwise indicated

	Annex	31 December 2020	31 December 2019
ASSETS			
Over-the-year assets			
Tangible assets	14	776 806	322 353
Intangible assets	15	709 689	478 597
Lease rights	15	965 959	635 577
Deferred tax assets	16	36 678	3 202
Goodwill	17	1 333 129	411 243
Other investments	18	166 570	97 488
Over-the-year assets in total		3 988 831	1 948 460
Current assets			
Liquid assets and cash equivalents	19	7 204 781	6 237 873
Trade receivables	20	17 494 311	12 891 746
Other receivables and accrued and deferred assets	21	5 397 751	2 065 341
Securities	23	417 730	442 600
Inventories	24	3 359 619	523 318
Current assets in total		33 874 192	22 160 878
Assets in total		37 863 023	24 109 338
RESOURCES			
Own equity			
Issued capital	25	1 880 000	1 880 000
Repurchased own shares	26	(322 930)	(92 251)
Capital reserve	27	816 750	816 750
Accumulated profit reserve	28	4 928 921	2 951 957
Own equity per parent company in total		7 302 741	5 556 456
Non-controlling interest		376 085	(63 743)
Own equity in total:		7 678 826	5 492 713
Long-term liabilities			
Provisions	29	92 287	56 718
Financial leasing liabilities	30	524 484	335 181
ESOP liabilities	45	450 590	0
Long-term liabilities in total		1 067 361	391 898
Short-term liabilities			
Trade creditors and other accounts payable	31	18 882 421	11 609 090
Short-term credits and loans	32	3 018 719	1 500 000
Other short-term liabilities and accrued liabilities	33	6 745 519	4 751 793
Dividend liability accounted for owners	34	27	0
Financial leasing liabilities	30	470 150	363 843
Short-term liabilities in total		29 116 836	18 224 726
Liabilities and own equity in total		37 863 023	24 109 338



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 subsidiary goodwill		0	0		(240 460)	(240 460)	0	(240 460)
Sale of own share		0	0	0	175 183	184 673	0	184 673
Profit after tax	12	0	0	0	2 892 687	2 892 687	(65 743)	2 826 944
NCI (non-controlling interest)		0	0	0	0	0	2 000	2 000
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)
Own share sale (exchange of shares)		0	264 606	0	585 394	850 000	0	850 000
Dividend		0	0	0	(2 001 152)	(2 001 152)	0	(2 001 152)
Profit after tax	12	0	0	0	3 392 722	3 392 722	46 081	3 438 803
NCI (non-controlling interest)		0	0	0	0	0	393 747	393 747
Balance on 31 December 2020		1 880 000	(322 930)	816 750	4 928 921	7 302 741	376 085	7 678 826

Annexes included on pages 32 to 69 are inseparable parts of the herein consolidated report

Consolidated Cash Flow statement

data in thousands of Hungarian Forints unless otherwise indicated

	Annexes	31 December 2020	31 December 2019
Cash Flow from operating activities			
Profit after tax	11	3 438 803	2 826 944
Corrections:			
Depreciation and impairment in the current year	8	836 203	743 120
Impairment	8	115 132	0
Provisions	29	94	38 520
Deferred tax	16	(37 022)	72 727
Interests	35	41 506	12 569
Impact of exchange rate fluctuation		(29 860)	0
<i>Changes in working capital</i>			
Changes in trade receivables	20	(3 896 000)	(8 586 064)
Change in inventories	24	(2 754 862)	(281 206)
Change in trade creditors	31	7 013 198	9 389 406
Change in financial lease (within-the-year)	30	(27 869)	356 120
Change in other receivables and liabilities	21; 33	(1 131 625)	2 670 413
Net cash flow from operating activities		3 567 698	7 242 549
Cash Flow from investments			
Sale of tangible assets (purchase)	14	(508 226)	(338 033)
Purchase of intangible assets	15	(721 918)	(1 132 633)
Securities	23	0	0
Over-the-year receivables	37	(6 101)	35 660
Acquisition of interests	18	(382 564)	2 798
Dividends and interests received for investments	38	0	0
Net Cash Flow from investments		(1 618 808)	(1 432 208)
Cash Flow from financing activities			
Long-term credits	32	316 813	0
Borrowing bank credits / (repayment)	32	1 371 010	(258 056)
Borrowing financial leasing (repayment)	30	(161 722)	337 913
Repurchased own shares	26	(495 285)	9 490
Interest of credits and loans	35	(41 506)	(12 569)
Dividend		(2 001 152)	0
Profit of own share sale	34	0	175 183
Net Cash Flow from financing activities		(1 011 842)	251 962
Impact of exchange rate fluctuation		29 860	
Net change in cash and cash-like items	19	966 908	6 062 303
Balance of cash and cash-like items at the beginning of the year	19	6 237 873	175 570
Yearend balance of cash and cash-like items		7 204 781	6 237 873

Annexes included on pages 32 to 69 are inseparable parts of the herein 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 controlling company over the 4iG Corporate Group.

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

Basis for balance sheet preparation

i) Approval and declaration

The Board of Directors approved the consolidated financial statements on 19 April 2021. The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations 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 consolidated financial statements are given in HUF currency, rounded to thousands in Hungarian Forints. The figures put in brackets stand for negative values.

The report is not audited by a certified auditor.

ii) The basis of reporting (Compliance Statement)

The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations 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

different evaluation principles are required by IFRS are respectively applied. The financial year is 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 employed accounting policy, as well as the values of assets, liabilities, revenues, and expenditures listed in the 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 includes 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 the seven companies belonging to the corporate group and the herein data of its subsidiary companies are, in line with the requirements, consolidated.

Upon 31 January 2019, HumanSoft Kft., Axis Rendszerház Kft., and Mensor 3D Kft. were all merged into 4iG Plc. The profit and loss data related to the 1st month of 2019 are included in the income consolidation.

Name of the subsidiary company	Registered office	Capital shareholding		Notes
		2020	2019	
CarpathiaSat Ltd.	1037 Budapest, Montevideo u. 8.	51%	n.d.	Founded on 17 August 2020
Humansoft Szerviz Kft.	1037 Budapest, Montevideo u. 8.	100%	100%	Founded on 17 April 2019
DOTO Systems Zrt.	1037 Budapest, Montevideo u. 8.	60%	60%	Founded on 03 July 2019
TR Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Acquired on 09 July 2020
Veritas Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	100%	Acquired on 10 September 2019
INNObyte Zrt.	1115 Budapest, Bartók Béla út 105-113. 6. em.	70%	n.d.	Acquired on 14 October 2020
DTSM Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Acquired on 07 December 2020

The data of INNOWARE Kft. (company registration number: (Company registration number: 01-09-290525; 1113 Budapest, Karolina út 65.), a 100% subsidiary of INNObyte Plc., were also included in the consolidation.

We identified acquisition by business combinations and 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. Companies acquired or sold during the year are included in the consolidated financial statements from the date of the transaction until the date of the transaction.

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. In preparing the consolidated financial statements, similar transactions and events are recorded in accordance with uniform 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. With regards 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 revenue from or expenditures on financial transactions in the profit and loss account.

The financial statements are prepared in Hungarian Forint (HUF), rounded to the closest thousand HUF value, except 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 sales revenues of the Corporate Group are accounted in accordance with the IFRS 15 standard (issued in May 2014; validated by IASB in respect of the financial years starting as of 01 January 2018 or later. The EU has implemented the standard).

The new standard introduces the basic principle that revenues may be recognized when the goods or services are transferred to the customer at the agreed price. Each severable tie-in goods and services shall be accounted for separately, and the applicable discounts shall be distributed to the corresponding elements of the contract. Whenever the amount of the consideration is changed, the minimum value may only be accounted for if and when the likelihood of repayment does not involve significant risk. The expenditures that arose during the obtainment of the customer contract shall be capitalized and depreciated during the term of the contract in accordance with the obtainment of the related profits by the Company.

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

Performance obligations

The obligations related to the sales revenue are fulfilled by the Company in accordance with the provisions of the contract. The obligations related to the sales revenue are fulfilled by the Company in accordance with the provisions of the contract. When concluding the contract, the Corporate Group must identify which goods or services it has promised to provide to the buyer, namely, what performance obligation it has undertaken. The Corporate Group may recognise the revenue when it has fulfilled its performance obligations by delivering the promised goods or performing the promised service. We can speak of performance when the buyer has acquired control of the asset (service).

Determining Transaction Price

When the contract is performed, the Corporate Group is required to recognize revenue related to the performance, which is nothing more than the transaction price assigned to the performance obligation. The transaction price is the amount the Corporate Group is expected to receive in exchange for the sale of goods and services.

Main revenue types:

Product sales account for a significant portion of the Corporate Group's sales, for which revenue is recognized when control of the product is transferred to the customer.

Another significant part of the revenue comes from IT projects. If the Corporate Group transfers control over the service on an ongoing basis, upon the conditions specified in the standard being met, it also continuously recognizes income arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service. The Corporate Group's projects and the method of their implementation may differ from project to project (hourly rate, fixed fee, from own resources, subcontracted, etc.). If the outputs can be measured reliably, the Corporate Group prefers the output method; however, for some projects, this method is not applicable, in which case the input method is used. If possible, the degree of readiness of the projects is determined in proportion to the services delivered with the help of the company's and the client's experts.

Customers generally pay their invoices with a 30-day payment deadline, in the case of reliable large customers this can be longer, new customers can receive products with prepayment. The Corporate Group does not act as an agent. Defective products will be accepted when returned, which we will repair or have repaired under the manufacturer's warranty. The Corporate Group shows the additional costs related to the conclusion of customer contracts as assets if the return thereof is reasonably expected.

In the case of contracts with a significant payment component, the Corporate Group takes the time value of money into account when calculating sales revenue.

2.1.4 Property, plant and equipment

The tangible assets are shown at their historical value, less 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 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 above shall be shown in the profit and loss account.

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 the different asset groups.

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

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

Following the recognition thereof, to the intangible assets, the cost model shall 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 at the end of the financial year. The own works are not capitalized (except for the

investment costs) but measured to the retained profit or loss in the year of their rise. The intangible assets are revised annually from the aspect of the loss in value either individually or on the level of the revenue-generating unit.

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

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

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

2.1.6 Goodwill

Goodwill is the positive difference between the purchase value and the fair value of the identified net assets of an acquired subsidiary company upon the day of acquisition. The goodwill is unamortised 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 less by the 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 accounts 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.

Goodwill:

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. These calculations require estimations. In order to establish the impairment of the

goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be estimated. The calculation of the useful value requires the management's estimation concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

2.1.9 Inventories / Stocks

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

2.1.10 Receivables

The receivables shall be shown in the statements 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 existing stock of receivables at the end of the year.

The Corporate Group accounts a certain amount as impairment to cover the eventual losses arising from the customers' payment default in respect of unenforceable or disputed claims. The impairment accounted for in respect of the unenforceable, and disputed receivables is determined individually and indicated in the balance sheet. The estimations used to evaluate the appropriateness of the loss in value accounted for unenforceable and disputed receivables shall be based on the ageing of the receivables, the creditworthiness of the customer, the changes in the customers' payment habits and other information in the Company's possession (e.g. insolvency, bankruptcy etc.).

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 of the securities not listed or sold on the stock exchange value equals the market value of a similar/substitute financial investment. If the market value cannot be determined by using this method, the market value of the investment shall be determined on the basis of the estimated future cash flow of the asset related to the investment.

The 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 account.

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 account. 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 reporting day.

Credit-related loss of financial instruments

Based on changes in credit risk, impairment is reviewed at each balance sheet date and it must be assessed whether impairment is recognised up to the amount of the credit-related loss expected over the life of the credit or the credit-related loss expected over the 12-month life. If it is not possible to assess at the level of the individual financial instrument whether its credit risk has increased significantly, it shall be assessed in groups.

Simplified and general approaches are used to measure and account for impairment.

1. Simplified approach

All financial instruments assessed under the simplified approach are assessed at the expected life expectancy credit-related loss. The simplified approach is applied to receivables from customers, in case of contractual instruments.

2. General approach

Based on the expected credit loss model, financial instruments are classified into three groups. The classification into three groups is based on changes in the credit risk of the financial instrument. The relative credit risk model is used to assess increased credit risk. The increase in credit risk compared to the initial recognition is reflected in the reclassification of financial instruments between baskets.

Based on the expected credit loss model, the impairment can be divided into three groups: impairment calculated on the basis of the expected credit loss over 12 months / calculated on the basis of the expected credit loss over the lifetime / calculated using the effective interest rate method.

The general approach is applied to other financial receivables and loans granted.

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. In the evaluation of loans, the transaction costs directly related to the obtaining of the financial liability shall also be taken into consideration.

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

expectably required to settle the liability, the book value of the provision shall be equal to the present value of such cash flow amount.

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

The current liabilities resulting from onerous contracts are shown as provisions. 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 the direct costs of restructuring that are inevitably related to the restructuring and not related in any form to the continuing business operation of the economic entity.

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 covers tax obligations from the current year and deferred tax elements as well. 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 given year. The amount of the taxable profit differs from the profit and loss before taxation shown in the consolidated financial report. The hereof difference shall 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 regards 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 time-related difference is expected 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 revises 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. The Company shall enter the former off-balance sheet receivables that are expected to be recovered to the stock, in order to reduce the amount of the future corporate income tax. On the contrary, the 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 are measured directly to own equity, if the tax base is or was measured to the own equity also either in the current or in a former reporting period, including the amendments of the initial values of reserves due to changes of retrospective effect in the accounting policies.

Regarding the possibility of the settlement of deferred tax assets and liabilities against each other is allowed, if the Company is 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 having an effective date as of 01 January 2019 and applicable in the reporting periods starting on the effective day or thereafter. The new standard shall 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 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 Corporate Group applies the IFRS 16 standard from 1 January 2019; however, as an exception, the Company accounts for the lease fee paid for the short-term lease of small-value assets as an expenditure.

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 less 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 earnings 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 31 December 2020, 4iG Plc. and its subsidiary companies owned 1,670,086,-quantity own shares. At the end of 2020, the value of EPS was diluted by the value of options granted under the ESOP program.

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, except if the possibility of an outflow of the sources of economic benefit is distant and minimal. Off-balance sheet receivables are not included in the 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 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. The number of own shares possessed by 4iG Plc. as of 31 December 2020 was 1,670,086,- quantity.

2.1.19 Dividend

The amount of dividend shall be accounted for in the year when it is 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. The payment of dividends, with the exception of 27,- HUF in thousands, was performed upon the contribution of KELER Zrt.³ The excess of 27,- HUF in thousands was paid in February 2021.

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 costs and expenses, it shall be accounted for among the revenues (in row 'other revenues') in the period when the relevant costs and expenses occur. When the subsidy is intended to cover the purchase price of assets, it shall be shown as deferred income and credited to the profit in equal amounts during the purchased asset's useful life.

2.1.22 Events after the balance sheet day

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

2.2 Changes in the accounting policy

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

³ KELER Zrt. – in English: Central Clearing House and Depository

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 the hereunder, the application of the above standard and interpretation was of no material effect on the Company's financial statements; however, it resulted in the occurrence of further publication obligations.

Amendment to References to IFRS Conceptual Framework (effective from 01 January 2020)

References in IFRS standards and interpretations have been amended according to the new Conceptual Framework. The amendment did not have a material impact on the Corporate Group's assets and income.

Amendments to IAS 1 and IAS 8 standards (effective from 01 January 2020)

The standard changes clarified the concept of materiality. The amendment did not have a material impact on the Company's assets and income.

Amendment to IFRS 3 Business Combinations Standard (effective from 01 January 2020)

The standard change clarifies changes in the concept of a business activity that a business activity or group of assets has been acquired. The amendment did not have a material impact on the Corporate Group's assets and income.

Amendments to IFRS 9 and IAS 8 standards (effective from 01 January 2020)

The result of the Benchmark Interest Rate Reform is the amendment of standards. It is a practical guidance on hedge accounting requirements. The amendment did not have a material impact on the Corporate Group's assets and income.

IFRS 10 Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures

IASB has announced amendments of IFRS 10 and IFRS 28 standards. These amendments apply to the asset sales and transfers between the investor and the associates or joint ventures. The adopted EU Regulation as of 7 February 2018 requires the application of amendments to IAS 28 standards in the reporting periods 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 (effective from 01 January 2018), the Corporate Group employs as of 2018.

IFRS 9 Financial instruments: recognition and measurement (effective from 01 January 2018), the Corporate Group employs as of 2018.

IFRS 16 Lease transactions (effective from 01 January 2019) 4iG Plc. has adjusted its books and records to be compliant with IFRS 16 and has been accounting for the lease transactions

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.

IFRS 16 Lease transactions (effective from 01 June 2020)

The standard amendment clarifies the handling of lease discounts related to COVID 19 so that discounts are not accounted for as lease modifications but are accounted for as if they were not lease modifications. The Corporate Group applied the amendment for the year ending as of 31 December 2020 and the amendment did not have a material impact on the Corporate Group's assets and income state.

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. 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 reports on years starting on 01 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 of the European Commission as of 07 February 2018 requires the application of the amendments effective from 01 January 2018, applicable in reporting periods starting on the effective day 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 – adopted by the EU on 10 December 2019 (having an effective date as of 01 January 2020, applicable in reporting periods starting on the effective day or thereafter).

IFRS 2 Share-based Payment – The amendment was required due to a specification concerning the classification and measuring share-based payments. The Company established its ESOP organization in 2020 and shall apply IFRS 2 from that year. The impact on the Corporate Group thereof is presented in Point 30.

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.

In 2020, the Corporate Group applied all IFRS standards, amendments and interpretations effective from 01 January 2020 that are relevant to the Corporate Group's operations.

Amendments and interpretations of existing standards and new standards not effective and herewith, 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 01 January 2022, and applicable in the reporting periods starting on the effective day or thereafter).

Classification of liabilities as short-term or long-term: in January 2020, IASB amended paragraphs 69-76 of IAS 1 to specify the requirements for classifying liabilities as short-term or long-term. The Corporate Group is currently examining the impact of the amendments on current practice.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendment of First-time Adoption of a Subsidiary Standard As part of the developments in IFRS standards in the years 2018–2020, IASB amended IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment is not expected to have a material impact on the Corporate Group's financial statements.

Amendment to IFRS 3 standard - Definition of Business (issued on 22 October 2018, effective for acquisitions realised in the business year commencing on 01 January 2020, the EU has not yet adopted the amendments).

In May 2020, **IASB** issued amendments to IFRS 3 Business Combinations – Reference to amendments of the Conceptual Framework. The amendments are not expected to have a material impact on the Corporate Group's financial statements.

IFRS 9 Financial Instruments - Fees in the “10 Percent” Test of De-recognition of Financial Liabilities

As part of the development of IFRS in the years 2018–2020, IASB issued an amendment to IFRS 9. The amendment clarifies the fees charged by a company in assessing whether the terms of a new or amended financial liability differ materially from the terms of the original financial liability. The amendments are not expected to have a material impact on the Corporate Group's financial statements.

Amendments to **IFRS 10 “Consolidated Financial Statements”** and **IAS 28 “Investments in Associated Enterprises and Joint Ventures”**- Sale or transfer of assets between an investor and its associate or jointly controlled enterprise (effective date has been postponed indefinitely until the research project comes to a conclusion on the equity method). Management believes that the application of the amendment will not have an impact on the Corporate Group's financial statements.

IAS 16 Property, Plant and Equipment: Revenue Before Intended Use

In May 2020, IASB issued an amendment to Property, Plant and Equipment – Revenue Before Intended Use, which prohibits that companies deduct from the historical value of an item of property, plant and equipment the income from the sale of a manufactured product before their intended use. The amendment is not expected to have a material impact on the Corporate Group's financial statements.

Amendments to IAS 19 ‘Employee Benefits’ standard - Plan Amendment, Curtailment or Settlement (having an effective date as of 1 January 2019, applicable in reporting periods

starting on the effective day or thereafter). It is not relevant to the Corporate Group as it does not apply pension-based accounting.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendment to IAS 37: In May 2020, IASB amended IAS 37 to determine which costs an entity should consider in assessing whether a contract is onerous or loss-making. The amendments are not expected to have a material impact on the Corporate Group's financial statements.

IFRS 23 'Uncertainty over Income Tax Treatments' (having an effective date as of 01 January 2019, applicable in reporting periods starting on the effective day or thereafter). The standard has no relevance from the aspect of the Corporate Group.

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 the herein Point 2.1. 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 Goodwill impairment

Pursuant to Point 2.1.7 of material accounting principles, the Corporate Group examines on a yearly basis whether there is an impairment in respect of the goodwill. The rate of return of the cash-generating units is determined on the basis of the useful value calculation. These calculations require estimations. In order to establish the impairment of the goodwill, the useful value of the cash-generating units to which the goodwill was assigned shall be

estimated. The calculation of the useful value requires the management's estimation concerning the expectable future cash-flow of the cash-generating unit and the suitable discount rate, as these are the basis of the present value calculations.

2.3.2 Impairment accounted for unenforceable and disputed receivables

The Corporate Group accounts 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.

2.3.3 Depreciation

The property, plant and equipment as well as the intangible assets, are recognized at their historical value. The applied depreciation method is the linear depreciation throughout the useful life of the assets. The amount of depreciation accounted for by the Corporate Group was 836,203,- HUF in thousands for the year of 2020. The useful life of the assets is determined on the basis of past experience in respect of similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

3. Sales revenue and other operating income

	<u>2020</u>	<u>2019</u>
Net sales revenues	57 299 644	41 129 298
Own performance capitalized	219 420	47 769
Other revenues	260 730	307 947
Total	<u>57 779 794</u>	<u>41 485 014</u>

Distribution of sales by main types:

From service: 23 381 733,- HUF thousand

Product sales: 33 766 072,- HUF thousand

The Corporate Group's sales revenue increased significantly after the jump in 2019 partly as a result of the acquisitions and the reorganization and strengthening of the commercial organization and the increased lobbying power of the management. The increase in sales revenue also affects the increase in other expenses and expenditures.

In respect of 2020, the amount of 604,624,-HUF in thousands was accounted for export sales revenue regarding the export sales revenue, while thereof amount measured 1,330,947,-HUF in thousands in 2019.

With regards to the sales revenue of the Corporate Group, one-year cyclicity shall be experienced. Due to the nature of the activity regarding the sales revenues of the quarters of I and III are lower and it is even more significant in the quarter of II, with that, 40% of the annual turnover is being realized in the quarter of IV.

The content of other operating income is as follows:

	<u>2020</u>	<u>2019</u>
State subsidy and refunds	153 875	196 652
Provisions backmarking	21 037	2 050
Penalties, liquidated damages, compensations	4 536	2 454
Income of intangible assets and tangible assets sold	4 183	29 900
Manufacturer service costs refund	0	41 661
Impairment marked back	17 670	2 859
Workers fees	25 736	16 766
Other subsidies	31 201	13 256
Other	2 492	2 349
Total	<u>260 730</u>	<u>307 947</u>

Out of the state budget subsidies, 184,-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.

32,393.- HUF in thousands of accrued income based on the aid intensity of the personnel costs accounted for the R&D tender entitled "National Innovation Oncogenomics and Precision Oncotherapy Program" during the period.

The amount of 54,493,-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 48,500,-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'.

9,800,-HUF in thousands is the income of the accrued staff costs on the basis of the subsidy intensity in the period accounted for GINOP-2.3.4-15-2020-00010 code number tender, "Center for University-Industry Cooperation – Development of Research Infrastructure".

From the state subsidies, 765,-HUF in thousands is the amount accounted for NFKI Fund 'MEHASCAN5D - Development of Universal Quality Control Solutions for Automotive and Machine-Engineering Technologies'.

The accounted income is in proportion to the intensity of the subsidy granted to cover the related costs and expenses.

Own performance capitalized in the amount of 219,420,-HUF in thousands 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 638,345,-HUF in thousands, was invoiced between the member companies of the Corporate Group.

4. Goods and services sold

	<u>2020</u>	<u>2019</u>
Cost of goods sold	27 446 142	22 589 661
Cost of services sold	13 925 413	7 536 247
Total	<u>41 371 555</u>	<u>30 125 908</u>

The size of thereof is justified by the nature of the Corporate Group's activities and the fact that there is a need for external resources in connection with the outstanding growth of its turnover.

5. Operational expenditures

	<u>2020</u>	<u>2019</u>
Material costs	164 287	124 859
Value of contracted services	2 209 589	1 641 026
Value of other service activities	93 190	74 147
Total	<u>2 467 066</u>	<u>1 840 032</u>

Along with the expansion of the activity, the operating expenses also increased.

6. Staff costs

	<u>2020</u>	<u>2019</u>
Wages and salaries	6 776 400	4 178 355
Other staff benefits	681 071	330 902
Contributions on wages and salaries	1 245 072	869 403
Total	<u>8 702 544</u>	<u>5 378 660</u>

Average statistical number	667	481
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The development of the Corporate Group also required a similar increase in the number of employees and the hiring of highly skilled employees, and as a result, personnel costs increased significantly.

7. Other operating expenditures

	<u>2020</u>	<u>2019</u>
Grants for foundations	28 170	6 000
Penalties, liquidated damages, compensations	28 960	9 730
Value of intangible assets and tangible assets sold	2 409	37
Taxes, duties, contributions	6 803	5 023
Impairment of inventories	77 681	0
Bad debt	14 670	11 824
Impairment of receivables	30 570	30 764
Loss related to loss events	170	91
Other	1 810	0
Total	<u>191 243</u>	<u>65 015</u>

The amount of the foundation's grants increased because in 2020 the 4iG Plc. supported ÁGOTA (Állami Gondoskodásban Élő és Veszélyeztetett Fiatalok Támogatásáért) Foundation⁴ with 20,229,- HUF in thousands.

Every year, 4IG Plc. reviews the marketability of its inventories and, based on the market knowledge of traders, recognizes an impairment loss for inventories that are difficult to move, and discards dead stocks.

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

Description	Opening	Transfer	Increase	Backmarking	Closing
Trade receivables	29 827	(26 827)	11 136	(3 000)	11 136
Other receivables	17 511	26 827	483	14 670	30 151
Loan provided for the project company	29 268		18 951	29 268	18 951
Inventories / Stocks	55 955		77 681	0	133 636
Total	132 560	0	108 253	46 938	193 875

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

⁴ ÁGOTA (Állami Gondoskodásban Élő és Veszélyeztetett Fiatalok Támogatásáért) Foundation – in English: For the Support of Young People in Public Care and at Risk

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.

	<u>2020</u>	<u>2019</u>
Depreciation	836 203	743 120
Goodwill impairment	0	0
Total	<u>836 203</u>	<u>743 120</u>

9. Revenue from and expenses on financial transactions

Financial income	<u>2020</u>	<u>2019</u>
Interests received	2 239	2 033
Exchange gain	336 740	171 879
Total	<u>338 979</u>	<u>173 912</u>

The amount of 92,409,-HUF in thousands of exchange gain was due to the revaluation, while the amount of 243,863,-HUF in thousands of receivables and liabilities is accounted for exchange rate difference.

Financial expenditures	<u>2020</u>	<u>2019</u>
Interests paid	43 744	14 601
Loss on exchange	331 283	177 102
Other	0	0
Total	<u>375 027</u>	<u>191 703</u>

The amount of 68,894,-HUF in thousands of loss on exchange was due to the revaluation, while the amount of 237,518,-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:

	<u>2020</u>	<u>2019</u>
Corporate income tax	421 257	173 380
Deferred tax	(37 022)	72 727
Business tax	307 889	209 990
Contribution on innovation	44 208	31 447
Total	<u>736 332</u>	<u>487 544</u>

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 measures 9 percentage.

Taxation is calculated as follows:

	<u>2020</u>	<u>2019</u>
Profit before tax	4 175 135	3 314 488
On the basis of the current tax rate, the tax payment obligation is to be calculated by the ratio of 9%.	375 762	298 304
Business tax	307 889	209 990
Contribution on innovation	44 208	31 447
Constant differences	8 473	(52 197)
Income taxes in total	<u>736 332</u>	<u>487 544</u>

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

	<u>2020</u>	<u>2019</u>
Profit after tax	3 438 803	2 826 944

12. Total comprehensive income

	<u>2020</u>	<u>2019</u>
Total comprehensive income	3 438 803	2 826 944

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

13. Earnings 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.

	31 December 2020	31 December 2019
Profit after tax	3 438 803	2 826 944
Weighted average number of the equity shares issued	94 000 000	94 000 000
Weighted average of shares carrying voting rights	91 268 857	91 710 846
Diluted EPS indicator	37	30
Earnings per share (base) EPS in HUF	38	31

On 31 December 2020, the Corporate Group owned 1,670,086 own shares and on 31 December 2019 2,250,000 own shares. On 31 December 2020, 4iG Plc. considered 1,733,092,- quantity share options granted to the ESOP Organization and expected to be called on, which minimally diluted the value of the EPS ratio.

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 01 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	57 798	491 042	21 191	960 450	1 530 481
Decrease and reclassification	(784)	(63 073)	0	(714 928)	(778 785)
Consolidated modification	0	(56 067)	0	0	(56 067)
on 31 December 2020	314 326	1 223 598	90 020	252 800	1 880 324
Accrued depreciation					
on 01 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
Current year depreciation	4 984	229 771	4 514	0	239 269
Decrease	(1 383)	(62 269)	0	0	(63 652)
Rounding/Transferred from new company	21 810	42 888	863	0	65 561
on 31 December 2020	282 684	797 357	23 477	0	1 103 518
Net book value					
on 01 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 31 December 2020	31 642	426 241	66 543	252 800	766 806

The increase in property, plant and equipment is the result of purchases, and the Corporate Group scrapped assets that can no longer be used for its operations in the amount of 63,857,- HUF in thousands.

15. Intangible assets

data in HUF in thousands	IFRS 16 Leases	Concessions and similar rights	Intellectual properties	Total
Gross value				
on 01 January 2019	0	218 803	1 715 228	1 934 031
Increase and reclassification	1 017 185	13 983	114 128	1 145 296
Decrease and reclassification	0	0	(54 823)	(54 823)
Rounding				
on 31 December 2019	1 017 185	232 786	1 774 533	3 024 504
Increase and reclassification	697 042	23 214	433 429	1 153 685
Decrease and reclassification	0	0	(131 500)	(131 500)
Rounding/Unfinished	0	69 571	(61 133)	8 438
on 31 December 2020	1 714 227	325 571	2 015 329	4 055 127
Accrued depreciation				
on 01 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/ from new company	0	12 662	29 782	29 782
on 31 December 2019	323 249	231 369	1 355 712	1 910 330
Current year depreciation	425 019	9 530	162 385	596 934
Decrease	0	0	(131 500)	(131 500)
Rounding/ from new company	(1)	1 921	1 795	3 715
on 31 December 2020	748 267	242 820	1 388 392	2 379 479
Net book value				
on 01 January 2019	0	13 089	557 057	570 144
on 31 December 2019	693 936	1 417	462 200	1 114 174
on 31 December 2020	965 959	82 751	626 937	1 675 648

The application of IFRS 16 standard in respect of 2020 resulted in an increase of 272,023,-HUF in thousands in relation to the value of the Corporate Group's assets, while, as of the end of the period, regarding the net value of the lease rights was accounting 965,959,-HUF in thousands.

In 2020, in the framework of development, the amount of 104,252,- HUF in thousands was data warehouse developed for internal utilization, and the amount of 54,000,- HUF in thousands was software developed for the 2020/2019-1.1.1-PIACI-KFI-2019-0,0308 R&D tender of capitalized own performance accounted. The development of the data warehouse started already in 2019. Some of the developments (93,020,- HUF in thousands on 31 December 2020) are registered by the Company as "unfinished development projects". These are not depreciated because they are not ready for use and are tested for impairment at the

end of each period. Based on the 2020 survey, there was no indication of impairment, so no impairment was recognized.

With regards, the 131.500,- HUF in thousands decrease in respect to the intellectual property was due to the scrapping accounted for disused assets.

Individually significant intangible assets

data in HUF in thousands

Description	Book value	Amortization period	Amortization closing date
Contentum (KIR) ⁵ program system	218 256	7 years	31 December 2024
on 31 December 2020	218 256		

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 2020, was realized by 3 year benchmark return (0.70 percentage) discount of ÁKK⁶.

The result of the investigation in 2020, upon accounting and calculating the income and costs predicted for the following year, shows the hereunder present value:

	<u>Present Value</u>
Contentum (KIR) program system	252 231
Total:	252 231

By the use of software the 4iG Plc. continuously gains income, and 69,664,-HUF in thousands income was accounted for in 2020 as a result of the utilization of the herein, and for the years from 2020 to 2024 the amount of 70 to 90 million HUF is predicted with respect of thereof, and therefore no impairment is reasonable.

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. Provided that 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 recognizing the asset, the Corporate Group calculates the return thereof 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:

⁵ Contentum (KIR) – in English: Public Education Information System

⁶ ÁKK – in English: Government Debt Management Agency Ltd.

	31 December 2019	Increase	Utilization	31 December 2020
Impairment of receivables	6 895	0	(5 030)	1 865
Property, plant and equipment	(24 592)	0	4 520	(20 072)
Provisions	4 972	36 910	(4 972)	36 910
Accrued and deferred loss	15 927	2 904	(856)	17 975
Deferred tax assets in total	3 202	39 814	(6 338)	36 678

	31 December 2018	Increase	Utilization	31 December 2019
Impairment of trade receivables	4 428	2 724	(257)	6 895
Property, plant and 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

4iG Plc. has extended the number of its subsidiary companies by two acquisitions in 2020.

On 09 July 2020, the Company acquired 100% business shares of TR Consult Kft., the aim of the herein acquisition is to expand the capacities of 4iG and service portfolio provided in the areas of cyber security.

Following the thorough technical, financial and legal screening as of 14 October 2020, the final share sales contract on the acquisition of majority (70%) shareholding was concluded by and between 4iG Plc. and **INNObyte Zrt**. The aim of 4iG of the acquisition is the synergistic expansion of its development resources and competencies.

On 07 December, the Company acquired **100%** shareholding of business shares of **DTSM Kft.** (hereinafter referred to as: "DTSM"). The scope of activities of DTSM, founded in 2018, ranges

from physical maintenance of data centers, via the installation of IT and telecommunication systems and maintenance, to setting-up cloud-based technologies and integration.

In the course of the current year's acquisitions, in addition to the assets, management functions and related process were acquired. We identified the acquisitions per business combination.

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

Name of the subsidiary company	31 December 2020	31 December 2019
former FreeSoft Kft.	411 243	411 243
TR Consulting Kft.	252 253	0
INNObyte Zrt.	593 267	0
DTSM Kft.	76 366	0
Goodwill in total	1 333 129	411 243

Main data of subsidiary companies acquired in the current year:

Description	TR Consult Kft.	DTSM Kft.	INNObyte Zrt.
Year of recognition	2020	2020	2020
Recognition mode	Acquisition	Acquisition	Acquisition
Equity	100%	100%	70%
Net cash flow paid	257 091	–	388 975
Book value of net asset	59 915	89 343	728 485
Fair value adjustment	(55 077)	(15 708)	(20 330)
Net asset fair value	4 838	73 635	708 155
Of which:			
Invested assets:	440	59 904	643 578
Liquid assets	223	46 198	35 779
inventories	0	616	158 505
Receivables and accrued and deferred assets	505 685	206 778	997 795
Long-term loans	(28 000)	(24 156)	(468 935)
Short-term liabilities	(473 510)	(215 704)	(658 567)
Badwill	0	0	0
Goodwill	252 253	76 366	593 267
Non-controlling interest	0	0	212 446
Income since acquisition	435 030	83 803	1 068 048
Profit and loss since acquisition	57 640	(5 745)	279 713

The purchase price is included in the row of investments in the individual financial statement.

The income and the profit and loss of the Corporate Group in respect of the actual reporting period, like the time of each and all business combination acquisition(s) conducted during the year would be the starting day of the annual reporting period is as follows:

- income: 3 597 887,-HUF in thousands
- total comprehensive income: 61 129 858,-HUF in thousands

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 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 less by the possible impairment.

Upon 2 April 2004, the accounted FreeSoft goodwill is due to the acquisition of FreeSoft Kft. in line with the set accounting rules of that time. The hereof company, later, merged into FreeSoft Rt., (the predecessor of 4iG Plc.).

In 2020, the total value of goodwill increased significantly through the acquisition of 3 subsidiaries.

The FreeSoft goodwill was allocated as cash-generating unit in respect of the IT activities taken over from FreeSoft acquisition. The evaluation of the cash-generating unit is calculated on the basis of the present value of future net transaction (DCF calculation).

All goodwill realized during the acquisition of subsidiaries is related to the Group's IT activities and has therefore been allocated to this cash-generating unit.

The Corporate Group tests for signs of impairment of goodwill annually. To assess this, it prepares an annual calculation of the goodwill of the cash-generating units.

The value of the accounted Goodwill continues to be measured in relation to the Corporate Group's (expanded due to mergers and acquisitions and significant growth in business) IT activities as a cash-generating unit. The recoverable amount of IT activity as an operating segment is recognized each year based on the same principles. Due to the constantly changing factors of the dynamically developing IT market, the DCF calculation is based on the precautionary principle, taking into account a 5-year time horizon.

Data employed for calculation of recoverable amount is as follows:

BASIC DATA ITEMS	2021	2022	2023	2024	2025
Risk-free interest rate (ÁKK Benchmark return 10 years)	0,00	0	0	0	0
Risk factor	5,50	5,50	5,50	5,50	5,50
Hurdle market rate	5,50	5,50	5,50	5,50	5,50
BUBOR	0,80	0,80	0,80	0,80	0,80
Premium rate (weighted average in accordance with the agreement) (%)	2,0	2,00	2,00	2,00	2,00
Lending interest rate	2,80	2,80	2,80	2,80	2,80
Rate of own equity	63,24	63	63	63	63
Rate of outside capital	37	37	37	37	37
Beta	1,05	1,05	1,05	1,05	1,05
WACC (weighted average cost of capital)	4,52	4,52	4,52	4,52	4,52
Discount rate	–	1,00	0,96	0,92	0,88

On the basis of 2020 measurement, the DCF-based rate of return of IT segment as cash-generating unit is as follows:

Asset value of IT segment	Of which goodwill	Recoverable amount of IT segment
2 635 455		42 714 526
	1 333 129	
2 635 455	1 333 129	42 714 526

Based on the above calculation, no circumstance inducing impairment has been identified, no impairment is required.

18. Other investments

The Corporate Group indicates its investments in project companies in the balance sheet item of other investments.

data in HUF in
thousands

Name of the company	Investment in initial capital	Rate of votes in %	Additional payment/guarantee deposit	Investment in total
Alliance Klaszter Menedzsment Kft.	350	11.11	0	350
Ökopolisz Kft.	430	14.28	0	430
iCollWare Kft.	700	19.80	75 805	76 505
SziMe3D Kft.	570	19.00	0	570
4iG bank guarantee deposit				6 000
on 31 December 2020	2 050	–	75 805	83 855

In 2020, the additional payment of iCollWare Kft., taking into account the expected return, was recognized as an impairment loss of 18,951,- HUF in thousands.

19. Liquid assets and cash equivalents

	<u>31 December 2020</u>	<u>31 December 2019</u>
Cash-desk	9 326	7 005
Bank	7 195 455	6 230 868
Total	<u>7 204 781</u>	<u>6 237 873</u>

On 31 December 2020, the amount of 142,859,-HUF in thousands in EUR, while the amount of 114.114,-HUF in thousands in USD were available for the Corporate Group regarding liquid assets.

20. Trade receivables

	<u>31 December 2020</u>	<u>31 December 2019</u>
Trade receivables	17 505 447	12 921 573
Impairment of trade receivables	(11 136)	(29 827)
Total	<u>17 494 311</u>	<u>12 891 746</u>

The Corporate Group has assessed the need for a credit-related loss to be recognized in connection with receivables in accordance with the requirements of IFRS 9. When calculating the credit-related loss, the Corporate Group uses the simplified model for trade receivables and contract assets (the life-cycle method), for other assets - as our survey shows that credit risk has not increased significantly since initial recognition - the Corporate Group has calculated a 12-month expected credit-related loss.

Expected credit-related losses were assessed on a combined basis for each asset group as follows:

- trade receivables
- other receivables: accrued and deferred assets (contractual instruments), loans granted

Factors taken into account when measuring credit-related losses:

- whether the credit risk of financial instruments has increased significantly since initial recognition:
 - specific loans, contractual instruments: we consider these financial instruments to be of low credit risk, as these instruments are typically not past due on the reporting day, the risk of default is negligible
 - trade receivables: 3% of overdue receivables older than 30 days, no significant trade receivables depreciation has been made in previous years, there are no significant delays, therefore we consider the thereof receivables to be low risk
- Impaired financial assets: the financial assets shown in the financial statements are typically not classified as impaired, as we expect a full return, the risk of default is negligible. Impaired: receivables in the amount of 29,668.- HUF in thousands – sold in the meantime and classified as other receivables – for which we have established a 100% impairment in previous years.
- forward-looking information (especially the effects of the Covid situation) was also taken into account when estimating credit-related loss. The Company has no significant receivables in the segments affected by Covid.
- in connection with trade receivables, the Company recorded a credit-related loss of 11,136,- HUF in thousands.

Credit-related loss and impairment movements:

<u>Credit-related loss</u>	Closing	Increase	Decrease	Opening
Trade receivables	11 136	11 136	0	0
other receivables	0	0	0	0
<u>Impairment</u>				
Trade receivables	0	0	(29 827)	29 827
other receivables	29 668	29 668	0	0

The reason of the significant growth of the stock of trade is that the turnover of the Company upon the order accelerations grew significantly.

21. Other receivables and accrued and deferred assets

	<u>31 December 2020</u>	<u>31 December 2019</u>
Other receivables	2 237 329	1 166 966
Accrued and deferred assets	3 160 422	898 375
Total	<u>5 397 751</u>	<u>2 065 341</u>

The value of other receivables includes following hereinunder:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Advance payments	1 937 565	594 661
Liquid assets lent for short-term	21 876	3 104
Lease charge deposit	124 973	83 805
Guarantees provided	143 233	143 998
Other short-term receivables	9 682	336 398
Total	<u>2 237 329</u>	<u>1 166 966</u>

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

As of 31 December 2020, the members of the Corporate Group have the following claims towards each other, filtered out upon the consolidation of the reports:

partner	4iG Plc.	CarpathiaSat Ltd.	DOTO Zrt.	HS Szerviz Kft.	INNObyte Zrt.	INNOWARE Kft.	TR Consult Kft.	Veritas Consulting Kft.	Total
4iG Plc.		67	334 000	7 698			17 377	175 333	534 475
DOTO Zrt.	226 521								226 521
INNObyte Zrt.	69 100					10 000			79 100
INNOWARE Kft.					1 060				1 060
TR Consult Kft.	26 696								26 696
Total:	322 317	67	334 000	7 698	1 060	10 000	17 377	175 333	867 852

Composition of accrued and deferred assets:

	31 December 2020	31 December 2019
Receivables under accrued and deferred assets	2 931 968	791 504
Costs and expenditures under accrued and deferred assets	228 454	106 871
Total	3 160 422	898 375

The costs and expenditures under accrued and deferred assets include costs and expenditures invoiced prior to the balance sheet day but accounted for 2021. In line with IFRS 15 standard, the receivables under accrued and deferred assets include those items of the income which were actually performed in 2020, but only invoiced and documented at the beginning of 2021, and moreover, as it is set forth in IAS 20 standard, the state subsidy in the amount of 166,271,- HUF in thousands accrued for 2021 in proportion with the costs and in accordance with the intensity of the subsidy. If the Company transfers control over the service on an ongoing basis, upon the conditions specified in the standard being met, it also continuously recognizes those arising from the sale of services in accordance with the methods specified in the standard, according to the nature of the service.

22. Current income tax receivables / (liabilities)

	31 December 2020	31 December 2019
Corporate income and dividend tax	(324 060)	5 133
Local business tax	(81 021)	2 798
Contribution on innovation	(38 163)	(27 133)
Total	(443 244)	(19 202)

The amount of income tax receivables with minus sign is reclassified for liabilities in the balance sheet.

23. Securities

Upon 31 December 2020 the security stock of the Corporate Group measured 417,730,-HUF in thousands as follows hereunder.

	31 December 2020	31 December 2019
Shares	331 600	331 600
Business shares	86 130	111 000
Shares of investment funds		
Total	417 730	442 600

	Purchase value	BSE exchange rate 31 December 2020	Fair value 31 December 2020
490,- quantity of Csokréta Holding shares (19.84%)	237 500	not relevant	237 500
64,- quantity of EBPP.HU shares (9.14%)	94 100	not relevant	94 100
GridLogic Kft. business share (9.91%)	111 000	not relevant	86 130
Total	442 600		417 730

The fair value of the GridLogic Kft. business share was determined on the basis of the data included in the balance sheet of 2020 with a fair value measurement difference of (24,870),- HUF in thousands. With regards, since there was not up-to-date information available to make the estimation of the fair value of EBPP.HU and Csokréta shares, the investment is indicated at historical value as a satisfying estimation of the fair value. The investigation of the data on the previous years does not justify impairment accounting.

24. Inventories / Stocks

	31 December 2020	31 December 2019
Finished goods	–	–
Goods	3 337 542	522 731
Materials	77 814	56 412
Refundable packaging	218	130
Impairment of inventories	(55 955)	(55 955)
Total	3 359 619	523 318

The stock of inventories increased in connection with the expansion of the activity, no further impairment was required, the acquired inventories are used for the activity.

Every year, the Corporate Group reviews the marketability of its inventories and, based on the market knowledge of traders, recognizes impairment for inventories that are difficult to move, and discards dead stocks. The carrying amount of inventories is therefore the lower of sales value less costs to sell or historical value.

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 means 1 vote. Preference share or any other share granting special rights are not available. There is no voting rights attached 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.

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

	31 December 2020	31 December 2019
Opening value	1 880 000	1 880 000
Increase	0	0
Decrease	0	0
Closing value	1 880 000	1 880 000

The IFRS share capital equals with the share capital registered by Cégbíróság⁷. Share capital change did not occur.

26. Repurchased own shares

The change of stock of 4iG own shares owned by the Corporate Group (quantity) is presented in the hereunder chart as follows:

	31 December 2020	31 December 2019
4iG Plc.	1 670 086	2 250 000
Total	1 670 086	2 250 000

The repurchased value of the own shares is 322,930,-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 636,-HUF per quantity, with that, the exchange rate of the average price was measured to 553,-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

⁷ Cégbíróság – in English: Company Registry Court

the debit of the capital reserve, in the amount of 257,750,-HUF in thousands. Accordingly, the amount of the capital reserve is 816,750,-HUF in thousands as of 31 December 2020.

28. Accumulated profit reserve

Accumulated profit reserve accounted for the previous year and profit and loss of period under review are presented aggregated in the row of accumulated profit reserve.

	<u>31 December</u> <u>2020</u>	<u>31 December</u> <u>2019</u>
Accumulated profit reserve	4 928 921	2 951 957

29. Provisions

	<u>31 December</u> <u>2019</u>	<u>Increase</u>	<u>Utilization</u>	<u>31 December</u> <u>2020</u>
Provisions accounted for unused vacation	49 767	92 287	(49 767)	92 287
For expected losses	6 950	0	(6 950)	0
ESOP liabilities	0	344 813	0	344 813
Total	56 717	437 400	(56 717)	437 400
	<u>31 December</u> <u>2018</u>	<u>Increase</u>	<u>Utilization</u>	<u>31 December</u> <u>2019</u>
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 2020, regarding the item of the provisions in relation to the Corporate Group, 92,287,-HUF in thousands was accounted for the purposes of covering the costs related to the unused holidays in 2020. The thereof provisions are marked back in 2021.

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

In the course of the emergency situation, the Board of Directors of the Company, 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") and acting on behalf of the General Meeting, on the 29 April 2020, by means of the Board of Directors Resolution No. 9/2020. (IV. 29.), adopted 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 thereof 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").

In the interest of the planned implementation of ESOP Remuneration Policy, the Company, as a founder, provided 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. Herewith, the Company tries to realize enhanced interest in respect of the employees.

On the basis of Black-Scholes calculator, 4iG Plc. accounted 344,813,-HUF in thousands for staff costs through ESOP liabilities as a safeguard for expected ESOP Organization costs.

Parameters considered during the measurement are as follows:

- 2-year service period
- 26 employees participating in the option
- Black-Scholes model
- the weighted average share price: 588.01,-HUF
- exercise price: 20,-HUF
- expected volatility: 58.4%
- option life period: 2 years
- expected dividend 3.5%
- risk-free interest rate: 0.54%

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:

	31 December 2020	31 December 2019
Tangible assets financial lease liabilities	39 075	0
Concessions and similar rights lease fee liabilities (IFRS 16)	484 958	335 181
Financial lease liabilities (long-term)	524 484	335 181
	31 December 2020	31 December 2019
Tangible assets financial lease liabilities	9 719	0
Concessions and similar rights lease fee liabilities (IFRS 16)	460 431	363 843
Financial lease liabilities (short-term)	470 150	363 843

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

Description	Related to land and buildings	Related to machinery, equipment, and vehicles	Total
Opening gross value	574 322	442 863	1 017 204
Increase	443 645	253 416	697 061
Decrease	0	0	0
Closing gross value	1 017 967	696 279	1 714 265
Opening depreciation	155 547	167 702	323 249
Increase	277 164	147 873	425 037
Decrease	0	0	0
Rounding	1	0	1
Closing depreciation	432 712	315 575	748 287
Closing net value	585 255	380 704	965 959
Interest expense of lease transaction	2 451	1 594	4 045
Expenditures related to small value assets	0	475	475
Expenditures related to lease transactions of short-term maturity period	72 388	214 816	287 204
Total cash out-flow of lease transactions in 2020	507 551	532 460	1 040 011

	<u>Current fees</u>	<u>Present value of the fees</u>
in 2021	470 150	444 790
in 2022	253 763	253 504
in 2023	148 325	147 066
in 2024	112 268	110 985
in 2025	10 128	9 614
Lease transactions in total:	994 634	965 959

Disclosure in line with Section 51 of IFRS 16 is 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 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 for lease cost by the Corporate Group.

31. Change in trade creditors and other accounts payable

	<u>31 December 2020</u>	<u>31 December 2019</u>
Trade creditors and other accounts payable	18 882 421	11 609 090
Total	18 882 421	11 609 090

In order to increase the Corporate Group's turnover, subcontractors and suppliers also had to be used to a greater extent. It is agreed with some suppliers that payment of the supplier invoice will only be due after the 4iG customer invoice has been settled.

32. Short-term credits and loans

	<u>31 December 2020</u>	<u>31 December 2019</u>
4iG Plc.		
Raiffeisen Bank revolving credit	2 970 000	1 500 000
Raiffeisen bank overdraft	0	0
DOTO Zrt.	100	0
DTSM Kft.	1 597	0
INNObyte Zrt.	860	0
TR Consult Kft.	46 162	0
Total	<u>3 018 719</u>	<u>1 500 000</u>

The aforesaid data represent the amounts de facto called from and utilized from the available lending capacity for the Corporate Group.

4iG Plc.

The Bank Credit Agreement concluded between and by 4iG Plc. and Raiffeisen Bank was in force in the total appropriation of 3,180,000,000,-HUF on 01 January 2020. As a safeguard to the lending capacity, a lien in the amount of 3,657,000,000,-HUF was established on the future receivables of the Company in addition to the entries regarding the earlier amount of 1,620,000,000,-HUF. The aforesaid resulted altogether 5.277.000.000,-HUF lien on the actual movable properties and receivables of the Company. Upon the Bank Credit Agreement, the Company concluded an agreement on revolving credit with the Bank in a total appropriation of 1,500,000,000,-HUF. One month BUBOR + 0.55% 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.

Besides the aforesaid revolving credit, bank overdraft in the total amount of 250,000,000,-HUF is available for the Company, with that, the total appropriation of 100,000,000,-HUF shall be callable both in HUF and EUR, and the total appropriation of 150,000,000,-HUF 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 250,000,000,-HUF for 4iG Plc.

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 was raised to 6,450,000,000,-HUF. As a safeguard to the Bank Credit Agreement additional mortgage was established on the less than 30 days past due trade receivables in the value of 3,763,000,000,-HUF, herewith, the total value of lien on inventories, trade and other receivables accounted 9,040,000,000,-HUF with the former establishment.

Within the Bank account landing capacity, the amount of revolving credit increased to 2,970,000,000,-HUF upon unaltered conditions related to the credit interest payment.

The amount of the bank overdraft was increased to 500,000,000,-HUF, with that, on the basis of the allocation assignment, the amount of 100,000,000,-HUF in EUR, while the remaining amount of 400,000,000,-HUF shall be allocated in HUF. The conditions of credit allocations remain the same.

The amount of the bank guarantee facility was increased from 250,000,000,-HUF to 1,000,000,000,-HUF. With regards to 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 1,650,000,000,-HUF and on factoring financing in the value of 330,000,000,-HUF in relation to the remaining uncontracted amount of 1,980,000,000,-HUF 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 1,470,000,000,- was called on, and herewith the total appropriation of the revolving credit, namely the total amount of 2,970,000,000,-HUF, was utilized, and the thereof amount is available in the bank account of the Company as of the date of 31 December 2020.

The bank overdraft has not been utilized. It is available on the bank account of the Company as liquidity reserve.

As of June 2020, Raiffeisen Bank has revised 4iG Plc. lending capacity agreement, and by keeping the level of the 6,450,000,000,-HUF the Bank Credit Overdraft capacity, with the change of the structure, on 01 November 2020 the Bank Credit Agreement was extended until 30 July 2021. Simultaneously with the extension of the credits, the Company requested termination of the payment moratorium taken on account of the epidemic measures. As of the middle of March 2020, the accrued interests have been disbursed.

The amount of the revolving credit was modified to 4,620,000,000,-HUF, and the bank credit overdraft remained the unchanged amount of 500 million HUF, but the entire amount was regrouped for HUF call on possibility at the initiative of 4iG Plc. The amount of 330,- million HUF factoring facility was regrouped to guarantee facility, herewith the said guarantee facility was increased to 1,330,000,000,-HUF.

The total amount of revolving credit amount was contracted on 01 December 2020, i.e. besides the amount of 2,970,000,000,-HUF credit, the possibility for the facility of 1,650,000,000,-HUF opened as well, herewith the total appropriation of the amount of 4,620,000,000,-HUF credit was callable.

Further revolving credits were not drawn on 31 December 2020, the level of lending capacity utilization stayed at 2,970,000,000,-HUF, and the bank overdraft was not used. The amount of 449.490.880,-HUF guarantee facility was utilized.

Long-term credits and loans

	31 December 2020	31 December 2019
<i>INNObyte Zrt.</i>		
MFB Zrt. GINOP credit	105 777	0
Total	105 777	0

INNObyte Zrt.

4iG Plc. acquired a 70% stake in Innobyte Plc. on 27 October 2020. Innobyte Plc. had a 45 million HUF working capital loan agreement and a 40 million HUF overdraft agreement with K&H Bank⁸. On 31 December 2020, no overdraft facilities were drawn from the overdraft facility, the total amount of the working capital loan was 45 million HUF, available on the company's bank account.

The working capital loan from K&H Bank is backed by a floating lien encumbering receivables in the amount of 100 million HUF and securities placed in a securities account in the amount of HUF 45 million. The overdraft facility is backed by a floating lien encumbering receivables in the amount of 100 million HUF and a bill of exchange guarantee of 40 million HUF. The loans taken from K&H Bank expire on 14 May 2021, the interest rate on the overdraft is O / N BUBOR + 2%, the interest rate on the working capital loan is 1-month BUBOR + 2%, and the availability fee for both loans is 0.5% per annum. In order to develop the medical digital measuring instrument "Pocketdoki" (Pocket Doc), Innobyte entered into a combined, so-called EDIOP (Economic Development and Innovation Operational Programme) loan with MFB Plc.⁹ on 17 December 2018 to support companies' R & D & I activities, the total amount of the loan was 121,555,259,- HUF of which 50%, i.e. 60,777,630,- HUF was drawn down on 31 December 2020, the loan matures on 25 April 2029, the interest on the loan is 2% per annum. Further drawdowns are in progress. The loan is secured by a 61 million HUF bank guarantee issued by K&H Bank, which expires on 20 September 2022, and the owner's full payment guarantee until 25 April 2034 for the full amount of the loan. The replacement of the full payment guarantee is in progress with a 61 million HUF K&H Bank guarantee issued on 26 January 2021.

TR Consult Ltd.

On July 9, 2020, TR Consult Ltd. came under the 100% ownership of 4iG Plc. The Ltd. had a 100 million HUF overdraft and a HUF 50 million amortized loan agreement with Magnet Bank Plc. The loans were secured by a full payment guarantee provided by the owner, which was replaced by 4iG Plc. with a loan guarantee issued by Raiffeisen Bank.

Due to its underutilization, the 100 million HUF overdraft facility was terminated on 16 December 2020, the related bank guarantee expired on 15 January 2021. Of the HUF 50 million amortized loan, a loan of 46 million HUF was drawn down on 31 December 2020, the loan agreement expires on 1 May 2022, and the bank guarantee behind the loan is valid until 15 May 2022. The loan interest rate is 1-month BUBOR + 4.5% per month.

The Ltd. was under a moratorium on payments related to epidemic protection on 31 December 2020, however, in February 2021, it withdrew from the moratorium and paid the accrued interest and repayments to Magnet Bank.

⁸ K&H Bank – in English: Commercial and Credit Bank

⁹ MFB – in English: Hungarian Development Bank Plc.

Analysis of the bank guarantees (in HUF):

Bank Guarantees of 4iG Corporate Group 31 December 2020

4iG Plc.

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Maturity
Testnevelési Egyetem ¹⁰		Advance payment repayment	127 760 130	2020.12.31
MagNet Bank/TR Consult Kft		mortgage guarantee	100 000 000	2021.01.15
IdomSoft Informatikai Zrt.		performance	1 159 200	2021.01.20
Digitális Kormányzati Ügynökség Zrt.		performance	3 000 000	2021.03.31
NIF-Nemzeti Infrastruktúra Fejlesztő Zrt.		performance	9 987 350	2021.04.11
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.08.10
Sys IT Services Kft.		performance	85 680 000	2021.08.31
IdomSoft Informatikai Zrt.		warranty	4 099 200	2021.09.19
IdomSoft Informatikai Zrt.		warranty	2 016 000	2021.10.13
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	performance	10 000 000	2021.11.10
Digitális Kormányzati Ügynökség Zrt.		performance	5 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	5 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.11.30
Csongrád Megyei Kormányhivatal ¹¹		performance good / appropriate	7 789 000	2021.12.14
MagNet Bank/TR Consult Kft		mortgage guarantee	50 000 000	2022.05.15
Digitális Kormányzati Ügynökség Zrt.		performance	8 000 000	2022.12.31
Raiffeisen Bank in total:			449 490 880	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data provision	3 000 000	2021.12.30
Digitális Kormányzati Ügynökség Zrt.		data provision	3 000 000	2021.12.30
CIB Bank in total:			6 000 000	

¹⁰ Testnevelési Egyetem – University of Physical Education

¹¹ Csongrád Megyei Kormányhivatal – Csongrád County Government Office

INNObyte Zrt.

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Maturity
DXC Technology Hungary Kft.	K&H Bank	warranty and guarantee	10 000 000	2022.07.31
MFB Zrt.		performance guarantee	61 000 000	2022.09.20
DXC Technology Hungary Kft.	Unicredit Bank	warranty and guarantee	9 125 000	2022.08.05
Innobyte Zrt. in total			80 125 000	
Guarantees in total:			535 615 880	

On 01 January 2020, 4iG Plc. hold a bank guarantee facility in the amount of 250,000,-HUF in thousands at Raiffeisen Bank and the rate of the utilization of the herein limit was 135,287,500,-HUF (54%). The termination of the framework contract on the 1,330,000,000,-HUF amount bank guarantee being extended on 01 November 2020 is on 31 July 2026, of which 449,490,880,-HUF (34%) was utilized. In order to perform in conformity with the contract, a security deposit in the amount of 1,390,420,-HUF (10%) was placed on a separate bank account held for the herein purpose at Raiffeisen Bank as a safeguard.

Cash deposit has been placed for the safeguard in respect of the guarantees issued by CIB Bank. The Company does not have a credits relationship with CIB Bank.

Innobyte Plc. provided a warranty guarantee issued by K&H Bank in connection with the MÁV Inka2 project to DXC Technology Magyarország Ltd. - the guarantee is covered by the securities owned by Innobyte Plc. - and assigned the guarantee issued by Unicredit Bank, received from the subcontractor to DXC.

The MFB Plc. long-term EDIOP (Economic Development and Innovation Operational Programme) loan is backed by a 61 million HUF bank guarantee issued by K&H Bank and the owner's full payment guarantee.

Maturity analysis of credits (in thousands of Hungarian Forints):

Creditor Bank	Type of credit	Lending capacity	Claimed	Maturity
<i>4iG Plc.</i>				
4iG Raiffeisen Bank revolving credit	Revolving credit	2 970 000	2 970 000	31 December 2021
4iG Raiffeisen bank overdraft	Bank overdraft	500 000	0	31 December 2021
Loans				
<i>INNObyte Zrt.</i>				
K&H Bank current asset credit	Revolving credit	45 000	45 000	14 May 2021
K&H Bank bank overdraft	Bank overdraft	40 000	0	14 May 2021
MFB Zrt. EDIOP credit	R&D+Innovation credit	121 555	60 778	14 April 2034
<i>TR Consult Kft.</i>				
Magnet Bank Zrt. amortising loan	Loan	50 000	46 000	01 May 2022
Total		3 726 555	3 121 778	

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

33. Other liabilities and accrued liabilities

	<u>31 December 2020</u>	<u>31 December 2019</u>
Tax liabilities and contributions	1 656 723	1 854 471
Corporate income tax liabilities	443 244	19 202
Wage transfer liabilities	71 901	286 473
Advance payments received from customers	2 461 474	1 565 024
Advance payments received from central budget	668 849	277 257
Other liabilities	0	250
Accrued liabilities of revenues	52 003	140 269
Accrued liabilities of costs	1 382 754	608 667
Subsidies received, deferred revenue	8 171	180
Total	<u>6 745 519</u>	<u>4 751 793</u>

The Company does not have past due obligation in tax liabilities, and every company is also noted in the free of public-law debt database.

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 61,504,-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 88,621,-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 262,773,- 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 Hivatal¹².

100,000.- HUF thousand was allocated for the project entitled *“Centre for Higher Education and Industrial Cooperation - Development of Research Infrastructure”* (EDIOP-2.3.4-15-2020-00010).

34. Dividend liabilities accounted for owners

As at 31 December 2020, the Company's dividend liability to shareholders amounted to 27,- HUF in thousands, which was paid through KELER Zrt. in February 2021.

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 2020.

	<u>31 December 2020</u>	<u>31 December 2019</u>
Interests received	2 238	2 033
Interests paid	43 744	14 602
Interest spread	<u>(41 506)</u>	<u>(12 569)</u>

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

¹² Nemzeti Kutatási és Fejlesztési, Innovációs Hivatal – in English: National Research, Development and Innovation Office

36. Additional payment to project companies

With regards to the remission of supplementary capital contribution, the Corporate Group practised the hereof rights in relation to Szime3D Kft. in the amount of 18,312,-HUF in thousands in 2020. A new additional payment was made to iCollWare Kft.¹³ in the amount of 8,320,- HUF in thousands.

37. Over-the-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.

	<u>31 December 2020</u>	<u>31 December 2019</u>
4iG Plc.	6 000	6 000
Total	<u>6 000</u>	<u>6 000</u>

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 the ratio of the accounted depreciation and the sales revenue of the segments for the activities. No activities and over-invoicing have been performed between the segments.

¹³ iCollWare Kft. – in English: iCollWare Ltd.

For the year of 2020:

Description	IT services	Trade	Other activities	Total
Net sales revenue	23 381 733	33 766 073	151 839	57 299 645
Cost of goods sold	–	(27 446 142)	–	(27 446 142)
Intermediations	(12 551 359)	(1 262 121)	(111 933)	(13 925 413)
Other revenues	–	–	480 150	480 150
Hedge 1	10 830 374	5 057 809	520 056	16 408 239
Direct costs	(6 953 599)	(1 375 281)	–	(8 328 880)
Hedge 2	3 876 775	3 682 528	520 056	8 079 359
Costs and expenditures that cannot be allocated directly to the segments				(3 868 176)
Earnings before interest and tax (EBIT)				4 211 183
Financial profit and loss				(36 048)
Profit before tax				4 175 135
Segment assets	15 583 607	19 784 887	505 545	35 874 039
Assets that cannot be allocated to the segments				1 988 984
Assets in total				37 863 023
Segment liabilities	12 729 896	16 478 667	191 856	29 400 419
Liabilities that cannot be allocated to the segments				783 778
Liabilities in total				30 184 197

For the year of 2019:

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

40. Risk management

With the exceptions of the taxes, the liquid assets, trade and other receivables, and other assets are included in the items of assets of the Corporate Group. 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 accounted for the resources of the Corporate Group.

The Corporate Group is exposed to the hereinbelow financial risks:

- 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 undertakes 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 checks 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 not in 2020 and nor in 2019.

Credit risk

The credit 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 accounted for short- or long-term placements, liquid assets, cash equivalents, trade or other receivables.

The book value of the financial instruments shows the maximum risk exposures. The table below shows the Corporate Group's maximum exposure to credit risk as at 31 December 2020 and 31 December 2019.

	31 December 2020	31 December 2019
Trade receivables	17 494 311	12 891 746
Other receivables and accrued and deferred assets	5 397 751	1 732 619
Securities	417 730	442 600
Liquid assets and cash equivalents	7 204 781	6 237 873
Total	30 514 573	21 304 838

Ageing of the trade receivables on 31 December 2020 is as follows:

	Debts
Not due	15 519 129
1 to 30 days past due	1 143 646
between 30 to 90 days past due	745 175
between 90 and 180 days past due	54 751
between 180 and 360 days past due	16 302
due over 360 days	16 444
Impairment	(11 136)
Total	17 494 311

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.

By checking continuously the recovery risks of the past due receivables and by the settlement of the impairment, the risk decreases. 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 that the Corporate Group is unable to perform its financial obligations when they are due. The liquidity management policy of the Corporate Group is that, as much as possible, to ensure appropriate liquidity for the due performance of the commitments, even upon ordinary or tight circumstances without producing unacceptable loss or risking the fame of the Corporate Group.

Ageing of the trade creditors and other accounts payable upon 31 December 2020 is as follows:

	Debts
Not due	17 274 942
1 to 30 days past due	1 189 231
between 30 to 90 days past due	381 250
between 90 and 180 days past due	13 704
between 180 and 360 days past due	119
due over 360 days	23 175
Total	18 882 421

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.

Maturity analysis of credits (in thousands of Hungarian Forints):

Creditor Bank	Type of credit	Lending capacity	Claimed	Maturity
<i>4iG Plc.</i>				
4iG Raiffeisen Bank	Revolving credit	2 970 000	2 970 000	31 December 2021
4iG Raiffeisen Loans	Bank overdraft	500 000	0	31 December 2021
<i>INNObyte Zrt.</i>				
K&H Bank	Revolving credit	45 000	45 000	14 May 2021
K&H Bank	Bank overdraft	40 000	0	14 May 2021
MFB Zrt.	R&D+Innovation credit	121 555	60 778	14 April 2034
EDIOP credit				
<i>TR Consult Kft.</i>				
Magnet Bank Zrt.	Loan	50 000	46 000	01 May 2022
amortising loan				
Total		3 726 555	3 121 778	

Measures on credits and loans repayment standstill period undertaken by the government to moderate the economic impact of COVID-19 is not relevant for the credits and loans of the Corporate Group, and the repayments are not 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
Corporate Group 31
December 2020**

4iG Plc.

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Maturity
Testnevelési Egyetem ¹⁴		Advance payment repayment	127 760 130	2020.12.31
MagNet Bank/TR Consult Kft		mortgage guarantee	100 000 000	2021.01.15
IdomSoft Informatikai Zrt.		performance	1 159 200	2021.01.20
Digitális Kormányzati Ügynökség Zrt.		performance	3 000 000	2021.03.31
NIF-Nemzeti Infrastruktúra Fejlesztő Zrt.		performance	9 987 350	2021.04.11
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.08.10
Sys IT Services Kft.		performance	85 680 000	2021.08.31
IdomSoft Informatikai Zrt.		warranty	4 099 200	2021.09.19
IdomSoft Informatikai Zrt.		warranty	2 016 000	2021.10.13
Digitális Kormányzati Ügynökség Zrt.	Raiffeisen Bank	performance	10 000 000	2021.11.10
Digitális Kormányzati Ügynökség Zrt.		performance	5 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	5 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.11.30
Digitális Kormányzati Ügynökség Zrt.		performance	10 000 000	2021.11.30
Csongrád Megyei Kormányhivatal ¹⁵		good / appropriate performance	7 789 000	2021.12.14
MagNet Bank/TR Consult Kft		mortgage guarantee	50 000 000	2022.05.15
Digitális Kormányzati Ügynökség Zrt.		performance	8 000 000	2022.12.31
Raiffeisen Bank in total:			449 490 880	
Digitális Kormányzati Ügynökség Zrt.	CIB Bank	data provision	3 000 000	2021.12.30
Digitális Kormányzati Ügynökség Zrt.		data provision	3 000 000	2021.12.30
CIB Bank in total:			6 000 000	

¹⁴ Testnevelési Egyetem – University of Physical Education

¹⁵ Csongrád Megyei Kormányhivatal – Csongrád County Government Office

INNObyte Zrt.				
Beneficiary	Granting the guarantee	Type of guarantee	Amount	Maturity
DXC Technology Hungary Kft.	K&H Bank	warranty and guarantee	10 000 000	2022.07.31
MFB Zrt.		performance guarantee	61 000 000	2022.09.20
DXC Technology Hungary Kft.	Unicredit Bank	warranty and guarantee	9 125 000	2022.08.05
Innobyte Zrt. in total			80 125 000	
Guarantees in total:			535 615 880	

On 01 January 2020, 4iG Plc. hold a bank guarantee facility in the amount of 250,000,-HUF in thousands at Raiffeisen Bank and the rate of the utilization of the herein limit was 135,287,500,-HUF (54%).

The termination of the framework contract on the 1,330,000,000,-HUF amount bank guarantee being extended on 01 November 2020 is on 31 July 2026, of which 449,490,880,-HUF (34%) was utilized.

In order to perform in conformity with the contract, a security deposit in the amount of 1,390,420,-HUF (10%) was placed on a separate bank account held for the herein purpose at Raiffeisen Bank as a safeguard.

Cash deposit has been placed for the safeguard in respect of the guarantees issued by CIB Bank. The Company does not have a credits relationship with CIB Bank.

Innobyte Plc. provided a warranty guarantee issued by K&H Bank in connection with the MÁV Inka2 project to DXC Technology Magyarország Ltd. - the guarantee is covered by the securities owned by Innobyte Plc. - and assigned the guarantee issued by Unicredit Bank, received from the subcontractor to DXC.

The MFB Plc. long-term EDIOP (Economic Development and Innovation Operational Programme) loan is backed by a 61 million HUF bank guarantee issued by K&H Bank and the owner's full payment guarantee.

Market risk

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

Risk due to the 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 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 the herein uncertainty does not exist.

Sensitivity analysis

The Corporate Group shall state that its profit and loss is substantially dependent on two basic financial key factors, namely on the foreign exchange risk and interest rate risk. The Corporate Group performed sensitivity analysis on the aforesaid key factors. With regards 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 31 December 2020 was as follows:

	HUF	EUR	USD	Total
Trade receivables	15 853 328	1 556 544	84 438	17 494 311
Trade creditors and other accounts payable	16 739 220	2 005 676	137 525	18 882 421
Liquid assets	6 947 807	142 859	114 114	7 204 781
Credits	3 121 778	0	0	3 121 778

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)	4 216 641
Net value of interest expense	(41 506)
Profit before tax	4 175 135
Assets in total	37 863 023

1%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(41 921)
Profit before tax	4 174 720
<i>Change in profit before tax</i>	<i>(415)</i>
<i>Change in profit before tax (%)</i>	<i>0.010%</i>
Assets in total	37 862 608
<i>Change in assets in total</i>	<i>(415)</i>
<i>Change in assets in total (%)</i>	<i>(0.001%)</i>

5%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(43 581)
Profit before tax	4 173 060
<i>Change in profit before tax</i>	<i>(2 075)</i>
<i>Change in profit before tax (%)</i>	<i>(0.050%)</i>
Assets in total	37 860 948
<i>Change in assets in total</i>	<i>(2 075)</i>
<i>Change in assets in total (%)</i>	<i>(0.005%)</i>

10%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(45 657)
Profit before tax	4 170 984
<i>Change in profit before tax</i>	<i>(4 151)</i>
<i>Change in profit before tax (%)</i>	<i>(0.099%)</i>
Assets in total	37 858 872
<i>Change in assets in total</i>	<i>(4 151)</i>
<i>Change in assets in total (%)</i>	<i>(0.011%)</i>

In case of interest rate reduction

-1%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(41 091)
Profit before tax	4 175 550
<i>Change in profit before tax</i>	<i>415</i>
<i>Change in profit before tax (%)</i>	<i>0.010%</i>
Assets in total	37 863 438
<i>Change in assets in total</i>	<i>415</i>
<i>Change in assets in total (%)</i>	<i>0.001%</i>

-5%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(39 431)
Profit before tax	4 177 210
<i>Change in profit before tax</i>	<i>2 075</i>
<i>Change in profit before tax (%)</i>	<i>0.050%</i>
Assets in total	37 865 098
<i>Change in assets in total</i>	<i>2 075</i>
<i>Change in assets in total (%)</i>	<i>0.005%</i>

-10%

Profit before tax (without interests)	4 216 641
Net value of interest expense	(37 355)
Profit before tax	4 179 286
<i>Change in profit before tax</i>	<i>4 151</i>
<i>Change in profit before tax (%)</i>	<i>0.099%</i>
Assets in total	37 867 174
<i>Change in assets in total</i>	<i>4 151</i>
<i>Change in assets in total (%)</i>	<i>0.011%</i>

The Corporate Group shall 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 employ the rules of hedge accounting.

Exchange rate sensitivity analysis

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 897 956
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 143 201
Net assets	7 678 826
Profit before tax	4 175 135

Upon exchange rate rise

1%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 916 936
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 164 633
Net assets	7 676 374
Change in net assets	(2 452)
Change in net assets (%)	(0.032%)
Profit before tax	4 172 683
Change in profit before tax	(2 452)
Change in profit before tax (%)	(0.059%)

5%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 992 854
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 250 361
Net assets	7 666 564
Change in net assets	(12 262)
Change in net assets (%)	0.160%
Profit before tax	4 162 873
Change in profit before tax	(12 262)
Change in profit before tax (%)	(0.294%)

10%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	2 087 752
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 357 521
Net assets	7 654 302
Change in net assets	(24 524)
Change in net assets (%)	(0.319%)
Profit before tax	4 150 611
Change in profit before tax	(24 524)
Change in profit before tax (%)	(0.587%)

Upon foreign currency decrease

-1%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 878 976
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 121 769
Net assets	7 681 278
Change in net assets	2 452
Change in net assets (%)	0.032%
Profit before tax	4 177 587
Change in profit before tax	2 452
Change in profit before tax (%)	0.059%

-5%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 803 058
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	2 036 041
Net assets	7 691 088
Change in net assets	12 262
Change in net assets (%)	0.160%
Profit before tax	4 187 397
Change in profit before tax	12 262
Change in profit before tax (%)	0.294%

-10%

Non-monetary and forint-denominated assets	35 965 067
Foreign currency assets	1 708 160
Denominated liabilities in Hungarian Forints	28 040 996
Foreign currency liabilities	1 928 881
Net assets	7 703 351
Change in net assets	24 524
Change in net assets (%)	0.319%
Profit before tax	4 199 660
Change in profit before tax	24 524
Change in profit before tax (%)	0.587%

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 regards 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.

2020.12.31	FVTPL		depreciated historic FVTOCI*		total
Book value of financial instruments					
Financial assets					
Equity instruments	–	2 050	–	–	2 050
Loans granted	–	–	–	–	–
Deposits	–	–	6 000	–	6 000
Other financial investments	–	–	–	–	–
Financial lease receivables	–	–	–	–	–
Other	–	–	158 520	–	158 520
Financial investments in total		2 050	164 520		166 570
Trade and other receivables	–	–	17 494 311	–	17 494 311
Financial lease receivables	–	–	–	–	0
Liquid assets and cash equivalents	–	–	7 204 781	–	7 204 781
Debt securities	417 730	–	–	–	417 730
Loans granted	–	–	21 876	–	21 876
Other short-term financial instruments	–	–	1 937 565	–	1 937 565
Advance payments	–	–	124 973	–	124 973
Lease charge deposit	–	–	152 915	–	152 915
Other	–	–	–	–	–
Short-term financial instruments in total	417 730		26 936 421		27 354 151
Financial instruments in total	417 730	2 050	27 100 941		27 520 721
Financial liabilities					
Loans (Long-term credits)	–	–	–	–	–
Financial lease liabilities	–	–	524 484	–	524 484
Other long-term financial liabilities	–	–	450 590	–	450 590
	–	–	975 074		975 074
Long-term financial liabilities in total					
Trade creditors and other obligations	–	–	18 882 421	–	18 882 421
Loans (short-term credits)	–	–	3 018 719	–	3 018 719
Advance payments received from customers	–	–	2 461 474	–	2 461 474
Advance payments received from central budget	–	–	668 849	–	668 849
Financial lease liabilities	–	–	470 150	–	470 150
Tax liabilities	–	–	2 099 968	–	2 099 968
Other short-term financial liabilities	–	–	72 327	–	72 327
Short-term financial liabilities in total			27 673 908		27 673 908
Financial liabilities in total			28 648 982		28 648 982

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2019.12.31	FVTPL	depreciated historic FVTOCI*	total
Book value of financial instruments			
Financial assets			
Equity instruments	–	2 052	–
Loans granted	–	–	–
Deposits	–	–	9 000
Other financial investments	–	–	–
Financial lease receivables	–	–	–
Other	–	–	86 436
Financial investments in total	–	2 052	95 436
Trade and other receivables	–	–	13 035 744
Financial lease receivables	–	–	–
Liquid assets and cash equivalents	–	–	6 237 873
Debt securities	442 600	–	–
Loans granted	–	–	3 104
Other short-term financial instruments	–	–	594 661
Advance payments	–	–	83 805
Lease charge deposit	–	–	83 805
Other	–	–	8 676
Short-term financial instruments in total	442 600	–	19 963 863
Financial instruments in total	442 600	2 052	20 059 299
Financial liabilities			
Loans (Long-term credits)	–	–	–
Financial lease liabilities	–	–	335 181
Other long-term financial liabilities	–	–	–
	–	–	335 181
Long-term financial liabilities in total	–	–	335 181
Trade creditors and other obligations	–	–	11 609 090
Loans (short-term credits)	–	–	1 500 000
Advance payments received from customers	–	–	1 565 024
Advance payments received from central budget	–	–	277 257
Financial lease liabilities	–	–	363 843
Tax liabilities	–	–	1 873 673
Other short-term financial liabilities	–	–	286 724
Short-term financial liabilities in total	–	–	17 475 611
Financial liabilities in total	–	–	17 810 792

Fair value hierarchy

	31 December 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 not 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 not monitored market data	Fair value in total
Financial assets								
Equity instruments	-	-	-	-	-	-	-	-
Debt securities	-	-	442 600	417 730	-	-	442 600	442 600
Derivative transactions	-	-	-	-	-	-	-	-
Financial instruments in total	-	-	442 600	417 730	-	-	442 600	442 600
Financial liabilities								
Derivative transactions	-	-	-	-	-	-	-	-
Financial liabilities in total	-	-	-	-	-	-	-	-

42. Transactions with affiliated parties

Transaction with affiliated third parties in 2020:

4iG Plc. provided a 212 million HUF loan to KZF Vagyonkezelő Kft.¹⁶ The loan was repaid in 2020.

The turnover accounted for the transactions performed within the Corporate Group was measured to 638,345,-HUF in thousands being filtered upon consolidation.

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

With regards 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.

In line with the General Meeting Resolution No. 42./2014(10.27), the members of the Supervisory Board are entitled to receive remuneration in the amount of 155,000,-HUF per month per person, while the chairperson of the Supervisory Board is eligible for the amount of 175,000,-HUF per month.

The members of the Audit Committee are not entitled to receive any remuneration for their work performed in thereof.

44. Contingent assets and contingent liabilities

On 31 December 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	Return / cost	Date	Company
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¹⁶ KZF Vagyonkezelő Kft. – in English: KZF Asset Management Ltd.

As defendant	obligation	in progress	29 354 355	years	“TEDEJ” Zrt.
As plaintiff	under enforcement	credits and its interests	33 000 000	in progress	Infokom-Innovátor Nonprofit Kft.

In addition, the Company initiated liquidation proceedings against more non-paying companies.

45. 4iG ESOP Organization

On the basis of the authorization of the Government Decree No. 102/2020 (IV.10.) on different regulations in relation to the operation of entities (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 Iroda¹⁷ (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.

Fair value of the share option at 31 December 2020 (according to the Black-Scholes-Merton formula):

588.01 HUF / quantity

Taking into account the expected call of ESOP members, the Company recorded 344.8 million HUF personnel expenses for 2020 in proportion to 2020.

¹⁷ Kertész és Társai Ügyvédi Iroda – in English: Kertész and Partners PLLC.

Disclosures related to share options:

- Section (b) of Paragraph 45 of IFRS 2

Description	Share option number (quantity)	Fair value (HUF in thousands)	Weighted exercise price (HUF/quantity)
Outstanding at the beginning of the period (01 December 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 – not applicable.

- 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 – not applicable.

46. Events after the balance sheet day

46.1 Acquisition of 24% of the block of shares of Rotors & Cams Zrt. (26 January 2021)

4iG Plc. concluded a share transfer contract and acquired 24% of the block of shares of Rotors & Cams Zrt. (hereinafter referred to as: “Rotors & Cams”).

46.2 Conclusion of large amount contract (02 February 2021)

The tender submitted by the consortium including T-Systems Magyarország Zrt.¹⁸, Officium Szolgáltató Kft.¹⁹ and 4iG Plc. was announced to be the successful tender upon the open EU public procurement procedure under the title of ‘Budapalota IT Infrastructure’ called for by Magyar Nemzeti Bank²⁰ (registered office: 1054 Budapest, Szabadság tér 8-9.; hereinafter referred to as: “MNB”).

The value of the contract is 2,617,950,265,-HUF + VAT.

¹⁸ T-Systems Magyarország Zrt. – in English: T-Systems Hungary Private Limited Company

¹⁹ Officium Szolgáltató Kft. – in English: Officium Service Provider Private Limited Liability Company

²⁰ Magyar Nemzeti Bank – in English: Hungarian National Bank

46.3 Announcement of large amount successful tender (02 February 2021)

The tender submitted by 4iG Plc. was announced to be the successful tender upon the open EU public procurement procedure under the title of ‘Realisation of KLIR System’ called for by Magyar Nemzeti Bank (registered office: 1054 Budapest, Szabadság tér 8-9.; hereinafter referred to as: “MNB”).

The total value of the procedure is 1,022,378,624,-HUF + VAT.

46.4 A business share sales contract on the acquisition of 100% shareholding of the business shares in Poli Computer PC Kft. concluded by KZF Vagyonkezelő Kft. (03 February 2021)

A business share sales contract on 100% shareholding acquisition was concluded by and between KZF Vagyonkezelő Korlátolt Felelősségű Társaság (hereinafter referred to as: “KZF”), the main shareholder of 4iG Plc., and Poli Computer PC Kft. (hereinafter referred to as: “Poli Computer”). The business share of Poli Computer is going to get into the ownership of 4iG by means of contributions-in-kind performed by KZF. The herein transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal²¹ (hereinafter referred to as: “GVH”).

46.5 Participation in NKP program announced by MNB (08 February 2021)

In the interest of the future growth strategy, and as a precondition for the participation in NKP program called for by Magyar Nemzeti Bank (hereinafter referred to as: “MNB”), 4iG Plc. met the requirements needed for the participation in the aforesaid independent credit rating procedure. With regards to the requirements included in the General Meeting Resolution Number 3/2019 (IX.05.), 4iG Plc. planned to issue bonds for the purposes of acquisition up to the total appropriation of 15 billion Hungarian Forints.

46.6 Announcement of large amount successful tender (15 February 2021)

The tender of the consortium managed by 4iG was announced to be the successful tender of Digitális Kormányzati Ügynökség Zrt.²² (hereinafter referred to as: “DKÜ”). In the procedure there were three different joint bidder consortiums announced to be the successful one by DKÜ, and the joint bidder consortium managed by 4iG was one of them.

The total appropriation of the umbrella agreement is net 14,800,000,000,-HUF.

46.7 Signing a draft agreement on 75% shareholding acquisition in Hungaro DigiTel Kft. (23 February 2021)

A draft agreement (hereinafter referred to as: the “Agreement”) was concluded by and between 4iG Plc. and Antenna Hungária Zrt. (hereinafter referred to as: “AH”) and Portuguese Telecommunication Investments Kft. (hereinafter referred to as: “PTI”), as a company being in the indirect management of Alpac Capital - Sociedade de Capital de Risco, S.A., in the interest of acquiring 75% shareholding in Hungaro DigiTel Kft. (hereinafter referred to as: “HDT”). In accordance with the Agreement, AH would sell 25% business share for 4iG while 50% of PTI business share would be accounted for 4iG by means of contributions-in-kind, following the performance of the necessary procedures. The transaction may be performed

²¹ Gazdasági Versenyhivatal – in English: Hungarian Competition Authority

²² Digitális Kormányzati Ügynökség Zrt. – in English: Digital Governmental Agency Private Limited Company

following the business share evaluation, the conclusion of the final version of the sales contract and the contract on contribution-in-kind, and the competition oversight proceeding carried out by Gazdasági Versenyhivatal (hereinafter referred to as: "GVH").

46.8 Analysis by EDISON Group (04 March 2021)

EDISON Investment Research Limited, one of the world's biggest investment research, investor relations and consulting firms, following the flash report for the fourth quarter of 2020, performed an analysis on 4iG Plc., which is available via the hereinafter link in English as follows:

<https://www.edisongroup.com/publication/strong-q4-helps-4ig-beat-fy20-estimates/28973>

46.9 Credit rating review of Scope Ratings (04 March 2021)

Scope Ratings GmbH (hereinafter referred to as: "Scope Ratings") (www.scooperatings.com), as an independent international credit rating agency, has subjected 4iG to a positive review following the announcement of a 75 percent majority acquisition of Hungaro DigiTel Kft. (hereinafter referred to as: "HDT").

The analysis of the Scope Ratings is available on the hereinafter webpage as follows:

<https://www.scooperatings.com/#!search/research/detail/166751EN>

46.10 Signing of a share purchase agreement aiming the acquisition of 70% of the block of shares in Spacenet Zrt. (10 March 2021)

4iG Plc. has signed a share purchase agreement to acquire 70% of the majority controlling influence of Spacenet Zrt. (hereinafter referred to as: "Spacenet"). The herein transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal (hereinafter referred to as: "GVH").

46.11 Successful bond auction (25 March 2021)

4iG Plc. announced that it had conducted a successful auction in Növekedési Kötvényprogram²³, as a result of which it issues the bond named "4iG GBP Bond 2031/I." (ISIN: HU0000360276), with a ten-year maturity and an average yield of 2.7328% (coupon rate: 2.9%), in a total aggregate face value of 15.45 billion HUF on 29 March 2021.

46.12 Signing of the draft agreement for the acquisition of a 100% shareholding in DIGI Távközlési és Szolgáltató Kft. (29 March 2021)

4iG Plc. has signed a draft, non-binding agreement with RCS & RDS Consortium (hereinafter referred to as: "RCS & RDS") on the acquisition of DIGI Távközlési Szolgáltató Kft. and its subsidiary companies, i.e. Invitel Zrt. and I TV Zrt. The planned transaction may be completed by the end of September 2021, following the due diligence of the DIGI Group, the signing of the final sales contract and the necessary regulatory procedures.

²³ Növekedési Kötvényprogram – in English: Growth Bond Program



MANAGEMENT REPORT

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Consolidated profit and loss indicators

Description	2020	2019	Change +/- in percentage
Net sales revenues	57 299 644	41 129 298	39.32%
Earnings before interest, taxes, depreciation and amortization (EBITIDA)	5 047 386	4 075 399	23.85%
Earnings before interest and taxes (EBIT)	4 211 183	3 332 279	26.38%
Profit after tax (PAT)	3 438 803	2 826 944	21.64%
Total comprehensive income	3 438 803	2 826 944	21.64%
Stock exchange indicators			
Stock exchange closing share price* (in HUF)	636	662	(3.93%)
Average stock market price of the shares (in HUF)	553	757	(26.94%)
P/E ratio	17	21	(20.99%)
Market capitalization of 4iG Plc. (in billion HUF)	59.8	62.2	(3.93%)
Value per share			
EBITDA**	54	43	24.87%
Net earnings per share (EPS)**	38	31	21.59%
Diluted EPS indicator**	37	30	23.30%
Own equity**	82	58	40.84%

*at the end of the period

** in Hungarian Forints

1. General Information on the Issuer

Name of the company:	4iG Nyilvánosan Működő Részvénytársaság ²⁴ (former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. ²⁵)
Legal status of the company:	Public Limited Company
Registered office:	1037 Budapest, Montevideo u. 8.
Place of business:	1037 Budapest, Montevideo utca 2/C. 1037 Budapest, Montevideo utca 6.
Branch businesses:	8000 Székesfehérvár, Seregélyesi út 96. 6782 Mórahalom, Röszei út 43.

²⁴ 4iG Nyilvánosan Működő Részvénytársaság – in English: 4iG Public Limited Company

²⁵ FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. – in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares

6722 Szeged, Tisza Lajos krt. 41.
4025 Debrecen, Barna utca 23.
Company registration number: 01-10-044993
Tax number: 12011069-2-44
Statistical number: 12011069-6201-114-01
Share capital: 1,880,000,000,-HUF
Date of foundation: 08 January 1995
Date of transformation: 02 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: 1,670,086,- 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. In case of a share transfer, the shareholder can practise his or her shareholder's rights if the name of the new shareholder is registered into the share register.
- The share register of the Company is kept by KELER Zrt.
- 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. As of 31 December 2020, the quantity of repurchased own shares of the Company was amounted to 1,670,086,- quantity.
- 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 performed by the Board of Directors.

- The General Meeting makes decision on the share capital increase on the basis of the submission of the Board of Directors. There is no need of the 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 compilation the herein Business 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 as of the day of the general meeting decision. The aforementioned purchase is primarily 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 upcoming 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 thereof, and on the rate of the shares calculated for the share capital of the listed company and the consideration paid for.
- Following the public takeover bid, there is no an existing agreement coming into force, or is to be amended or terminated as a reason of the change in the ownership structure of the entrepreneur.
- There is no an existing agreement concluded by and between the Company and its executive officer, or its employee which, in the event of resignation of the executive officer or employee's termination by notice, or of the legal relationship of the executive officer or that of the employee's is unlawfully expired, or the legal relationship is terminated 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. on 14 June 2019. Upon other and further share transactions performed on the herein day, KZF Vagyonkezelő Kft. and herewith Jászai Gellért indirectly acquired 32.01% shareholding in 4iG Plc. He made a binding takeover bid for the rest of the shares until the prescribed deadline of 28 August 2019.
- With regards to the general meeting held on 26 July 2018, the Company made a decision on the split of the shares. By virtue of thereof the nominal value of the shares was changed to 100,-HUF per quantity.
The 4iG Plc. shares were traded at the nominal value of 100,-HUF per quantity in standard section at Budapest Stock Exchange as of 5 October 2018.
The general meeting of the Company, held on 25 April 2019, 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 traded 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

	31 December 2020	31 December 2019
KZF Vagyonkezelő Kft.	57.47%	35.02%
Manhattan Invest Kft.	3.29%	3.29%
MANHATTAN Magántőkealap	1.03%	1.90%
KONZUM PE Magántőkealap ²⁶	n.d.	11.63%
OPUS GLOBAL Plc.	n.d.	9.95%
4iG own share shareholding	1.78%	2.39%
Free float	36.43%	35.82%
Total	100.00%	100.00%

4. Officers

With regards to the period between 01 January 2020 and 31 December 2020, the executive officers of 4iG Plc. were the hereinunder listed persons.

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

Blénessy László, member of the board of directors

Fekete Péter Krisztián, member of the board of directors

Supervisory Board:

Simon Zoltán, chairperson of the Supervisory Board

Kunosi András, member

Büdyné Dr. Rózsa Ildikó member

Audit Committee:

Simon Zoltán, chairperson of the Audit Committee

Kunosi András, member

Büdyné Dr. Rózsa Ildikó member

4.2 Remuneration of the officers

With regards 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.

²⁶ KONZUM PE Magántőkealap – in English: KONZUM PE Private Equity Fund

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.

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

The members of the Audit Committee are not entitled to receive any remuneration for their work performed in thereof.

4.3 The shareholding of the 4iG executive officers upon 31 December 2020 (quantity)

Name	Position	Direct capital shareholding (quantity)	Indirect capital shareholding (quantity)	Direct and indirect (quantity)	Capital shareholding rate (%)
Jászai Gellért Zoltán	Chairperson – Chief Executive Officer	0	58 083 500	58 083 500	61.79%
Tóth Béla Zsolt	member of the board of directors	1 052 200	0	1 052 200	1.12%
Blénessy László	member of the board of directors	590 765	0	590 765	0.63%

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 sign 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 of the applied practice in addition to the requirements of the legal regulations. Upon 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 represents 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 Liability.
- 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	Registered office	Capital shareholding		Notes
		2020	2019	
CarpathiaSat Ltd.	1037 Budapest, Montevideo u. 8.	51%	n.d.	Founded on 17 August 2020
Humansoft Szerviz Kft.	1037 Budapest, Montevideo u. 8.	100%	100%	Founded on 17 April 2019
DOTO Systems Zrt.	1037 Budapest, Montevideo u. 8.	60%	60%	Founded on 03 July 2019

TR Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Acquired on 09 July 2020
Veritas Consulting Kft.	1037 Budapest, Montevideo u. 8.	100%	100%	Acquired on 10 September 2019
INNObyte Zrt.	1115 Budapest, Bartók Béla út 105-113. 6. em.	70%	n.d.	Acquired on 14 October 2020
INNOWARE Kft.	1113 Budapest, Karolina út 65.	70%	n.d.	through INNObyte
DTSM Kft.	1037 Budapest, Montevideo u. 8.	100%	n.d.	Acquired on 07 December 2020

8. Major events of the 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, the Instrument for Pre-Accession Assistance, and the European Neighbourhood Instrument.

The total value of the procedure 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 (hereinafter referred to as: 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 Own share purchase of the Company (between 15 January 2020 and 27 January 2020)

Between 15 January 2020 and 27 January 2020, 4iG Plc. purchased own shares in the quantity of 508,519, at Budapest Stock Exchange, upon stock exchange transaction with the contribution of investment service provider, Equilor Zrt. As a result of the transactions, at the end of 2019 and in January 2020, the quantity of the Company’s own shares was changed from 2,250,000 quantity to 2,938,544 quantity. The total 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 h-PJ-III-B-4/2020., dated as of 22 January 2020 and received by 4iG Plc. on 23 January 2020, the Hungarian National Bank (Magyar Nemzeti Bank) (hereinafter referred to as 'Authority')

1. Warned 4iG Plc., as an Issuer, in the future, and at any time, to fulfil the obligations in full regarding the compilation of the registry of the insiders upon taking 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 (registered office: 1097 Budapest, Könyves Kálmán körút 36., company registration number: 01 10 044852) (hereinafter referred to as: T-Systems Magyarország Zrt.). The aforesaid registry of 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 of '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 Programiroda²⁷ 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 Államkincstár²⁸ (hereinafter referred to as: "Kincstár") 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 Központ²⁹ (hereinafter referred to as: "ÁEEK") in the subject of 'Provision of Routers for the Participating

²⁷ Nemzeti Fejlesztési Programiroda – in English: National Development Program Office

²⁸ Magyar Államkincstár - in English: Hungarian State Treasury

²⁹ Állami Egészségügyi Ellátó Központ – in English: National Healthcare Services Center

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)

Upon 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 participation of the shareholders, herewith, the Company did not hold the annual ordinary general meeting convened for at 10:00 on 29 April 2020.

The 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 by means of a written decision-making, adopted the hereinunder resolutions as follows:

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

In line with 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 IFRS (International Financial Reporting Standards), the Company's main data of the (consolidated) annual financial statement 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, for the business year of 2019, the Company is to pay dividend disbursement in the amount of 22,-HUF, namely twenty-two Hungarian Forints per share. In line with the authorization of the thereof Decree, the Board of Directors, moreover, shall make the decision to authorize the Board of Directors of the Company to define the date of the dividend payment upon taking the actual liquidity situation into account, with that, the payment of the dividend shall be performed until 31 December 2020 the latest.

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

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

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

In line with the authorization of the Decree and in accordance with the opinion of the Nomination and Remuneration Committee of the Company, the Board of Directors shall hereby state that Jászai Gellért, Chairperson and Chief Executive Officer, Linczényi Aladin Ádám, member of the board of directors, Zibriczki Béla, member of the board of directors, Tóth Béla Zsolt, member of the board of directors and Simon Zoltán, member of the board of directors performed his work upon keeping the interest of the Company in mind in relation to the year of 2019 and with regard to thereof the hold-harmless warrant concerning 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 on auditing concluded between and by the Company and INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság³⁰ (registered office: 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

³⁰ INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság – in English: INTERAUDITOR Neuner, Henzl, Honti Consultant Private Limited Liability Company

[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 to 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, moreover, makes 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 said 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 Option Plan of the Company (hereinafter referred to as: "ESOP") and the establishment of thereof 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 thereof (hereinafter referred to as: "Articles of Association"), and the same shall be applied to the remuneration policy (hereinafter referred to as: "ESOP Remuneration Policy"), and, moreover, the Articles of Association and the Remuneration Policy are to be included into a document countersigned by an attorney-at-law. With regards, the Articles of Association of 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 (registered office: 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 as of the date of the decision.

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

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

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 acquisition of 4iG Plc. equity shares in the amount of 2,500,000,- (namely two-million-five-hundred-thousand) quantity at the nominal value of 20,-HUF per quantity under the ISIN identification number of HU0000167788, as a non-monetary contribution for the ESOP Organization. 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 on behalf of 4iG Plc., to 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 the share acquisitions and the number of thereof in relation to 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 line with the authorization of the Decree, the Board of Directors shall hereby make the decision on the approval of the existing consolidated version of the text with amendments included in the Rules of Procedures of the Supervisory Board attached to the Annex of this draft resolution.

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

In line with the authorization of the Decree, the Board of Directors shall hereby make the decision on the amendments of those regulations of the Articles of Association which are affected by the resolutions made in the course of the discussion regarding each agenda item. 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 the decision that some of the regulations included in the Articles of Association are to be amended as follows:

“1. INTRODUCTORY PROVISIONS

...

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

“10. THE GENERAL MEETING

...

10.1. *The scope of competence of the general meeting*

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

- (a) the decision on the establishment and amendment of the Articles of Association – unless provided otherwise by the Civil Code or the articles of association;*
- (b) the decision on the change of the form of operation of the Company;*
- (c) the decision on 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 statement;*
- (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) the 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 the 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 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 (Budapesti Értéktőzsde) (www.bet.hu), and the Hungarian National Bank (Magyar Nemzeti Bank) (kozvetetelek.mnb.hu).

In line with Subsection 7 of Section 9 of the Decree, the Company informed its Esteemed Investors and Shareholders that shareholders holding at a minimum of 1% of the votes shall convene the general meeting within the forfeit deadline of 30 (thirty) days following the emergency cessation in the interest of the posterior approval of the general meeting resolutions made during the emergency period by the Board of Directors, with that, the resolutions made on the report and on the approval of the utilization of the profit after tax 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 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 (Q1) 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 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.³¹ under the title of “The Tasks of Software Development and Application related to Specialized System at NÉBIH³²” within the re-call of the competition upon a centralized public procurement procedure.

The total value of the procedures is 3,721,242,-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 Részvénytársaság³³ 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.

8.17 Modification of the shareholder structure (01 July 2020)

As a result of over-the-counter transactions on 01 July 2020, the number of dematerialized equity shares directly held by KZF Vagyonkezelő Korlátolt Felelősségű Társaság (registered office: 1037 Budapest, Montevideo utca 8 .; company registration number: 01-09-294248; court of registration: Fővárosi Törvényszék Cégbírósága³⁴; 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 from 36.19% to 58.49% upon exceeding the thresholds of 40%, 45% and 50%.

³¹ Élelmiszerlánc-biztonsági Centrum Nonprofit Kft. – in English: Safety of Food Supply Chain Center Nonprofit Plc.

³² NÉBIH – in English: National Food Chain Safety Office

³³ NISZ Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság – in English: National Infocommunications Service Company Ltd. (NISZ)

³⁴ Fővárosi Törvényszék Cégbírósága – in English: Company Registry Court of Budapest-Capital Regional Court

8.18 Conclusion of large amount contract (03 July 2020)

Upon 16 June 2020, a large amount contract was concluded between and by 4iG Plc. and MVM NET Távközlési Szolgáltató Zártkörűen Működő Részvénytársaság³⁵ (registered office: 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.

8.19 Acquisition of the Company (09 July 2020)

4iG Plc. acquired 100% ownership of the business shares over TR Consult Kft. (registered office: 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.

8.20 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 an umbrella agreement upon a public procurement procedure called for by Digitális Kormányzati Ügynökség Zrt. in the subject of “Procurement of Display Devices and Performance of the Related Services”. In respect of one of the parts, 4, while in the other part 5, different bidder consortiums were announced to be the successful tenderers.

The umbrella 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, the maximum quantity of projectors and its accessories in respect of the umbrella agreement is to be 34,750,- quantity, while Part 2 shall mean the maximum quantity of interactive whiteboards of 3,700,- quantity.

8.21 Large amount successful tender announcement (17 July 2020)

The Company submitted a successful tender upon the open EU public procurement procedure called for by IKK Innovatív Képzéstámogató Központ Zrt. (IKK)³⁶ 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 testing of digital educational materials and teaching aids;
- development of teaching aids;
- 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;

³⁵ MVM NET Távközlési Szolgáltató Zártkörűen Működő Részvénytársaság – in English: MVM NET Telecommunications Operator Private Limited Company

³⁶ IKK Innovatív Képzéstámogató Központ Zrt. – in English: Innovative Training Support Center Private Limited Company

- the implementation of the application of digital materials worked out in projects and teaching aids upon the preparation of teachers.

The total value of the procedure is 4,239,000,000,-HUF + VAT.

8.22 Announcement of large amount successful tender (30 July 2020)

The tender submitted jointly by 4iG Plc., Getronics Magyarország Kft.³⁷ and ASH Szoftverház Kft.³⁸ 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 Nemzeti Adó- és Vámhivatal³⁹.

The procurement procedure was realized by means of the umbrella agreement under the number of KM02SRVT17 concluded by KEF⁴⁰ 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.

8.23 Announcement of large amount successful tender (05 August 2020)

Upon reopening the centralized public procurement procedure competition called for by Kormányzati Informatikai Fejlesztési Ügynökség⁴¹, 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 (in all parts of the country 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.

8.24 Foundation of subsidiary company (17 August 2020)

The Board of Directors of 4iG Plc. made the decision on the foundation of CarpathiaSat Magyar Úrtávközlési Zrt. (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, in which the majority capital shareholding and the dominant control of 4iG measure 51% over the thereof. In addition to 4iG, Antenna Hungária Zrt. also holds 44% capital shareholding in CarpathiaSat., while the thereof in respect of New Space Industries Zrt. is measured to 5%.

8.25 Offer for the acquisition of subsidiary company (24 September 2020)

4iG Plc. made a binding takeover bid for the acquisition of the majority ownership in INNObyte Zrt. and Innoware Kft., the subsidiary company of the thereof. The owners of INNObyte

³⁷ Getronics Magyarország Kft. – in English: Getronics Hungary Private Limited Liability Company

³⁸ ASH Szoftverház Kft. – in English: ASH Software House Private Limited Liability Company

³⁹ Nemzeti Adó- és Vámhivatal – in English: National Tax and Customs Administration of Hungary

⁴⁰ KEF – in English: the General for Public Procurement and Supply

⁴¹ Kormányzati Informatikai Fejlesztési Ügynökség – in English: Governmental Agency for IT Development

accepted the offer. The said preparation phase of the transaction was closed, upon which 4iG experts of transactions screened the purpose companies. The sales contract was concluded between and by the parties until mid-October, herewith 4iG acquired majority controlling ownership of 70 percentage in INNObyte.

8.26 Dividend payment (28 September 2020)

On 28 September 2020, upon the contribution of KELER Zrt., 4iG paid the dividends for its shareholders for the year of 2019 in the prescribed amount of 22,-HUF per share.

8.27 Announcement of large amount successful tender (29 September 2020)

Upon the recall of the competition initiating a centralized public procurement procedure within the framework of the “Purchase of Computers and Notebook” project, under the identification number of EFOP-3.2.4-16-2016-00001, within the priority project under the title of Development of Digital Competence” of Klebelsberg Központ⁴², and in line with the umbrella agreement concluded by Közbeszerzési és Ellátási Főigazgatóság⁴³, 4iG Plc. submitted a successful tender in the third phase of the procedure. 4iG Plc. made the most favourable offer upon taking the lowest price evaluation criteria into account in the course of the third phase called Student PC Monitor. Within the framework of the project, 4iG Plc. delivers 6,145 pieces student PC for the specified locations all over the country. The value of the tender is 776,728,000,-HUF + VAT.

8.28 Announcement of large amount successful tender (08 October 2020)

Within the framework of Economic Development and Innovation Operational Programme, the Ministry of Finance published an invitation in the subject matter of “Center for University-Industry Cooperation – Development of Research Infrastructure”, for which 4iG Plc. and University of Pécs, together, registered under the identification number of GINOP-2.3.4-15-2020-00010, and upon 20 February 2020, the thereof submitted an application under the title of “Establishment of Health Data Analyzer, Data Utilization, and Smart Device and Technology Developer Competency Center at University of Pécs” and the Ministry of Finance supported the herein application with subsidy by means of the Ministry of Finance decision dated as of 11 May 2020. The total amount of the total development costs accountable for 4iG Plc. is 550,728,266,-HUF, and the amount of the subsidy allocated for the purposes of the herein work is 325,734,623,-HUF.

The total amount of the costs is 2,218,326,143,-HUF.

The subsidy intensity is 89.86%.

8.29 Conclusion of a contract on the acquisition of INNOByte Zrt. shares (14 October 2020)

4iG Plc. signed a share sale contract on the acquisition of the majority ownership in INNObyte Zrt. and Innaware Kft., the subsidiary company of the thereof.

8.30 Convocation of the extraordinary general meeting of the Company (22 October 2020)

4iG Plc. convened an extraordinary general meeting on 25 November 2020 starting at 10:00.

⁴² Klebelsberg Központ – in English: Klebelsberg Center

⁴³ Közbeszerzési és Ellátási Főigazgatóság – in English: General for Public Procurement and Supply

8.31 Board of Directors of the Company resolution on the extraordinary general meeting of the Company (18 November 2020)

With regard to the Hungarian Government Decree of 502/2020. (IV.10.) (hereinafter referred to as: "502/2020. Government Decree"), and, in line with the Government Decree No. 478/2020. (III.3.) 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 shall not hold the annual extraordinary general meeting convened at 10:00 on 25 November 2020.

8.32 Conclusion of contract on the acquisition of 100% ownership of business shares in DTSM Kft. (24 November 2020)

Business share sale contract was concluded between and by 4iG Plc. and DTSM Kft. (hereinafter referred to as: "DTSM") for the acquisition of 100% ownership of DTSM Kft. business shares. The herein transaction was performed following the competition oversight proceeding of Gazdasági Versenyhivatal.

8.33 Board of Directors of the Company resolution on the extraordinary general meeting of the Company (25 November 2020)

Board of Directors resolutions of the Company replacing the extraordinary general meeting held on 25 November 2020

Upon the authorization of the Government Decree No. 478/2020. (XI. 3.) and acting on behalf of the competence of the General Meeting, on 25 November 2020 the Board of Directors of the Company adopted the hereinunder resolutions as follows:

Board of Directors Resolution Number 3/2020. (XI.25.)

Upon this resolution, the Board of Directors within the competence of the General Meeting, decides to operate the real properties located in 1037 Budapest, Montevideo u. 2/C. and 1037 Budapest, Montevideo u. 6. as places of business, and moreover, to operate the real property located in 4025 Debrecen, Barna u. 23. as a branch business, and both the place of business and the branch business shall be included in the Articles of Association of the Company and in the company register.

Board of Directors Resolution Number 4/2020. (XI.25.)

Upon this resolution, the Board of Directors within the competence of the General Meeting shall hereby acknowledge the resignation of Simon Zoltán and Zibriczki Béla, members of the Board of Directors, from the post of the membership in the board of directors as of the date of the extraordinary general meeting, namely as of 25 November 2020, and moreover, the hereof board shall state that the said members of the board of directors performed their work in the interest of the Company regarding the year of 2020, and with regard to the thereof, the Company shall hereby grant hold-harmless warrant related to 2020 for the persons in question.

Upon this resolution, the Board of Directors, within the competence of the General Meeting, shall hereby elect the persons hereinunder as new members of the Board of Directors of the

Company upon joint authorized signature as of the day of 25 November 2020 for an unspecified term as follows:

Blénessy László (mother's maiden name: Bordos Mária Magdolna; address: 1221 Budapest, Murányi utca 7.) Fekete Péter Krisztián (mother's maiden name: Szabó Katalin; address: 5600 Békéscsaba, Jókai utca 46/1. 1ép.).

The Board of Directors, within the competence of the General Meeting, shall hereby state that the new members of the Board of Directors perform their tasks upon agency contract.

Upon this resolution, the Board of Directors, within the competence of the General Meeting, shall hereby define the monthly remuneration in respect of the members of the Board of Directors in the hereinunder amount as follows:

Chairperson of the Board of Directors: gross 200,000,-HUF per month

Member of the Board of Directors: gross 175,000,-HUF per month

Board of Directors Resolution Number 5/2020. (XI.25.)

Upon this resolution, the Board of Directors, within the competence of the General Meeting, shall hereby acknowledge the resignation of Tomcsányi Gábor, Tima János and Ódorné Angyal Zsuzsanna, the members of the Supervisory Board and Audit Committee, from the posts of the membership in the Supervisory Board and Audit Committee as of the date of the extraordinary general meeting, namely as of 25 November 2020, and, moreover, the Board of Directors shall hereby elect the persons hereinunder as new members of the Supervisory Board and Audit Committee of the Company as of the day of 25 November 2020 for an unspecified term as follows:

Members of the Supervisory Board:

Simon Zoltán Zoltán (mother's maiden name: Kiss Julianna; address: 1033 Budapest, Huszti út 21. 5. em. 45.) Bűdyné Dr. Rózsa Ildikó (mother's maiden name: Hamar Zsófia; address: 1221 Budapest, Péter Pál utca 102.)

The Board of Directors, within the competence of the General Meeting, shall hereby state that the new members of the Supervisory Board and Audit Committee perform their tasks upon agency contract.

Upon this resolution, the Board of Directors, within the competence of the General Meeting, shall hereby define the monthly remuneration in respect of the members of the Supervisory Board in the hereinunder amounts as follows:

Chairperson of the Supervisory Board: gross 175,000,-HUF per month

Member of the Supervisory Board: gross 155,000,-HUF per month

Members of the Audit Committee:

Simon Zoltán Zoltán (mother's maiden name: Kiss Julianna; address: 1033 Budapest, Huszti út 21. 5. em. 45.) Bűdyné Dr. Rózsa Ildikó (mother's maiden name: Hamar Zsófia; address: 1221 Budapest, Péter Pál utca 102.)

Board of Directors Resolution Number 6/2020. (XI.25.)

Upon this resolution, the Board of Directors, within the competence of the General Meeting, shall adopt the amendments of the Articles of Association with identical content of the submissions.

8.34 100% ownership acquisition of DTSM Kft. (07 December 2020)

Following the transaction approval made by Gazdasági Versenyhivatal (GVH), 4iG Plc. acquired 100% ownership of the business shares in DTSM Kft.

8.35 Modification regarding the shareholder structure of the Company (18 December 2020)

Manhattan Magántőkealap administered by iKON Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság⁴⁴ (company registration number: 01-10-140332), being in the shareholding of Jászai Gellért, sold a total amount of 821,018,- quantity of dematerialized equity shares issued by 4iG Plc. at the nominal value of 20,-HUF upon an over-the-counter transaction performed on 18 December 2020 for KZF Vagyonkezelő Korlátolt Felelősségű Társaság (company registration number: 01-09-294248), owned by Jászai Gellért.

8.36 Announcement of large amount successful tender (29 December 2020)

Upon the recall of the competition called for by Állami Egészségügyi Ellátó Központ (hereinafter referred to as: "ÁEEK") in the subject of 'Procurement of Network Management System and High Speed Interfaces within EBP' initiating centralized public procurement procedure, the tender submitted by 4iG Plc. was announced to be the successful tender. The total value of the procedure is 1,799,872,722,-HUF + VAT.

8.37 Conclusion of large amount contract (30 December 2020)

A large amount contract was concluded by and between 4iG Plc., the Company, and Külgazdasági és Külügyminisztérium⁴⁵ (registered office: 1027 Budapest, Bem rakpart 47.) upon 29 December 2020. The value of the contract is 722,778,000,-HUF + VAT.

⁴⁴ iKON Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság – in English: iKON Investment Fund Management Private Limited Company

⁴⁵ Külgazdasági és Külügyminisztérium – in English: Ministry of Foreign Affairs and Trade



NON-FINANCIAL REPORT TO THE FINANCIAL STATEMENTS OF 31 DECEMBER 2020

OUR MISSION, OUR APPROACH

As a key, leading player in the Hungarian IT sector, our company creates value for its customers throughout the entire IT lifecycle: from the formulation of demand through the development of complex systems to the maintenance of reliable operation. Our competitiveness stems from the fact that our operations are based on stable, predictable, large corporate foundations, but at the same time an agile, innovative, start-up approach is also present in our activities. As a listed company, our processes and activities are transparent, our financial and professional results are public.

The change in the information and communication technology (ICT) market has accelerated greatly as technology has become a key, unavoidable building block of business in recent years, further strengthened by the effects of COVID-19. Adapting to these market trends, 4iG is shaping its portfolio and expanding its staff: combining traditional and innovative elements, it progresses shaping the future of the domestic ICT market and digital business. Our approach goes beyond IT systems: we believe in partnership based on joint innovation and solutions tailored to the rhythm and business goals of our clients, be it a system that can be implemented almost immediately or the result of individual, customized development.

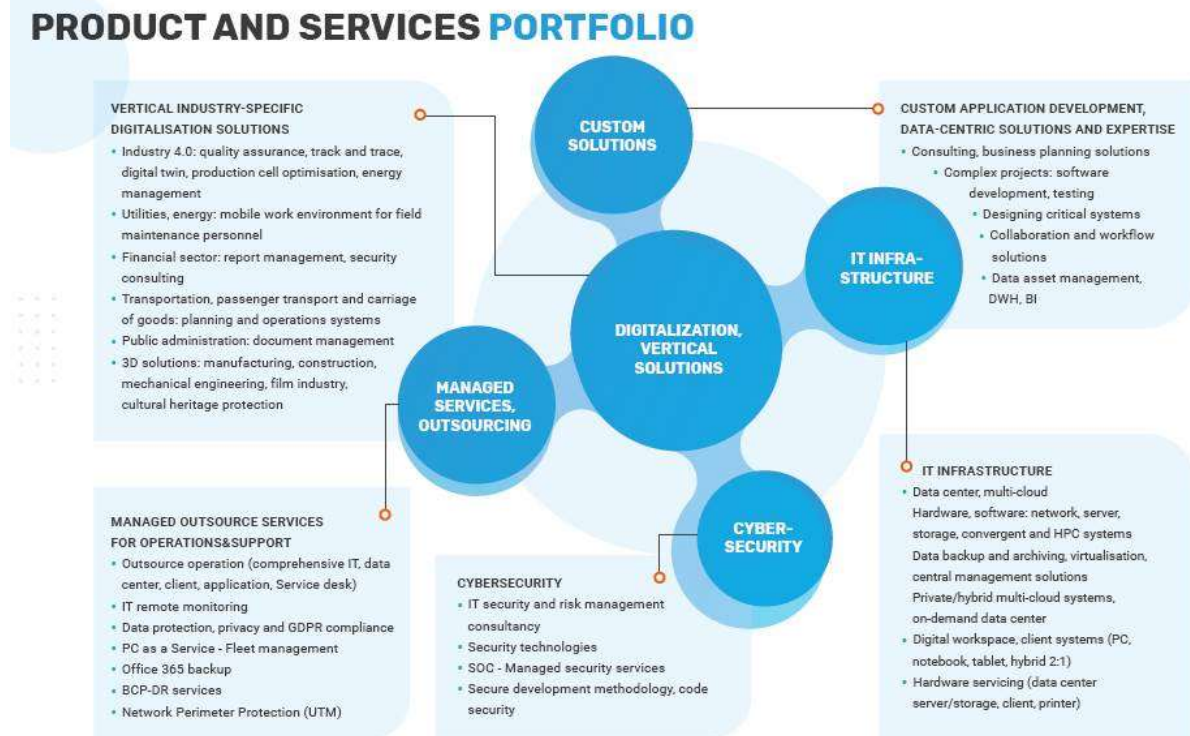
OUR COMPETENCES

Thanks to our company's 30-year history, a fine-tuned service portfolio has developed, which includes elements capable of serving basic IT needs, as well as future-proof, innovative solutions. The company considers orders received from clients as a value chain, thanks to which it has become able to advise on the development of clients' IT needs, to design and implement, as well as to operate them. In terms of system solutions, 4iG mainly offers medium and large enterprise standard and custom solutions to its clients. These include high-availability, monolithic infrastructure systems and business applications that include the design and delivery, implementation, and integration of hardware and software license needs to the client's system environment. Our company has distributor and integrator certifications from the largest global technology companies, such as DELL, HPe, Cisco, SAP, Oracle, Symantec, Lenovo.

In addition to software, hardware and network infrastructure solutions, our company prioritizes custom software development, cyber security and industry-specific solutions such as IPAR4.0-based technologies. In the area of custom software development, we employ more than 150 colleagues. Our company strives to have the highest possible rate of its total staff to be constituted by technical professionals.

Our colleagues are constantly working to create both time-resistant and future-building solutions. We have significant expertise in our innovative target areas such as Block Chain, Artificial Intelligence, Machine Learning and are constantly researching the expandability of the application areas of these technologies.

Summary diagram of the company's capabilities:



COMMERCIAL APPROACH

4iG is committed to having orders in a proportionate manner for ongoing, operation, support-type assignments and project-type orders. It strives to receive as many operational opportunities as possible in connection with the project constructions. Thanks to the company's past, we have a significant number of buyers that come extensively from most industries. Our clients include SMEs, large companies and international companies in the domestic competitive sector, as well as a significant part of state-owned companies.

Our commercial strategy is two-dimensional. On the one hand, it strives to retain existing clients, and on the other hand, it is constantly researching opportunities to expand its clientele. This approach underpins the fundamental goal of the company's management to ensure the sustainability of continuous growth.

MARKET PRESENCE

Today, 4iG has become the second most important player in the domestic market. Its growth also has a positive effect on the smaller players in the market by constantly looking for opportunities for cooperation, and it also supports its expansion and growth through acquisitions in addition to organic opportunities. The transparent, reliable operation of the company, its solutions delivered in high quality have a serious customer retention effect, and they can also have an exemplary effect on competitors. We believe that the company's domestic profitability can provide a solid basis for foreign expansion as well.

KNOWLEDGE AND HUMAN FOCUS

The client is at the heart of our company's activities, and the basic condition of our operation is correct and accurate customer service. To this end, we continuously train our specialists to solve our clients' problems, using the latest, reliable technologies and with a short response time, regardless of the segment of IT involved. In addition, we always keep in mind that man is behind the technical need. The three basic conditions for business success are the coordination of technology, processes and the human factor, so in addition to the continuous training of our colleagues, we also consider the education of our clients to be equally important. To reduce risks, we regularly hold security awareness training sessions as well as consulting workshops to help one operate more efficiently digitally. It is important for our company to provide a liveable workplace, with which we contribute to creating a healthy work-life balance. Within the framework of our welfare program, our colleagues can participate in various activities, where, in addition to maintaining health, team building also plays a significant role. 4iG Plc. offers its employees a wide range of career opportunities, from the internship level to the expert and management level. We are open to accepting those beginning their careers who, with their thinking, new ideas and creativity, make the work of our teams, and overall, the operation of our large company even more dynamic. Through our own development, we all contribute to the success of our clients and our company.

ETHICS AND ANTI - CORRUPTION COMPLIANCE

The 4iG Group operates a compliance program aimed at establishing a value-conscious corporate culture. The business of 4iG Group spans over several countries, so the Companies Group recognizes and analyses the legal, regulatory and practical differences between the countries in question while operating the Companies Group in a legal and ethical manner.

4iG Plc. is committed to the transparency and cleanliness of its processes, in accordance with which it pays special attention to the fact that the internal processes of the companies group, its internal regulations related to ethics and conflicts of interest comply with international requirements. The 4iG Group Code of Conduct for Ethics and Business states in principle that the 4iG Group does not tolerate any form of corruption (including bribery, gratuities given to officials, redistribution, extortion, abuse of power for personal gain, influence unjustified advantages and gifts with the intention of influencing) in relation to those operating in the competition (private) or in the public or municipal sector.

The 4iG Group strictly prohibits its employees and any person acting on behalf of or representing the 4iG Group from offering, giving, soliciting, accepting or collecting an undue advantage. Employees and others acting on behalf of or representing the 4iG Group may never offer or hand over (or authorize to offer or hand over) funds or other advantages for the purpose of exercising undue influence over an official or providing an unlawful business advantage (or even only to give the appearance of these).

In order to operate the effective controls required to manage the risks related to corruption, in 2020, 4iG Plc. introduced an anti-corruption management system and - as a result of the adequacy of the applied controls - in December 2020 it was among the first domestic companies to obtain the MSZ ISO 37001:2019 certificate. The 4iG Group has explored and assessed the corruption risks arising in the course of its operations in detail and has determined that a higher-than-low corruption risk can be identified, especially in relations with suppliers, clients and other business partners. 4iG Plc. secures the corruption risks especially through the creation of the right regulatory environment (in addition to the Code

of Ethics already referred to, the 4iG Group has several other anti-corruption regulatory documents; e.g. Compliance Function Code, Anti-Corruption and Bribery Policy, Gift Policy), the anti-corruption education of our colleagues, the development of a value-conscious corporate culture, the creation of conflict of interest rules, securing the transparency of decision-making processes, the screening and qualification of business partners and internal audit.

QUALITY MANAGEMENT

We have designed our integrated management system by taking into account industry best practices, standards and norms in mind. We regularly review and improve its operations for customer satisfaction. (ISO 9001, ISO 14001; ISO 20000-1, ISO 27001; ITIL4) Our standard-based management system is designed to provide requirements for the continuous monitoring, maintenance and continuous improvement of all of our company's business processes. Developing and maintaining a standard management system is a long-term strategic decision for our company.

Our principle is customer focus and providing the highest possible level of service. We pay special attention to ensuring and maintaining customer satisfaction, fully investigating incoming customer complaints and defining related measures, thus ensuring a high level of satisfaction of our customers' needs.

We regularly measure our customers' satisfaction, and we use the results in the development of our quality management system in accordance with MSZ EN ISO 9001: In connection with this, the 4iG Group is not satisfied with the introduction of operation according to ISO standards, but continuously determines metrics with which the efficiency of management systems can be measured, and their evaluation provides an opportunity for continuous improvement. During the operation of the 4iG Group's integrated management system (quality, environmental and information security management system), it continuously monitors key financial and non-financial indicators, from which it assesses and monitors the achievement of goals set according to various ISO standards along the PDCA cycle.

Regular internal audits verify the achievement of policy objectives, compliance with relevant instructions and provisions, and the implementation of action plans identified in previous audits.

Each year, the effective operation of the integrated management system is certified by an external independent certification body for every three-year certification cycle.

The 4iG Group is committed to being part of, helping and developing the community and environment in which it operates. Our company considers it important to stand by exemplary and value-creating initiatives. Be it culture or sport, science and innovation, or current social problems. At the same time, all sponsored and supported individuals and organizations are expected to act in accordance with the ethical values and principles of the 4iG Group.

ENVIRONMENTAL PROTECTION

The 4iG Group is committed to preventing environmental damage and hazards and reducing the health, safety and environmental risks arising from its operations. The Company fulfils service activities but does not market material or substances being dangerous to the environment and does not own the herein stocks. To keep directives on environmental protection is highly important to the Company. The company has an environmental management system established according to the MSZ EN ISO 14001:2015 standard at the

group level and aims to obtain the energy management system certificate according to MSZ EN ISO 50001:2019 by 2021. The sparing treatment of natural resources and energy is a key element of our company's environmental strategy, our long-term goal is to develop and apply technical solutions and processes that lead to material and energy savings while reducing the burden on the environment, as well as reducing environmental risks.

Our company: complies with the relevant technological rules in all its activities; human and environmental focus, the use of recycled materials, and the introduction of waste reduction technologies and procedures are key considerations in the design of the workplace environment; the products we trade comply with RoHS guidelines in all cases. In all cases, we use the assistance of a legally qualified, expert company in the destruction of unrepairable, discarded devices and parts, and they carry out the regular removal and destruction.

SAFETY AND SECURITY PRINCIPLES OF 4iG PLC

In all cases, 4iG Plc. and its subsidiaries act with utmost care to ensure the safety of their clients, suppliers and their own employees. The companies group sees security as a business advantage over its competitors. The Company focuses on maintaining existing trust in partners by deepening employee security awareness through internal policies, training and development.

In the course of its operations and the performance of the services it provides, the 4iG Group is committed to complying with the guidelines set out in the MSZ ISO/IEC 27001:2014 standard by recognizing it as mandatory for itself. To ensure business continuity, the 4iG Group takes all necessary information protection measures, designing all its data management processes in accordance with data protection and information security requirements.

In order to ensure the highest possible level of protection of personal data, the 4iG Group has comprehensive policies and regulations that respond to all points of the relevant legislation, through the creation and documentation of which our colleagues work more security-consciously and help our partners through awareness.

INFORMATION AND INTEREST SYSTEM

In 2020, the Company and its subsidiary companies operated under a common corporate governance system. Processes are transparent, following everyday needs as much as possible to ensure operational flexibility. In 2021, we refine our organization and the related interest system and we try to adjust the thereof to our new strategy to support the realization of the targeted results at a maximum level.

POLICY ACHIEVEMENTS

Results of Anti-corruption Policy

Our company operates an Ethics and Compliance reporting line, which is also available on the 4iG website. The reports received during the year were investigated and it was decided to take the necessary measures. A full compliance-focused audit was performed, as a result of which we identified the Company's corruption risks and defined the controls aimed at managing the risks. After that, 4iG Plc. was one of the first in Hungary to obtain a certificate accredited by Akkreditáló Hatóság⁴⁶ for its management system developed according to the ISO 37001 standard. We provided anti-corruption and ethics training in relation to the hereinabove, as a

⁴⁶ Akkreditáló Hatóság – in English: National Accreditation Authority

result of which 97% of our employees passed the examination and made statements on anti-corruption on two levels (Employee and Senior Management / Board of Directors) in accordance with the standard requirement.

Our most important anti-corruption indicators:

- full investigation of notifications received
- conducting annual audits
- continuous monitoring of controls
- participation rate in trainings

Results of environmental policy

In the course of its operations, 4iG Plc. pays great attention to environmental protection and communicates its related objectives in its environmental policy to its employees and stakeholders, in line with environmental goals and programs. The Quality Management organizational unit compiles a list of the Company's activities to be audited at planned intervals.

In the list, it divides the processes into sub-activities, through which the environmental impacts can be identified, the assessment of which serves as a basis for selecting the significant ones from the many impacts, and the Company can focus its resources on them when defining environmental goals, plans and programs.

We are continuously monitoring the implementation of the environmental programs launched in the current year, the most important of which are the reduction of fuel consumption by 5%, the reduction of paper consumption by 10%, and the implementation of selective waste collection in office units.

We evaluated our suppliers involved in our environmental management system and found them to be suitable in the assessment taking into account environmental considerations, i.e. we requested them to submit their permits in connection with the disposal of waste.

During the selective collection and storage of waste, we pay special attention to avoiding the mixing of hazardous and other wastes, thereby preventing environmental pollution and reducing the environmental impact. In the recent period, we have placed great emphasis on reducing the amount of electronic waste and recycling it as much as possible.

We introduced our subcontractors to the basic requirements of our environmental management system (application of the 'Environmental Information Document' as an annex to the Contracts).

Our most important environmental indicators:

- hazardous and non-hazardous waste collection
- fuel consumption
- reducing energy consumption

Results of information security policy

The 4iG Group conducts regular audits to ensure that the objectives set out in the information security policy are being met and that the relevant instructions and procedures are being followed by those concerned. If an irregular process or employee behaviour is experienced, the necessary action is taken to correct the problem. As a basic training for new entrants introduced in the current year, our employees receive information security education in accordance with our policy within the framework of the 'Welcome Day' designed for them to get to know the Company.

Results of quality policy

Based on 'our vision, our mission', we are continuously developing our quality management system in proportion to the growth of 4iG, and we are examining the adequacy and effectiveness of our processes. We ensure the compliance of the group of suppliers and subcontractors with the certification in the interest of the responsibility undertaken for quality.

In the current year, the GRC (Governance, Risk Management, Compliance) system was introduced, which promotes transparent operation, greatly helping to monitor operational processes.

Our most important indicators:

- completion of an annual audit program
- monitoring the effectiveness of corrective actions taken for nonconformities identified during the audit
- number of follow-up audits
- full investigation of complaints received
- participation rate in trainings

REPRESENTATION

The Issuer shall hereby state that the Report on the development and performance of the Company is reliable, and the data and statements are in accordance with reality, and do not hide any fact which are considered to be significant from the point of evaluating the situation of the Issuer.

In line with Subsection 1 of Section 57 of the Act on the Capital Market, the Issuer shall be liable for any and all damages caused by his failure to meet the obligations of disclosure of the regulated information and the same shall be applied for false or untrue information made available for the public.

I, the undersigned, shall hereby undertake that the data of the statement included in the report for the year of 2020 and the contents of the analyses and the conclusions are in compliance with reality.

Dated as of 19 April 2021 in Budapest



Jászai Gellért
Chairperson Chief Executive Officer



Tóth Béla Zsolt
Member of the Board of Directors

4iG Plc.

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