INDIVIDUAL FINANCIAL STATEMENTS COMPILED IN LINE WITH IFRS

4iG

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Plc.

INDIVIDUAL FINANCIAL STATEMENTS FOR 31 DECEMBER 2020
COMPILED IN LINE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

On the basis of the authorization of the Government Decree No. 502/2020 (XI. 16.) on the Re-implementation of the Derogations from Regulations on Operation of Partnerships and Corporations in case of Emergency and acting on behalf of the competence of the General Meeting, the herein Report, by means of the written decision made by the Board of Directors of the Company without holding a meeting, on 29 April 2021, was adopted by and upon the Board of Directors Resolution No.1/2021. (IV. 29.).

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **4iG Nyrt.** („the Company") prepared in accordance with the International Financial Reporting Standards, which financial statements comprise the statement of financial position for the year ended on 31 December 2020 – in which the identical total amount of assets and liabilities is **HUF 35.274.599 thousand** –, the statement of comprehensive income for the financial year then ended – in which the net profit for the year is **HUF 3.160.054 thousand in profits** –, a statement of changes in equity, a statement of cash flows, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Company's financial position as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the EU and with the Act C of 2000 on accountancy applicable in Hungary (hereinafter: „Accountancy Act").

Basis for the opinion

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

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

Key Audit Matters

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

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

Key audit matters	Audit procedures carried out
Revenue recognition, contracts with customers	
Presentations of the matter are set out in Notes 3.1.2 , 4 (revenue) and 22 (prepaid revenues) to the notes to the financial statements. Accurate revenue recognition is considered a fundamental risk as the Company performs significant volume of software development and other IT projects over a longer period of time and has accordingly reviewed and applied the requirements of IFRS 15 International Financial Reporting Standard- Revenue from Contracts with Customers and if the Company continually transfers control of the service, it also recognizes revenue from the sale of the services on a continuing basis as determined by the standard. Revenue recognition is considered a key area, on the one hand due to the number and size of the related contracts, and on the other hand due to the appropriate support for the accounting of projects by stage of completion.	In the course of our audit procedures, we assessed whether the Company's accounting policies are appropriate for the recognition of revenue and in accordance with International Financial Reporting Standard IFRS 15- Revenue from Contracts with Customers. Our audit procedures include, but are not limited to, the key controls over the recognition of revenue that the Company has designed to ensure that revenue is recognized over an appropriate period of time. In addition, we tested and reconciled the documentation supporting the sales revenue and accounted costs related to significant projects by sampling, as well as the documentation of the degree of completion of the projects and the accuracy of the calculations and the adequacy of accruals. Our study included an analysis of the entire accounting portfolio, including the relationship between sales revenue, VAT, trade receivables, and cash flow, and we tested the accounting items related to sales revenue to identify unusual transactions. We used a sampling procedure to confirm the balance at the end of the year to confirm trade receivables and annual turnovers and to test the cash flows after the balance sheet date. On the basis of sampling, we compared the terms of the customer contracts with the accounting. In connection with trade balances, we examined their aging and the adequacy of the estimates used for valuation. We tested significant sales transactions recorded around the balance sheet date, as well as credit notes issued after the balance sheet date, to determine whether sales were accounted for in the appropriate period, and analyzed sales close to the balance sheet date against year-over-year revenue data. We conducted analytical reviews of sales, comparing factual data with our expectations, taking into account the Company's business. We also assessed the appropriateness of the additional notes related to sales. Based on our procedures, we did not identify any material misstatements.

Other information: The Annual Report

Other information consists of the annual report of **4iG Nyrt.** for the year 2020. Management is responsible for the preparation of this annual report in accordance with the accounting act and applicable provisions of other legal regulations. The opinion on the financial statements expressed in the "Opinion" section of our independent auditor's report does not relate to the annual report.

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

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

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

In our opinion, the 2020 annual report of **4iG Nyrt.** – including requirements set out in points (e) and (f) of subsection (2) of Section 95/B of the Accounting Act - is consistent with the 2020 financial statements of **4iG Nyrt.** prepared in accordance with the International Financial Reporting Standards, and the annual report has been prepared in accordance with the provisions of the Accounting Act.

The information set out in points (a) to (d) and point (g) of subsection (2) of Section 95/B of the Accounting Act has been made available in the annual report. The annual report consist the non-financial information report set out in 95/C. §, and 134. § (5) points of the Accounting Act.

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

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

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

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

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

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

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

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

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

Furthermore:

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

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

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

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

- The comprehensive presentation, structure and content of the financial statements are evaluated, including the publications in the supplementary appendix, furthermore it is also assessed whether the financial statements presents the transactions and events realistically.
- We inform, inter alia, the planned scope and schedule of the audit, the substantial findings of the audit to the persons authorized for control tasks, including significant deficiencies of the internal control mechanisms applied by the Company identified during our audit if there was any.

We hereby issue a declaration to persons entrusted with management to the effect that we complied with relevant ethical requirements concerning independence and that we communicate them all contacts and other issues where it can be reasonably assumed that they affect our independence, together with, as and where appropriate, the precautionary measures adopted.
Out of matters communicated to persons entrusted with management, we determined the ones that were the most important in the course of auditing the financial statements for the current period and that, thus, were also key audit issues. We disclose these matters in our audit report, unless the law or other regulations forbid us to disclose them publicly or if – under very rare circumstances – we conclude that a specific matter cannot be communicated in the auditor's report as, based on reasonable expectations, the detrimental implications would be more profound than the public benefits of their communication.

Declaration about other legal and regulatory requirements

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

Appointment of the auditor and the duration of its appointment
The general meeting of the Company held on 16 January 2016 appointed our company to be the auditor of 4iG Nyrt. Our appointment covered the audit of the financial statements for the years of 2015-2017. Our appointment was extended at the general meeting of the Company held on 26 April 2018. According to that our appointment covers the audit of the financial statements for the years of 2018-2020 and lasts at latest until 30 April 2021.

Consistency between the auditor's report and the supplementary report addressed to the audit committee
We confirm that our audit opinion in this auditor's report concerning the individual financial statements is consistent with the supplementary report addressed to the audit committee of the Company that we issued on 19 April 2021, in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council

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

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

Budapest, 19 April 2021

Péter Honti
Managing Director

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1.1 Statement on comprehensive income

data in thousands of Hungarian Forints unless otherwise indicated

	Annex	2020	2019
Net sales revenues	4	55,026,791	40,463,187
Other operating income	4	374,238	340,738
Revenues in total		**55,401,029**	**40,803,925**
Goods and services sold	5	40,411,401	29,752,395
Operational expenditures	6	2,286,072	1,755,163
Staff costs	7	7,897,481	4,973,272
Other expenditures	8	181,703	61,945
Operational expenses		**50,776,657**	**36,542,775**
Earning Before Interests, Taxes, Depreciation and Amortization (EBITDA)		**4,624,372**	**4,261,150**
Depreciation and impairment	9	763,094	694,686
Earnings Before Interest and Tax (EBIT)		**3,861,278**	**3,566,464**
Financial income	10	342,795	159,293
Financial expenditures	10	361,070	177,252
Profit before tax		**3,843,003**	**3,548,505**
Income taxes	11	682,949	499,069
Profit after tax	12	**3,160,054**	**3,049,436**
Other comprehensive income		**-**	**-**
Total comprehensive income	13	**3,160,054**	**3,049,436**
Of which: profit and loss of discontinuing operation		*0*	*0*

Annexes included on pages 32 to 75 are inseparable parts of the report

1.2 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	15	643,921	307,116
Intangible assets	15	714,685	419,028
Lease rights	16	464,384	635,577
Deferred tax assets	17	19,768	0
Goodwill	18	411,243	411,243
Other investments	19	1,942,622	271,488
Over-the-year assets in total		**4,196,623**	**2,044,452**
Current assets			
Liquid assets and cash equivalents	20	6,254,927	6,225,511
Trade receivables	21	15,666,552	12,876,341
Other receivables and accrued and deferred assets	22	5,594,012	2,063,412
Current income tax receivables	23	0	0
Securities	24	417,730	442,600
Inventories	25	3,144,755	531,366
Current assets in total		**31,077,976**	**22,139,230**
Assets in total		**35,274,599**	**24,183,682**
RESOURCES			
Own equity			
Issued capital	26	1,880,000	1,880,000
Repurchased own shares	27	(322,930)	(92,251)
Capital Reserve	28	816,750	816,750
Accumulated profit reserve	29	4,789,308	3,045,012
Own equity in total:		**7,163,128**	**5,649,511**
Long-term liabilities			
Provisions	30	72,301	55,244
ESOP liabilities		344,813	0
Financial leasing liabilities	31	182,724	301,537
Deferred tax liabilities	17	0	12,725
Long-term liabilities in total		**599,838**	**369,506**
Short-term liabilities			
Trade creditors and other accounts payable	32	18,029,487	11,473,063
Short-term credits and loans	33	2,970,000	1,500,000
Other short-term liabilities and accrued liabilities	34	6,199,854	4,852,375
Dividend liability accounted for owners	35	27	0
Financial leasing liabilities	31	312,265	339,227
Short-term liabilities in total		**27,511,633**	**18,164,665**
Liabilities and own equity in total		**35,274,599**	**24,183,682**

Annexes included on pages 32 to 75 are inseparable parts of the report

1.3 Change in own equity

data in thousands of Hungarian Forints unless otherwise indicated

	Issued capital	Own shares	Capital reserve	Accumulated profit reserve	Own equity per parent company in total	Non-controlling interest	Own equity in total
Balance on 1 January 2019	**1,880,000**	**(94,198)**	**816,750**	**25,600**	**2,628,152**	**-**	**2,628,152**
Merger of subsidiary companies	–	(7,543)	–	35,252	27,709	–	27,709
Delisting subsidiary company goodwill	-	–	–	(240,460)	(240,460)	–	(240,460)
Sale of own share	-	9,490		175,184	184,674	–	184,674
Profit after tax	-	–	–	3,049,436	3,049,436	–	3,049,436
Balance on 01 January 2020	**1,880,000**	**(92,251)**	**816,750**	**3,045,011**	**5,649,511**	**-**	**5,649,511**
Segregation and payment of dividend	–	–	–	(2,001,152)	(2,001,152)	–	(2,001,152)
Purchase of own share	-	(495,285)	–	–	(495,285)	–	(495,285)
Sale of own share	-	264,606		585,394	850,000	–	850,000
Profit after tax	-	–	–	3,160,054	3,160,054	–	3,160,054
Balance on 31 December 2020	**1,880,000**	**(322,930)**	**816,750**	**4,789,308**	**7,163,128**	**-**	**7,163,128**

Annexes included on pages 32 to 75 are inseparable parts of the report

1.4 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	12	3,160,054	3,049,436
Corrections:			
Depreciation and impairment in the current year	9	763,094	694,686
Impairment	9	113,832	(27,905)
Provisions	30	17,057	52,083
Deferred tax	17	(32,493)	69,834
Interests	10.36	25,280	11,345
Impact of exchange rate fluctuation		(31,873)	
Changes in working capital			
Changes in customers, affiliated and other receivables, accrued and deferred assets	21,22,	(6,313,141)	(13,825,680)
Change in inventories	25	(2,691,070)	(531,366)
Changes in trade creditors, affiliated and other accounts	33,35	6,740,834	10,871,077
Change in financial leasing	31	(26,962)	339,227
Changes in other liabilities and accrued liabilities	34	1,163,096	4,444,611
Net cash flow from operating activities		***2,887,708***	***5,142,081***
Cash Flow from investments			
Sale of tangible assets (purchase)	15	(559,771)	(424,054)
Purchase of intangible assets	16	(664,592)	(1,233,503)
Securities	24		(68,600)
Acquisition of interests, other over-the-year assets		(853,716)	(257,436)
Sale of interests and the merger of subsidiary company	19	13,631	1,422,511
Net Cash Flow from investments		***(2,064,448)***	***(561,082)***
Cash Flow from financing activities			
Borrowing bank credits / (repayment)	33	1,470,000	1,347,515
Long-term credits		344,813	
Borrowing financial leasing (repayment)	31	(118,813)	301,537
Issued/Repurchased own shares/business shares	28	(495,285)	0
Interest of credits and loans	10.36	(25,280)	(11,345)
Dividend payment	35	(2,001,152)	0
Net Cash Flow from financing activities		***(825,717)***	***1,637,707***
Impact of exchange rate fluctuation		31,873	
Increase / decrease of cash and cash-equivalent assets		**29,416**	
Net change in cash and cash-like items	20	29,416	6,218,706
Balance of cash and cash-like items at the beginning of the year	20	**6,225,511**	6,805
Yearend balance of cash and cash-like items	**20**	**6,254,927**	**6,225,511**

Annexes included on pages 32 to 75 are inseparable parts of the report

2. General information

2.1 Introduction of the corporation

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

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

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

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

2.2 Basis for balance sheet preparation

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

The financial statements have been prepared in accordance with the International Financial Accounting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations formulated by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless provided otherwise, the data in the financial statements are given in HUF currency, rounded to thousands in Hungarian Forints. The figures put in brackets stand for negative values.

The report is audited by a certified auditor.

II.) The basis of reporting

The financial statements are made in compliance with the standards issued prior to 31 December 2020 and prevailing in 2020 as well as with the IFRIC Interpretations. 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 company's financial year lasts from 01 January 2020 to 31 December 2020.

III.) The basis of evaluation

In the financial statements, the evaluation is based on the original historical value, except for the following assets and liabilities which are evaluated and measured as financial instruments to profit or loss at their fair values.

The preparation of IFRS-compliant financial statements requires the company's management to apply professional judgment, estimations, and assumptions that influence the 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.

3 Accounting policy

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

Since 01 January 2014, the company keeps its records and books in the Microsoft Dynamics AX system. As of 01 January 2016, the company has switched to the system version AX-2012.

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

3.1 Material elements of the accounting policy

3.1.1 Reporting currency and foreign currency balances

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

Originally, the foreign currency transactions were booked at their HUF equivalent upon the foreign currency exchange value valid on the day of the execution of the given transaction. Receivables and liabilities denominated in foreign currency are converted to Hungarian Forint on the exchange value valid on the balance sheet date. The differences arising from the currency conversion are booked as either revenue from or expenditures on financial transactions in the profit and loss account.

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 income 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 loans are shown as either revenue from or expenditures on financial transactions.

3.1.2 Revenue

The sales revenues of the Company are accounted in accordance with the IFRS 15 standard (issued in May 2014; validated by IASB in respect of the financial years starting 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 Company 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. When concluding the contract, the Company must identify which goods or services it has promised to provide to the buyer, namely, what performance obligation it has undertaken. The Company 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 performance of the contract takes place, the Company is required to recognize the 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 Company 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 Company'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 Company 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 Company'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 Company 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 Company 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 Company 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 Company takes the time value of money into account when calculating sales revenue.

3.1.3 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 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. 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. The value-adding investments and renovations shall be recognized. The cost and accumulated depreciation related to assets of nil net value, sold or disused, shall be derecognized. Any profit or loss resulting from the above shall be shown in the current year’s retained profit or loss.

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

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

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

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

The Company has no assets of an undetermined useful life period.

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

3.1.4 Intangible assets

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

Following the recognition thereof, to the intangible assets, the cost model shall 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.

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

3.1.6 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.

3.1.7 Impairment

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

Goodwill:

The Company 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.

3.1.8 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.

3.1.9 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 Company shall account for a certain amount as impairment to cover unenforceable or disputed claims arising from eventual losses thereof.

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

3.1.10 Financial assets

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

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

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 Company shall investigate on each balance sheet day the necessity of depreciation in respect of the financial asset or a set of assets. If the need for depreciation arises in respect of an asset recognized at depreciated historical value, the amount thereof shall be the difference between the book value of the asset and the asset's future cash flows discounted with the original effective interest rate. The depreciation shall be shown in the profit and loss 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 balance sheet day.

<u>Credit-related loss of financial instruments</u>

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 assess 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 through customers and 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-related loss over 12 months / calculated on the basis of the expected credit-related loss over the lifetime / calculated using the effective interest rate method.

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

3.1.11 Financial liabilities

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

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

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

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

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

3.1.12 Provisions

The Company forms provisions for the (lawful or presumed) liabilities arising from past events that the Company 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 are 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 Company is the inevitable costs of performance of the Company's contractual obligations exceed the economic benefits expectedly gained from the same contract.

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

3.1.13 Corporate income tax

The amount of the corporate income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and the local regulation concerning the local business tax, to be modified by deferred taxes. The corporate income tax payment obligation covers tax obligations from the current year and deferred tax elements as well. The support of spectator sports is indicated in the corporate income tax row, as the Corporate Group shall essentially consider the hereof liability to be seen as income tax.

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

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

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

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

The current and the deferred tax obligations are measured directly to 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 Company in respect of the net accounting of the hereof assets and liabilities.

3.1.14 Lease transactions

As of 13 January 2016, IASB has issued a new standard under the number of IFRS 16 in relation with the settlement of lease transactions. The application of the new standard concerning the lease transactions is compulsory for the companies keeping their books according to the IFRS 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 financial status statement and in the profit and loss account 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 in 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 Company applies the IFRS 16 standard from 1 January 2019; however, as an exception, the Company accounts for the lease fee paid for the short-term lease of small-value assets as an expenditure.

3.1.15 Earnings per share (EPS)

The earning per share is calculated by considering the Company'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 dilutable shares on the market are taken into consideration, increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, amending the value by the conversion revenues and expenditures, increasing the weighted average number of the shares on the market by the weighted average number of the shares which were on the market if all convertible bonds were converted. As of 31 December 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.

3.1.16 Off-balance sheet items

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

3.1.17 Repurchased own shares

The purchase value of repurchased own shares is presented in the balance sheet, in a separate row among the capital items, with a negative sign. The number of own shares possessed by 4iG Plc. as of 31 December 2020 was 1,670,086,- quantity.

3.1.18 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.[1]

3.1.19 Profit and loss on financial transactions

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

3.1.20 State subsidies

The state subsidies are recognized when the amount of the subsidy is likely to be received, and the criteria of disbursement are met. Provided that 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. To the extent that the subsidy is intended to cover the purchase price of assets, it shall be shown as deferred income and credited to the profit in equal amounts during the purchased asset’s useful life.

3.1.21 Events after the balance sheet day

The events that provide additional information concerning the circumstances at the end of the Company’s reporting period shall be included in the financial report, even if such existing events (adjusting item) occur after the end of the reporting period. The post reporting period

[1] KELER Zrt. – in English: Central Clearing House and Depository

events that do not adjust the data of the financial report are included in the notes to the financial statements.

3.2 Changes in the accounting policy

The Company’s financial report is compiled in accordance with the standards and interpretations valid and effective on 1 January 2020.

The accounting policies of the Company are identical to those of the previous years – except for the policies applicable to the financial instruments – the customer contract revenues, and the lease transactions. The Company applied the following new/amended and restated IFRS standard and IFRIC interpretation throughout the year. Besides the information provided 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 Company'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 Company'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 Company'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 Company’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 Company employs as of 2018.

IFRS 9 Financial instruments: recognition and measurement (effective from 01 January 2018), the Company 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 Company applied the amendment for the year ending as of 31 December 2020 and the amendment did not have a material impact on the Company'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 groups 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 groups shall use professional consideration to decide on the location and the sequence of the notes they intend to disclose in their financial statements and publications. 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 of the Company. 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 Company 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 Company.

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

Amendments and interpretations of existing standards and new standards not effective and herewith, not applied by the Company 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 Company 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 Company'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 Company'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 Company'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 Company'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 Company'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). The standard has no relevance from the aspect of the Company as does not employ pension-fund 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 Company'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 Company.

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

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

3.3 Uncertainty factors

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

The estimation processes are continuously updated. Changes in accounting estimations shall be taken into consideration in the period of occurrence of thereof.

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 financial statements are the following.

3.3.1 Impairment of goodwill

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

3.3.2 Impairment accounted for unenforceable and disputed receivables

The Company shall account for a certain amount as impairment to cover the eventual losses arising from the customers' payment default in respect of unenforceable or disputed claims. The estimations used to evaluate the appropriateness of the impairment accounted for unenforceable and disputed receivables shall hereby be based on the aging of the receivables, the creditworthiness of the customer, and the changes in the customers' payment habits. The amount of the impairment accounted for unenforceable and disputed receivables in the consolidated balance sheet was 39,668,-HUF in thousands on 31 December 2020 and 47,338,-HUF in thousands on 31 December 2019.

3.3.3 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 and amortisation accounted for by the Company was 694,686,-HUF in thousands for the year of 2019. The useful life of the assets is determined on the basis of past experience in respect of similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

4 Sales revenue and other operating income

	2020	2019
Net sales revenues	55,026,791	40,463,187
Own performance capitalized	134,814	47,769
Other revenues	239,424	292,969
Total	**55,401,029**	**40,803,925**

Distribution of sales by main types:
From service: 21,622,892.- HUF thousand
Product sales: 33,255,067.- HUF thousand

The Company's sales revenue increased significantly after the jump in 2019 due to 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 552,157,-HUF in thousands was accounted for export sales revenue regarding the turnover, while thereof amount measured 1,278,755,-HUF in thousands in 2019. The export sales revenue was originated from countries of the European Union in full.
With regards to the sales revenue of the Company, one-year cyclicality 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. This is partly due to the fact that most government orders are delivered by the end of the year.

The content of other operating income is as follows:

	2020	2019
Own performance capitalized	134,814	47,769
R&D subsidies income accounted	147,132	190,892
Backmarking of impairment/provision	24,620	4,909
Refund of service costs	0	35,054
Workers fees	25,567	14,753
Income of tangible and intangible assets sold	1,614	29,900
Other state refunds	5,201	3,561
Income of liquidated damage	3,000	1,857
Subsidy received from other company	31,201	9,695
Other	1,089	2,348
Total	**374,238**	**340,738**

In 2020, in the framework of development, the amount of 101,987,- HUF in thousands of capitalized own performance accounted was data warehouse developed for internal utilization. The Company investigated that the definition of intangible assets defined in Sections 8 to 17 of IAS 38 Standards and the requirements included in Sections 12 to 23 in the hereof standard are in compliance with the aforesaid software developed. The development of the data warehouse started already in 2019. The developments are recorded by the Company as unfinished development projects. Data warehouse development supports commercial, financial-accounting and corporate governance activities of the company. On the basis of the identification related to IAS 38 Standard the incurred costs (material and personnel costs in respect of the developers) are accounted for development activities and presented in the item of intellectual products.

5 Goods and services sold

	2020	2019
Cost of goods sold	27,032,137	22,251,298
Cost of services sold	13,379,264	7,501,097
Total	**40,411,401**	**29,752,395**

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.

6 Operational expenditures

	2020	2019
Material costs	156,868	118,279
Value of contracted services	2,042,778	1,565,638
Value of other service activities	86,426	71,246
Total	**2,286,072**	**1,755,163**

7 Staff costs

	2020	2019
Wages and salaries	6,102,390	3,856,482
Other staff benefits	673,269	314,894
Contributions on wages and salaries	1,121,822	801,896
Total	**7,897,481**	**4,973,272**
Average statistical number	599	424

The development of the Company 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.

8 Other operating expenditures

	2020	2019
Grants for foundations	26,170	3,500
Bad debt	14,670	11,824
Derecognition value of tangible assets sold	804	37
Fines, default interest, liquidated damage paid	26,720	9,676
Inventories scrapped, impairment	77,701	0
Impairment of receivables	28,951	30,764
Taxes, duties, contributions	5,597	4,510
Loss of claims assigned to the company	0	0
Other	1,090	1,634
Total	**181,703**	**61,945**

The amount of the foundation's grants increased because in 2020 the Company supported ÁGOTA (Állami Gondoskodásban Élő és Veszélyeztetett Fiatalok Támogatásáért) Foundation[2] 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.

9 Depreciation and impairment

	2020	2019
Depreciation	763,094	694,686
Goodwill impairment	0	0
Total	**763,094**	**694,686**

The value of the tangible assets depreciation was amounted to 222,966,-HUF in thousands out of the total value of the depreciation as of 2020, while the value of intangible assets depreciation was accounted for 540,129,- HUF in thousands, and out of the hereof the amount of 377,590,-HUF in thousands, in line with the leases standard’s requirements of the IFRS 16, was due to the amortisation calculated for concession and similar rights on leased assets. The information on goodwill impairment is available in Notes No. 18.

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

10 Revenue from and expenses on financial transactions

Finance income	2020	2019
Interests received	12,473	2,717
Exchange gain	330,322	156,576
Dividend received	0	0
Total	**342,795**	**159,293**

Out of the interest revenue the amount of 10,272,-HUF in thousands was due to affiliated undertakings, and was arisen from financial settlement of exchange gain accounted for the foreign currency and from revaluation.

Finance expenditures	2020	2019
Interests paid	37,753	14,061
Loss on exchange	323,317	163,191
Option fee	0	0
Total	**361,070**	**177,252**

The loss on exchange due to financial settlement of the currency item and currency receivables, and liabilities was arisen from the yearend measurement. The accounted interest cost was disbursed in full.

11 Income taxes

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

	2020	2019
Corporate income tax	392,063	172,556
Deferred tax	(32,494)	91,660
Business tax	281,200	204,219
Contribution on innovation	42,180	30,633
Rounding		1
Total	**682,949**	**499,069**

Corporate income tax of the current year was calculated in accordance with the rules on Companies compiling financial statements in line with the IFRS. The rate of the corporate income tax measured 9 percentage in 2020.

The corporate income tax of 2020 was calculated in line with the general rules as follows:

	2020
Profit before taxation (IFRS)	3,843,003
Correction on account of local business tax (-)	(281,200)
Correction on account of innovation contribution (-)	(42,180)
Correction factors on account of special IFRS	895,141
Adjusted profit before tax	4,414,764
Depreciation set forth in the Act on Accounting (+)	488,948
Accelerated depreciation	0
Final fines accounted for expenditures (+)	14
Impairment accounted for receivables in the tax year (+)	10,000
Cancelled receivables of non-bad debts in the tax year	0
Impairment marked back for receivables (-)	(17,670)
Depreciation set forth in the Act on Taxation (-)	(433,887)
Determined amount of donation and subsidy (20% for public interest association) (-)	(5,234)
Reduction on account of R&D expenditures (-)	(100,683)
Base for corporate income and dividend tax	4,356,252
Corporate income and dividend tax (9%)	**392,063**

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

	2019
Profit before taxation (IFRS)	3,548,505
Correction on account of local business tax (-)	(204,219)
Correction on account of innovation contribution (-)	(30,633)
Correction factors on account of special IFRS	129,155
Adjusted profit before tax	3,442,808
Depreciation set forth in the Act on Accounting (+)	462,521
Accelerated depreciation	29,782
Final fines accounted for expenditures (+)	0
Impairment accounted for receivables in the tax year (+)	1,496
Cancelled receivables of non-bad debts in the tax year	0
Impairment marked back for receivables (-)	(2,859)
Depreciation set forth in the Act on Taxation (-)	(348,432)
Other adjustment items (accrued and deferred loss) (-)	(1,468,030)
Reduction on account of R&D expenditures (-)	(200,000)
Base for corporate income and dividend tax	1,917,268
Corporate income and dividend tax (9%)	**172,556**

12 Profit after tax

	2020	2019
Profit after tax	3,160,054	3,049,436

13 Total comprehensive income

	2020	2020
Profit after tax (net)	3,160,054	3,049,436
Other comprehensive income	0	0
Total comprehensive income	3,160,054	3,049,436

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

14 Earnings per share

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

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

Net profit = 3,438,803,380.- HUF
Average number of voting shares = 91,268,857,-quantity
Stock option granted to ESOP likely to be called on = 1,733,092,-quantity

Indicator (HUF/share)	2020	2019
Diluted EPS indicator	34.0	33.2
Earnings per share (base) (HUF) EPS	34.6	33.2

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.

15 Tangible assets

data in HUF in thousands	Technical machinery and equipment	Other equipment	Land and buildings, and the related economic rights	Unfinished investments	Total
Gross value					
on 01 January 2019	**247,707**	**17,931**	**4,200**	**527**	**270,365**
Increase and reclassification	10,630	907,706	64,629	341,074	1,298,039
Decrease and reclassification	(1,026)	(98,896)	0	(308,746)	(408,668)
on 31 December 2019	**257,311**	**826,741**	**68,829**	**6,855**	**1,159,736**
Increase and reclassification	0	321,082	5,219	949,199	1,275,500
Decrease and reclassification	(784)	(63,073)	0	(714,925)	(778,782)
Rounding	1	(1)			
on 31 December 2020	**256,528**	**1,084,749**	**74,048**	**241,129**	**1,656,454**
Accrued depreciation					
on 01 January 2019	**235,443**	**10,200**	**1,005**	**0**	**246,648**
Current year depreciation	22,854	665,906	17,095	0	705,855
Decrease	(1,025)	(98,858)	0	0	(99,883)
Rounding	0	0	0	0	0
on 31 December 2019	**257,272**	**577,248**	**18,100**	**0**	**852,620**
Current year depreciation	15	218,696	4,255	0	222,966
Decrease	(784)	(62,269)	0	0	(63,053)
Rounding	1	(1)	0	0	0
on 31 December 2020	**256,504**	**733,674**	**22,355**	**0**	**1,012,533**
Net book value					
on 01 January 2019	**12,263**	**7,731**	**3,195**	**527**	**23,716**
on 31 December 2019	**39**	**249,493**	**50,729**	**6,855**	**307,116**
on 31 December 2020	**24**	**351,075**	**51,693**	**241,129**	**643,921**

Purchase in the amount of 561,301,-HUF in thousands resulted the increase of tangible assets in 2020. Scrapping in the current year amounted to 63,857.- HUF in thousands, in respect of tender assets that the Company no longer needs.

16 Intangible assets

data in HUF in thousands	IFRS 16 lease concession and similar rights	Concessions and similar rights	Intellectual properties	Total
Gross value				
on 01 January 2019	**0**	**14**	**769,615**	**769,629**
Increase and reclassification	951,531	218,789	1,059,742	2,230,062
Decrease and reclassification	0	0	(54,823)	(54,823)
on 31 December 2019	**951,531**	**218,803**	**1,774,534**	**2,944,868**
Increase and reclassification	206,396	0	388,624	595,020
Decrease and reclassification	0	0	(131,500)	(131,500)
Unfinished / Semi-finished	0	69,571	0	69,571
on 31 December 2020	**1,157,927**	**288,374**	**2,031,658**	**3,477,959**
Accrued depreciation				
on 01 January 2019	**0**	**1**	**394,494**	**394,495**
Current year depreciation	315,954	218,595	986,260	1,520,809
Decrease	0	0	(54,823)	(54,823)
Other changes / rounding	0	0	29,782	29,782
on 31 December 2019	**315,954**	**218,596**	**1,355,713**	**1,890,263**
Current year depreciation and merger	377,590	193	162,346	540,129
Decrease	0	0	(131,500)	(131,500)
Other changes / rounding	(1)	0	(1)	(2)
on 31 December 2020	**693,543**	**218,789**	**1,386,558**	**2,298,890**
Net book value				
on 01 January 2019	**0**	**13**	**375,121**	**375,134**
on 31 December 2019	**635,577**	**207**	**418,821**	**1,054,605**
on 31 December 2020	**464,384**	**69,585**	**645,100**	**1,179,069**

The increase in intangible assets in 2019 is mainly due to the merger of subsidiary companies. 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.

During 2020, 250,655,- HUF in thousands of research and development expenditure was accounted for as expense. Tangible and intangible assets are encumbered by Raiffeisen Bank's mortgage rights.

Individually significant intangible assets

The Company owned individually significant intangible assets in the net value of more than 50 million Hungarian Forints in 2020. The herein amount was utilized for the running projects.

	Amortization period	**Amortization closing date**	**Book value**
4iG Contentum KIR software	7 years	31 December 2024	218,256
Total:			**218,256**

The Company carried out a thorough present value investigation on intellectual products with significant value upon 31 December 2020 while discounting with the benchmark return of ÁKK[3] (0.7 percentage) for 3 years.

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:

	Present Value
4iG Contentum KIR software	252,231
Total:	**252,231**

By the use of software the Company 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.

[3] ÁKK – in English: Government Debt Management Agency

17 Deferred tax receivables

Upon calculating deferred tax, the Company compares the values allowed to be taken into account from the point of taxation with the 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 Company calculates the return thereof separately.
Regarding the calculation of the deferred tax, the Company employs 9 percent tax rate. The reason for the statement of deferred tax receivables is that the calculated result of the Company makes the enforcement of deferred tax receivables possible.
Regarding the identification of the differences resulting from the following deductible and taxable tax differentials is as follows:

	31 December 2019	Increase	Utilization	31 December 2020
Impairment of receivables	4,260	900	(1,590)	3,570
Property, plant and equipment	(24,591)	4,955	0	(19,636)
Provisions	4,972	37,540	(4,972)	37,540
Impairment of other receivables	2,634		(4,340)	(1,706)
Negative tax base	0	0	0	0
Deferred tax assets in total	**(12,725)**	**43,395**	**(10,902)**	**19,768**

	31 December 2018	Increase	Utilization	31 December 2019
Impairment of trade receivables	0	4,260	0	4,260
Property, plant and equipment	(32,477)	7,886	0	(24,591)
Provisions	284	4,972	(284)	4,972
Impairment of other receivables	0	2,634	0	2,634
Negative tax base	84,034	48,089	(132,123)	0
Deferred tax assets in total	**51,841**	**67,841**	**(132,407)**	**(12,725)**

18 Goodwill

Goodwill is the positive difference between the procurement cost and the fair value of the identified net assets in respect to an acquired subsidiary company, associated company or entity under joint control, as of the day of acquisition. The goodwill is unamortised, but the Company shall investigate every year whether there are the signs referring not to have the book value recovered. The goodwill is included at the historical value less by the possible impairment.

In line with the provisions of IFRS, the Company does not record subsidiary goodwill its individual financial statement. The subsidiary goodwill enhances the value of investments.

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.).

The changes in FreeSoft goodwill recognized at the Company are as follows:

on 01 January 2019	**411,243**
Impairment	0
on 31 December 2019	**411,243**
Impairment	0
on 31 December 2020	**411,243**

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

Based on the 2020 assessment, no circumstances inducing impairment have been identified. 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).

Goodwill continues to be measured in relation to 4iG Plc. 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.

The basic data applicable for the calculation of the value of goodwill for 2020 are 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	(%)	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	0,84

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
	411,243	
2,635,455	**411,243**	**42,714,526**

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

19 Other investments

Investments in the subsidiary companies of the Company are accounted for the balance sheet item of other investment. The Company's investments in subsidiary companies, joint ventures and associates are recognized at historical value in accordance with IAS 27.
In connection with the shares, each year, the Company reviews whether it is necessary to recognize an impairment loss. For the valuation, we examine the capital position of the acquired companies and evaluate the future prospects of the companies using the approved plans and the return calculations presented in the previous point. Based on the assumptions and calculations presented above, no impairment is required for any of the shares.

The consideration paid for the acquisition of subsidiary companies acquired during the current year is shown by the value of the shares. Of the purchase prices paid, 850,000,- HUF in thousands was settled through the transfer of own shares. Main data of the subsidiary companies:

Description	**TR Consult Ltd.**	**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 accounted registered value of the investments as of 31 December 2020 is as follows:

	31 December 2020	31 December 2019
CarpathiaSat Ltd. (subsidiary company)	188,700	0
DOTO Systems Plc. (subsidiary company)	3,000	3,000
DTSM Kft. (subsidiary company)	150,001	0
Humansoft Szerviz Kft. (subsidiary company)	3,000	3,000
INNObyte Zrt. (subsidiary company)	1,088,975	0
TR Consult Kft. (subsidiary company)	257,091	0
Veritas Consulting Kft. (subsidiary company)	3,000	3,000
Alliance Klaszter Menedzsment Kft. (11.11%)	350	350
Ökopolisz Kft. (14.29%)	430	430
iCollWare Kft. (19.80%)	700	700
MMATT Kft. (19.90%)	0	2
SziMe3D Kft. (19.00%)	570	570
Other over-the-year assets - additional payments	246,805	260,436
Total	**1,942,622**	**271,488**

Other over-the-year assets:

	31 December 2020	31 December 2019
DOTO Systems Zrt. additional payment	165,000	165,000
iCollWare Kft. additional payment	75,805	86,436
Guarantee deposit	6,000	9,000
Total	**246,805**	**260,436**

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.

20 Liquid assets and cash equivalents

	31 December 2020	31 December 2019
Cash-desk	5,512	6,537
Bank	6,249,415	6,218,974
Total	**6,254,927**	**6,225,511**

On 31 December 2020, the amount of 109,064,-HUF in thousands was available in Euro, while 114,082,-HUF in thousands was accounted in USD for liquid assets.

21 Trade receivables

	31 December 2020	31 December 2019
Trade receivables	15,676,552	12,906,168
Impairment of trade receivables	(10,000)	(29,827)
Total	**15,666,552**	**12,876,341**

Maturity analysis: trade receivables more than 30 days past due is 523,193,- HUF in thousands; more than 1 year past due is 16,444,- HUF in thousands.

The Company 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 Company 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 Company 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 10 million HUF.

Credit-related loss and impairment movements:

Credit-related loss	**Closing**	**Increase**	**Decrease**	**Opening**
Trade receivables	10,000	10,000	0	0
other receivables	0	0	0	0
Impairment				
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 and the project closures and the invoicing all peaked in December 2020.

22 Other receivables and accrued and deferred assets

	31 December 2020	**31 December 2019**
Other receivables	2,163,885	1,161,366
Receivables through affiliated undertakings	534,475	19,481
Accrued and deferred assets	2,895,652	882,565
Total	**5,594,012**	**2,063,412**

Composition of other receivables:

	31 December 2020	31 December 2019
Advance payments	1,922,445	594,661
Lease deposit	89,052	78,805
Other tax assets	0	0
Central budget allocation claim	0	0
Other receivables	7,177	341,398
Guarantee granted	141,933	143,398
Short-term loans	3,278	3,104
Total	**2,163,885**	**1,161,366**

Composition of accrued and deferred assets:

	31 December 2020	31 December 2019
Receivables under accrued and deferred assets	2,700,178	775,694
Costs and expenditures under accrued and deferred assets	195,474	106,871
Total	**2,895,652**	**882,565**

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, state subsidies 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.

Receivables through affiliated undertakings of the Company are as follows.

	31 December 2020	31 December 2019
CarpathiaSat Ltd.	67	n.d[4].
DOTO Systems Ltd.	334,000	17,478
Humansoft Szerviz Kft.	7,698	2,003
TR Consult Kft.	17,376	n.d.
Veritas Consulting Kft.	175,334	0
Total	**534,475**	**19,481**

23 Current income tax receivables and liabilities

	31 December 2020	31 December 2019
Corporate income and dividend tax	(306,322)	5,957
Local business tax	(56,148)	3,570
Contribution on innovation	(34,522)	(27,018)
Total	**(396,802)**	**(17,491)**

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

24 Securities

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

	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**

[4] n.d. – no data

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.

25 Inventories / Stocks

Inventories of the Company at the end of 2020:

	31 December 2020	31 December 2019
Inventory of raw materials	77,814	56,412
Stock and inventory of goods	3,122,706	530,779
Refundable packaging	190	130
Impairment of inventories	(55,955)	(55,955)
Total	**3,144,755**	**531,366**

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, 4IG Plc. 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.

The inventories are encumbered by Raiffeisen Bank's mortgage rights.

26 Issued capital

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 HAS and Cégbíróság[5]. Share capital change did not occur.

27 Repurchased own shares

On 31 December 2020, the number of the Company's repurchased own shares amounted to 1,670,086,- quantity with the registered value of 322,930,- HUF in thousands. Repurchase of the shares were realized in the interest of further acquisitions.

28 Capital reserve

	31 December 2020	31 December 2019
Opening value	816,750	816,750
Increase	0	0
Decrease	0	0
Closing value	**816,750**	**816,750**

29 Accumulated profit reserve

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

	31 December 2020	31 December 2019
Accumulated profit reserve (profit and loss of the previous years)	3,045,012	25,600
Accumulated profit reserve of merging subsidiary companies	0	35,252
Delisting subsidiary company goodwill	0	(240,460)
Dividend	(2,001,152)	0
Profit and loss of own share sale	585,394	175,184
Profits in the current year	3,160,054	3,049,436
Accumulated profit reserve in total	**4,789,308**	**3,045,012**

30 Provisions and ESOP liabilities

The Company accounted provisions in the amount of 72,301,- HUF in thousands for the vacations subject to 2020 but deferred to 2021.
Provisioning of the periods was performed as follows hereinunder.

[5] Cégbíróság – in English: Company Registry Court

	31 December 2020	Annual provisioning	Backmarking	31 December 2019
Provisions due to deferred vacation	72,301	72,301	48,294	48,294
Provisions for expected losses	0	0	6,950	6,950
ESOP liabilities	344,813	344,813	0	0
Total:	**417,114**	**417,114**	**55,244**	**55,244**

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%

31 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.
In accordance with the classical lease transactions the leasing liabilities itemized in the balance sheet are not accounted.

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	0	0
Concessions and similar rights lease fee liabilities (IFRS 16)	182,724	301,537
Financial lease liabilities (long-term)	**182,724**	**301,537**

	31 December 2020	31 December 2019
Tangible assets financial lease liabilities	0	0
Concessions and similar rights lease fee liabilities (IFRS 16)	312,265	339,227
Financial lease liabilities (short-term)	**312,265**	**339,227**

Presentation of right-of-use lease transactions included in accordance with IFRS 16 (as of 31 December 2020):

Description	Related to land and buildings	Related to machinery, equipment, and vehicles	Total
Opening gross value	508,668	442,863	951,531
Increase	77,291	129,124	206,415
Decrease	0	0	0
Closing gross value	585,959	571,987	1,157,946
Opening depreciation	148,252	167,702	315,954
Increase	236,543	141,066	377,609
Decrease	0	0	0
Closing depreciation	384,795	308,768	693,563
Closing net value	201,164	263,219	464,383
Interest expense of lease transaction	1,571	1,471	3,042
Expenditures related to small value assets	0	0	0
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	**458,754**	**524,055**	**983,809**

The remaining lease transactions included in IFRS 16 on a yearly basis (the present value is calculated with the lending rate of Raiffeisen Bank upon 1 month BUBOR (Budapest Interbank Offered Rate)+0.55%) are as follows:

	Current fees	Present value of the fees
in 2021	312,265	280,869
in 2022	113,791	116,180
in 2023	42,349	41,451
in 2024	26,585	25,883
Lease transactions in total:	**494,990**	**464,383**

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 Company.

32 Change in trade creditors and other accounts payable

	31 December 2020	31 December 2019
Trade creditors and other accounts payable	18,029,487	11,473,063
Total	**18,029,487**	**11,473,063**

In order to increase the Company'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.

33 Short-term credits and loans

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

	31 December 2020	31 December 2019
Raiffeisen Bank revolving credit	2,970,000	1,500,000
Raiffeisen bank overdraft	0	0
Short term credits in total	**2,970,000**	**1,500,000**

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

The Bank Credit Agreement concluded between and by 4iG Plc. and Raiffeisen Bank was in force in the total appropriation of 3,180,000,000,-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.

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.

Analysis of the bank guarantees (in HUF):

Beneficiary	Granting the guarantee	Type of guarantee	Amount	Maturity
University of Physical Education	Raiffeisen Bank	Advance payment repa	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.		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		good / appropriate per	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**	

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.

34 Other liabilities and accrued liabilities

	31 December 2020	31 December 2019
Tax liabilities and contributions	1,289,046	1,861,839
Wage transfer liabilities	709	262,679
Other liabilities	0	150
Advance payments received from customers	2,183,710	1,565,024
Advance payment received from central budget	573,341	277,257
Corporate income tax liabilities	396,802	0
Accrued liabilities of revenues	21,656	140,269
Accrued liabilities of costs	1,404,102	607,070
Subsidies received, deferred revenue	8,171	180
Affiliated liabilities	322,317	137,907
Total	**6,199,854**	**4,852,375**

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

4iG Plc. received advance payment for Research and Development project support in the amount of 452,938,-HUF in thousands in 2020.

35 Affiliated liabilities and dividend obligations through owners

Liabilities through affiliated undertakings of the Company were as follows.

	31 December 2020	31 December 2019
Affiliated trade creditors liabilities	322,317	137,907
Affiliated loan liabilities	0	0
Affiliated interest liabilities	0	0
Affiliated bills of exchange liabilities	0	0
Affiliated dividend liabilities	27	0
Total	**322,344**	**137,907**

The affiliated trade creditors and other accounts payable on 31 December 2020 were as follows:

	31 December 2020	31 December 2019
DOTO Systems Zrt.	226,521	0
INNObyte Zrt.	69,100	0
TR Consult Kft.	26,696	0
Veritas Consulting Kft.	0	137,907
Total	**322,317**	**137,907**

The Company had 27,- HUF in thousands dividend liabilities through owner on 31 December 2020, which was disbursed in January 2021.

36 The impact of the interest received on and provided for on cash flow

Regarding the interest revenues and interest expenses, the Company had the hereof items only in relation to financing activities in 2020.

	2020	2019
Interests received (actually accounted)	12,473	2,717
Interests paid	(37,753)	(14,061)
Rounding		(1)
Interest spread	**(25,280)**	**(11,345)**

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

37 Segment information

The two significant segments of the Company’s activity are IT commerce activity (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 is presented hereunder up to the level of direct cost accountable for the activities. The segments-assets are divided in the rate 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.

For the year of 2020:

Description	**IT services**	**Trade**	**Other activities**	**Total**
Net sales revenue	21,621,892	33,255,067	149,832	55,026,791
Cost of goods sold	0	(27,032,137)	0	(27,032,137)
Intermediations	(12,006,217)	(1,262,121)	(109,925)	(13,379,264)
Other revenues			374,238	374,238
Hedge 1	**9,614,675**	**4,960,808**	**414,145**	**14,989,628**
Direct costs	(6,035,348)	(1,375,038)	0	(7,410,386)
Hedge 2	**3,579,327**	**3,585,770**	**414,145**	**7,579,242**
Costs and expenditures that cannot be allocated directly to the segments				(3,717,964)
Earnings before interest and tax (EBIT)				**3,861,278**
Financial profit and loss				(18,275)
Profit before tax				**3,843,003**
Segment assets	**12,479,409**	**18,191,860**	**430,256**	**31,101,524**
Assets that cannot be allocated to the segments				4,173,075
Assets in total				**35,274,599**
Segment liabilities	**11,566,204**	**15,825,765**	**146,490**	**27,538,459**
Liabilities that cannot be allocated to the segments				**573,013**
Liabilities in total				**28,111,472**

For the year of 2019:

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

38 Risk management

With the exceptions of the taxes, the liquid assets, trade and other receivables, and other assets are included in the items of assets of the Company. 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 Company.

The Company is exposed to the hereinbelow financial risks:

- credit risk
- liquidity risk
- market risk

The hereof chapter is to present the aforementioned risks of the Company, such as objectives, policy, measurement of processes and risk management, and moreover, the realization of capital management of the Company. The Board of Directors undertakes a general responsibility for the areas of establishment, supervision and risk management of the Company.

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

Capital management

The policy of the Company is to preserve the share capital in order to keep the trust of the investors and creditors and to ensure the development of the Company. On the basis of the benefits and strong capital position provided by the strong capital position, the management is trying to maintain the policy to undertake higher exposure arisen from loans granted upon higher profits.

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

In the course of the Company’s capital management, the Company is trying to ensure for its members to be able to continue their activities and at the same time, and by optimum balancing to maximize the return of the loan capital and own equity for the owners, and in the interest of capital costs reduction, to preserve the optimum capital structure.
As the Company typically finances its activities from own resources, the capital risk was not significant not in 2020 and nor in 2019.

Credit risk

The credits risk defines the risk of non-performance in relation to the contractual obligations by the debtor or by the partner and, upon doing so, financial loss for the Company 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 Company's maximum exposure to credit risk as at 31 December 2020 and 31 December 2019.

	31 December 2020	31 December 2019
Trade receivables	15,666,552	12,876,341
Other, and affiliated receivables, and accrued and deferred assets	5,594,012	2,063,412
Securities	417,730	442,600
Liquid assets and cash equivalents	6,254,927	6,225,511
Total	**27,933,221**	**21,256,665**

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

	Debts	Impairment	Total
Not due	15,143,359	0	15,143,359
between 1 and 30 days past due	264,911	0	264,911
between 30 to 90 days past due	184,984	0	184,984
between 90 and 180 days past due	40,552	0	40,552
between 180 and 360 days past due	16,302	0	16,302
due over 360 days	26,444		26,444
Impairment		(10,000)	(10,000)
Total	**15,676,552**	**(10,000)**	**15,666,552**

By checking continuously the recovery risks of the past due receivables and by the settlement of the impairment, the risk generally decreases.

The classification of the customers is continuously performed. The value of the undue trade receivables was 523,193,-HUF in thousands, and the rate of the due and undue trade receivables does not account significant value for recovery risk, resulting that all our trade receivables were confirmed or settled until the time of compilation the report. The Company assessed its expected credit-related loss and recognized an impairment loss of 10,000.- HUF thousand (see also Point 21).

Liquidity risk

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

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

	Debts
Not due	16,976,528
between 1 and 30 days past due	962,092
between 30 to 90 days past due	69,391
between 90 and 180 days past due	3,233
between 180 and 360 days past due	1,373
due over 360 days	16,870
Total	**18,029,487**

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

The Company held the hereinbelow lending capacity and credits claimed at the closure of the period.

	Lending capacity	Claimed on 31 December 2020	Maturity
Bank overdraft	500,000	0	31 July 2021
Revolving credit	2,970,000	2,970,000	31 July 2021
Total	**3,470,000**	**2,970,000**	

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

Analysis of bank guarantees (in thousands of Hungarian Forints):

On 31 December 2020, the Company had 19 quantity of bank guarantee claims provided by CIB Bank Zrt. and Raiffeisen Bank Zrt. in the amount of 455,491,-HUF in thousands in full. 4iG Plc. received CIB bank guarantee in the amount of 6,000,-HUF in thousands upon 100 percentage of bank deposit. Regarding Raiffeisen Bank guarantees there is no cash deposit on thereof of the Company. (see details Point 34)

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 Company 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 caused by 2019-nCoV (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.

Sensitivity analysis

The Company shall state that its profit and loss is substantially dependent on two basic financial key factors, namely on the foreign exchange risk and interest rate risk, and sensitivity analysis was carried out on the key factors thereof. With regards to the reduction of the interest rate risk, the Company primarily tries to ensure the herein by depositing free liquid assets.

Exposure to foreign currency of the Company as of 31 December 2020 was as follows:

	HUF	EUR	USD	Total
Trade receivables	14,150,075	1,442,114	74,363	15,666,552
Trade creditors and other accounts payable	15,955,947	1,943,354	130,186	18,029,487
Liquid assets	6,031,781	109,064	114,082	6,254,927
Credits	2,970,000	0	0	2,970,000

Foreign exchange risk of the Company is significant.

The Company does not employ the rules of hedge accounting.

Interest sensitivity analysis

Upon interest rate rise

Profit before tax (without interests)	3,868,283
Net value of interest expense	(25,280)
Profit before tax	**3,843,003**
Assets in total	**35,274,599**
1%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(25,533)
Profit before tax	**3,542,750**
Change in profit before tax	***(253)***
Change in profit before tax (%)	***(0.007%)***
Assets in total	***35,274,346***
Change in assets in total	***(253)***
Change in assets in total (%)	***(0.001%)***
5%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(26,544)
Profit before tax	**3,841,739**
Change in profit before tax	***(1,264)***
Change in profit before tax (%)	***(0.033%)***
Assets in total	***35,273,335***
Change in assets in total	***(1,264)***
Change in assets in total (%)	***(0.004%)***
10%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(27,808)
Profit before tax	**3,840,475**
Change in profit before tax	***(2,528)***
Change in profit before tax (%)	***(0.066%)***
Assets in total	***35,272,071***
Change in assets in total	***(2,528)***
Change in assets in total (%)	***(0.007%)***

In case of interest rate reduction

-1%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(25,027)
Profit before tax	**3,843,256**
Change in profit before tax	***253***
Change in profit before tax (%)	***0.007%***
Assets in total	***35,274,852***
Change in assets in total	***253***
Change in assets in total (%)	***0.001%***
-5%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(24,016)
Profit before tax	**3,844,267**
Change in profit before tax	***1,264***
Change in profit before tax (%)	***0.033%***
Assets in total	***35,275,863***
Change in assets in total	***1,264***
Change in assets in total (%)	***0.004%***
-10%	
Profit before tax (without interests)	3,868,283
Net value of interest expense	(22,752)
Profit before tax	**3,845,531**
Change in profit before tax	***2,528***
Change in profit before tax (%)	***0.066%***
Assets in total	***35,277,127***
Change in assets in total	***2,528***
Change in assets in total (%)	***0.007%***

Exchange rate sensitivity analysis

Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,739,623
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	2,073,541
Net assets	**7,163,128**
Profit before tax	**3,843,003**
Upon exchange rate rise	
1%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,757,019
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	2,094,276
Net assets	**7,159,789**
Change in net assets	***(3,339)***
Change in net assets (%)	***(0.047%)***
Profit before tax	***3,839,664***
Change in profit before tax	***(3,339)***
Change in profit before tax (%)	***(0.087%)***
5%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,826,604
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	2,177,218
Net assets	**7,146,432**
Change in net assets	***(16,696)***
Change in net assets (%)	***(0.233%)***
Profit before tax	**3,826,307**
Change in profit before tax	**(16,696)**
Change in profit before tax (%)	**(0.434%)**
10%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,913,585
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	2,280,895
Net assets	**7,129,736**
Change in net assets	***(33,392)***
Change in net assets (%)	***(0.466%)***
Profit before tax	***3,809,611***
Change in profit before tax	***(33,392)***
Change in profit before tax (%)	***(0.869%)***
Upon foreign currency decrease	

-1%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,722,227
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	2,052,806
Net assets	**7,166,467**
Change in net assets	***3,339***
Change in net assets (%)	***0.047%***
Profit before tax	***3,846,342***
Change in profit before tax	***3,339***
Change in profit before tax (%)	***0.087%***

-5%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,652,642
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	1,969,864
Net assets	**7,179,824**
Change in net assets	***16,696***
Change in net assets (%)	***0.233%***
Profit before tax	**3,859,699**
Change in profit before tax	***16,696***
Change in profit before tax (%)	**0.434%**

-10%	
Non-monetary and forint-denominated assets	33,534,976
Foreign currency assets	1,565,661
Denominated liabilities in Hungarian Forints	26,037,930
Foreign currency liabilities	1,866,187
Net assets	**7,196,520**
Change in net assets	***33,392***
Change in net assets (%)	***0.466%***
Profit before tax	***3,876,395***
Change in profit before tax	***33,392***
Change in profit before tax (%)	***0.869%***

39 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 Company, the evaluation of the financial instruments is to be performed in line with the requirements of IFRS 9 in the books at the end of the period, and it shall be accounted accordingly.

Financial instruments

2020.12.31		At fair value through profit or loss FVTPL	Accounting at historical value	Loans, receivables and liabilities shown at depreciated historical value depreciated historic	Fair value through other comprehensive profit or loss FVTOCI*	Book value total
Book value of financial instruments						
Financial assets						
Other financial investments	Equity instruments	–	1,695,817	–	–	1,695,817
	Loans granted	–	–	240,805	–	240,805
	Deposits	–	–	6,000	–	6,000
	Financial lease receivables	–	–	–	–	–
	Other	–	–	19,768	–	19,768
Financial investments in total		**-**	**1,695,817**	**266,573**	–	**1,962,390**
Trade and other receivables		–	–	15,666,552	–	15,666,552
Financial lease receivables		–	–	–	–	–
Liquid assets and cash equivalents		–	–	6,254,927	–	6,254,927
Debt securities		417,730	–	–	–	417,730
Other short-term financial instruments	Loans granted	–	–	3,278	–	3,278
	Advance payments	–	–	1,922,445	–	1,922,445
	Lease charge deposit	–	–	89,052	–	89,052
	Other	–	–	683,585	–	683,585
Short-term financial instruments in total		**417,730**	**-**	**24,619,839**	–	**25,037,569**
Financial instruments in total		**417,730**	**1,695,817**	**24,886,412**	–	**26,999,959**
Financial liabilities						
ESOP liabilities		–	–	344,813	–	344,813
Financial leasing liabilities		–	–	182,724	–	182,724
Other long-term financial liabilities		–	–		–	
Long-term financial liabilities in total		–	–	**527,537**	–	**527,537**
Trade creditors and other obligations		–	–	18,029,487	–	18,029,487
Loans (short-term credits)		–	–	2,970,000	–	2,970,000
Advance payments received from customers		–	–	2,183,710		2,183,710
Advance payments received from central budget		–	–	573,341		573,341
Tax liabilities				1,289,046		1,289,046
Financial leasing liabilities		–	–	312,265	–	312,265
Other short-term financial liabilities		–	–	397,538	–	397,538
Short-term financial liabilities in total		**-**	**-**	**25,755,387**	**-**	**25,755,387**
Financial liabilities in total		–	–	**26,282,924**	–	**26,282,924**

Financial instruments

2019.12.31		At fair value through profit or loss FVTPL	Accounting at historical value	Loans, receivables and liabilities shown at depreciated historical value depreciated historic	Fair value through other comprehensive profit or loss FVTOCI*	Book value total
Book value of financial instruments						
Financial assets						
Other financial investments	Equity instruments		11,052	–	–	11,052
	Loans granted	–	–	251,436	–	251,436
	Deposits	–	–	9,000	–	9,000
	Financial lease receivables	–	–	–	–	–
	Other	–	–	–	–	–
Financial investments in total			**11,052**	**260,436**	–	**271,488**
Trade and other receivables		–	–	12,876,341	–	12,876,341
Financial lease receivables		–	–	–	–	–
Liquid assets and cash equivalents		–	–	6,225,511	–	6,225,511
Debt securities		442,600	–	–	–	442,600
Other short-term financial instruments	Loans granted	–	–	3,104	–	3,104
	Advance payments	–	–	594,661	–	594,661
	Lease charge deposit	–	–	78,805	–	78,805
	Other	–	–	504,277	–	504,277
Short-term financial instruments in total		**442,600**	**-**	**20,282,699**	–	**20,725,299**
Financial instruments in total		**442,600**	**11,052**	**20,543,135**	–	**20,996,787**
Financial liabilities						
Loans (Long-term credits)		–	–	–	–	-
Financial leasing liabilities		–	–	301,537	–	301,537
Other long-term financial liabilities		–	–	12,725	–	12,725
Long-term financial liabilities in total		–	–	**314,262**	–	**314,262**
Trade creditors and other obligations		–	–	11,473,062	–	11,473,062
Loans (short-term credits)		–	–	1,500,000	–	1,500,000
Advance payments received from customers		–	–	1,565,024		1,565,024
Advance payments received from central budget		–	–	277,257		277,257
Tax liabilities				1,861,839		1,861,839
Financial leasing liabilities		–	–	339,227	–	339,227
Other short-term financial liabilities		–	–	400,737	–	400,737
Short-term financial liabilities in total		**-**	**-**	**17,417,146**	**-**	**17,417,146**
Financial liabilities in total		–	–	**17,731,408**	–	**17,731,408**

Fair value hierarchy

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	–	–	–	–	–	–	–	–

40 ransactions with affiliated parties

In 2020, transactions with affiliated parties were as follows:

CarpathiaSat Ltd.	**Amount**
Internal service	53

DOTO Systems Zrt.	**Amount**
Sale of goods	1,683
Provision of internal service	17,376
Contracted subcontractors	431,368
Investment	66,555

Humansoft Szerviz Kft.	**Amount**
Provision of internal service	6,061

INNObyte Zrt.	**Amount**
Contracted subcontractors	58,646

TR Consult Kft.	**Amount**
Internal service	3,781
Contracted subcontractors	9,901
Purchase of goods	22,207
Over-invoiced expenses	189

Veritas Consulting Kft.	**Amount**
Sale of goods	1,480
Provision of internal service	9,946
Contracted service	3,788

41 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
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.

The Company does not expect to incur any expenses from the TEDEJ lawsuit. 4iG Plc. initiated liquidation proceedings against Infokom, in 2020 the Company sold its receivables from Infokom, therefore it proposed to terminate the liquidation proceedings.
In addition, the Company initiated liquidation proceedings against more non-paying companies.

42 Events after the balance sheet day

42.1 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").

42.2 Conclusion of large amount contract (02 February 2021)

The tender submitted by the consortium including T-Systems Magyarország Zrt.[6], Officium Szolgáltató Kft.[7] 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 Bank[8] (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.

42.3 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.

[6] T-Systems Magyarország Zrt. – in English: T-Systems Hungary Private Limited Company
[7] Officium Szolgáltató Kft. – in English: Officium Service Provider Private Limited Liability Company
[8] Magyar Nemzeti Bank – in English: Hungarian National Bank

42.4 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[9] (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 Versenyhivatal[10] (hereinafter referred to as: "GVH").

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

In order to implement its future growth strategy, 4iG has repeatedly fulfilled the independent credit rating procedure required for participation, as a precondition for participation in the Növekedési Kötvényprogram[11] program announced by Magyar Nemzeti Bank.
Taking into account the provisions of General Meeting Resolution No. 3/2019 (IX.05.), it plans to issue bonds up to the amount of HUF 15 billion to achieve its acquisition goal.

42.6 Announcement of large amount successful tender (15 January 2021)

The tender of the consortium managed by 4iG was announced to be the successful tender by Digitális Kormányzati Ügynökség Zrt.[12] (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.

42.7 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 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").

[9] KZF Vagyonkezelő Korlátolt Felelősségű Társaság – in English: KZF Asset Management Private Limited Liability Company
[10] Gazdasági Versenyhivatal – in English: Hungarian Competition Authority
[11] Növekedési Kötvényprogram (NKP) – in English: Funding for Growth Scheme
[12] Digitális Kormányzati Ügynökség Zrt. – in English: Digital Governmental Agency Private Limited Company

42.8 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 hereinunder link in English as follows:

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

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

Scope Ratings GmbH ("Scope Ratings") (www.scoperatings.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. ("HDT").
The analysis of the Scope Ratings is available on the hereinunder webpage as follows:

https://www.scoperatings.com/#!search/research/detail/166751EN

42.10 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.

42.11 Successful bond auction (25 March 2021)

As a result of a successful auction, 4iG Plc. issues the "4iG NKP Bond 2031/I." (ISIN: HU0000360276), with a ten-year maturity and an average yield of 2.7328% (coupon rate: 2.9%), with a total nominal value of HUF 15.45 billion on 29 March 2021.

42.12 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.

43 Authorization for the financial statement disclosure

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

44 The IFRS registered chartered accountant being responsible for the compilation of the report is as follows:

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

45 Persons being entitled to sign the herein report:

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

46 Additional data

46.1 General additional notes

Name of the company:	4iG Nyilvánosan Működő Részvénytársaság[13] (former FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt.[14])
Legal status of the company:	Public Limited Company
Registered office:	1037 Budapest, Montevideo u. 8.
Places of business:	1037 Budapest, Montevideo utca 2/C.
	1037 Budapest, Montevideo utca 6.
Branch businesses:	8000 Székesfehérvár, Seregélyesi út 96.
	6782 Mórahalom, Röszkei út 43.
	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
Company website:	www.4ig.hu

At the time of the completion date of the herein notes to the financial statements, 4iG Plc. is a publicly listed company in Premium Section at Budapest Stock Exchange.

46.2 Information on shares

Type of shares:	registered equity share, dematerialized
Nominal value of the shares:	20 Hungarian Forints/quantity
Quantity of the shares:	94,000,000,- quantity
ISIN-code of the shares:	HU 0000167788
Series of the share class:	“A”

[13] 4iG Nyilvánosan Működő Részvénytársaság – in English: 4iG Public Limited Company
[14] FreeSoft Nyrt., and Fríz 68 Szolgáltató és Kereskedelmi Rt. – in English: FreeSoft Plc. and Fríz 68 Service Provider and Trading Limited Company by shares

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 to be 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, 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.

46.3 Places of business of the Company

1037 Budapest, Montevideo utca 2/C
1037 Budapest, Montevideo utca 6.

46.4 Branch businesses of the Company

Branch businesses of the Company:
H-8000 Székesfehérvár, Seregélyesi út 96.
6782 Mórahalom, Röszkei út 43.
6722 Szeged, Tisza Lajos körút 41.
4025 Debrecen, Barna utca 23.

46.5 Scope of activities

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

On the basis of Gazdasági Tevékenységek Egységes Ágazati Osztályozási Rendszere[15] (TEÁOR)[16] the other scopes of activities are as follows:

2620 ‘08	Manufacture of computers and peripheral equipment
2823 ‘08	Manufacture of office machinery and equipment (except computers and peripheral)
3320 ‘08	Installation services of industrial machinery and equipment
4651 ‘08	Wholesale trade services of computers, computer peripheral equipment and software
4741 ‘08	Retail trade services of computers, peripheral units and software in specialised stores
4690 ‘08	Non-specialized wholesale trade
4741 ‘08	Retail trade services of computers, peripheral units and software in specialised stores
4742 ‘08	Retail trade services of telecommunications equipment in specialised stores
5811 ‘08	Book publishing services
5812 ‘08	Publishing directories and mailing lists
5821 ‘08	Publishing services of computer games
5829 ‘08	Other software publishing services
6203 ‘08	Computer facilities management activities
6311 ‘08	Data processing, hosting and related activities
6312 ‘08	Web portal content
6420 ‘08	Services of holding companies
6920 ‘08	Accounting, bookkeeping and auditing services, tax consultancy
7021 ‘08	Public Relations and communication services
7022 ‘08	Business and other management consultancy services

[15] Gazdasági Tevékenységek Egységes Ágazati Osztályozási Rendszere – in English: General Industrial Classification of Economic Activities
[16] TEÁOR – in English: NACE classification

7219 ‘08	Research and experimental development services in other natural sciences and engineering
7490 ‘08	Not elsewhere classified other professional, scientific and technical activities
7830 ‘08	Other human resource provision and management services
8532 ‘08	Technical and vocational secondary education services
8551 ‘08	Sports and recreation education services
8552 ‘08	Cultural education services
8559 ‘08	Not elsewhere classified, other education services
8560 ‘08	Educational support services
9511 ‘08	Repair services of computers and peripheral equipment
4110 ‘08	Development of building projects
4312 ‘08	Site preparation works
5819 ‘08	Other publishing services
5911 ‘08	Motion picture, video and television programme production services
6202 ‘08	Computer consultancy services
6820 ‘08	Rental and operating services of own or leased real estate
7112 ‘08	Engineering services and related technical consulting services
7120 ‘08	Technical testing and analysis services
7311 ‘08	Services provided by advertising agencies
7733 ‘08	Rental and leasing services of office machinery and equipment (including computers)
8230 ‘08	Conventions and trade show organisation services
9499 ‘08	Not elsewhere classified, services furnished by other membership organisations

46.6 Officers, controlled business associations

46.6.1 Officers in 2020

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

46.6.2 Remuneration of the officers in 2020

The remuneration of the members of the Board of Directors, Supervisory Board and Audit Committee of the Company in the said period is as follows. In line with the General Meeting Resolution No. 37./2014(10.27), the members of the Board of Directors are entitled to receive remuneration in the amount of 175,000,-HUF per month per person, while the chairperson of the Board of Directors is eligible for the amount of 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 the audit committee.

Renumeration of 4iG Plc. executive officers

in 2020, in HUF

Name	Position	Wage	Honorarium	Remuneration fee	Other benefits	Total
Jászai Gellért	President and Chief Executive Officer	36 292 000	2 400 000	-	353 148	39 045 148
Linczényi Aladin	Member of the Board of Directors	48 292 000	2 100 000		365 206	50 757 206
Blénessy László	Member of the Board of Directors	4 250 000	208 333		30 434	4 488 767
Fekete Péter Krisztián	Member of the Board of Directors	59 380 000	208 333		353 148	59 941 481
Tóth Béla Zsolt	Member of the Board of Directors	61 153 985	2 100 000		353 166	63 607 151
Zibriczki Béla	Member of the Board of Directors	33 167 956	1 900 000			35 067 956
Simon Zoltán	Member of the Board of Directors	32 196 762	2 102 605	2 995 238	288 270	37 582 875
Kunosi András	Member of the Supervisory Board and Audit Committee			20 228 000	1 860 000	22 088 000
Tomcsányi Gábor	Chairperson of the Supervisory Board and Audit Committee				1 900 000	1 900 000
Ódorné Angyal Zsuzsanna	Member of the Supervisory Board and Audit Committee				1 682 858	1 682 858
Tima János	Member of the Supervisory Board and Audit Committee				1 682 858	1 682 858
Büdyné Dr. Rózsa Ildikó	Member of the Supervisory Board and Audit Committee				184 524	184 524
Total		**274 732 703**	**11 019 271**	**23 223 238**	**9 053 612**	**318 028 824**

In addition, they do not receive loan or other benefits.

46.7 Persons entitled to sign the report

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

46.8 Data of the affiliated undertakings on the balance sheet day

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

Main management data of the affiliated undertakings on 31 December 2020 are as follows:

Name of the company	Issued capital	Own equity	Accumulated profit reserve	Capital / Distributable reserve	Profit after tax
CarpathiaSat Ltd.	5,000	337,762	0	365,000	(32,238)
DOTO Systems Ltd.	5,000	8,148	(178,856)	165,000	17,004
DTSM Kft.	10,000	73,446	19,389	0	44,057
Humansoft Szerviz Kft.	3,000	18,282	7,842	0	7,440
INNObyte Zrt.	100,000	989,353	451,019	0	438,334
INNOWARE Kft.	3,000	11,241	108	0	8,133
TR Consulting Kft.	8,000	62,478	39,030	0	15,448
Veritas Consulting Kft.	3,000	37,488	6,186	500	27,802

46.9 Consolidated report

The consolidated report of the corporate group is compiled by 4iG Plc. in line with IAS-IFRS international standards, to which the subsidiary companies provide data. The consolidated report is available for the public. The hereof report is available on the following webpages, www.4ig.hu; www.bet.hu and www.kozzetetelek.hu, and it can be inspected in the office building of 4iG Plc., at the address of 1037 Budapest, Montevideo u. 8.

46.10 Shareholding structure on 31 December 2020

	31 December 2020	31 December 2019
KZF Vagyonkezelő Kft.	57.47%	35.02%
Manhattan Invest Kft.	3.29%	3.29%
MANHATTAN Magántőkealap[17]	1.03%	1.90%
KONZUM PE Magántőkealap[18]	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%**

46.11 Auditor

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

46.12 Change to the application of IFRS

The Company changed to the application of IFRS on 01 January 2017.

46.13 The issued capital of the Company

The share capital of the Company amounted to 1,880,000,000,- Hungarian Forints on 31 December 2020. The amount of the capital registered by the company registry court equals with the amount of the share capital under IFRS: namely, 1,880,000,000,- Hungarian Forints.

[17] MANHATTAN Magántőkealap – in English: MANHATTAN Private Equity Fund
[18] KONZUM PE Magántőkealap – in English: KONZUM PE Private Equity Fund

46.14 Merger of subsidiary companies

Regarding the merger of the three subsidiary companies, namely, HUMANsoft Kft., and Axis Rendszerház Kft., and Mensor3D Kft. into 4iG Plc. upon 31 January 2019 makes the comparison of the data related to the previous year and the current year even harder, and the profit and loss of their activities included in the individual data of 4iG Plc. as of February 2019.

46.15 Own equity equivalency for 31 December 2019 and 31 December 2020 is as follows:

2020.12.31

Capital instrument	Own equity in accordance with IFRS	Transfers										Own equity (HAS)
		On account of deferred tax	On account of extended vacation	On account of own share purchase	ESOP staff costs On account of costs	On account of IFRS 16 loss on exchange	On account of impairment of customers	GW impairment difference	Profit of own share sale	On account of additional payment	On account of merger of subsidiary companies	
Issued capital	**1,880,000**	-	-	-	-	-	-	-	-	-	-	**1,880,000**
Repurchased own share	(322,930)	-	-	322,930	-	-	-	-	-	-	-	-
Capital reserve	816,750	-	-	-	-	-	-	-	-	-	-	816,750
Distributable reser	-	-	-	92,251	-	-	-	-	-	-	-	92,251
Accumulated profit	1,629,254	39,819	25,608	92,251	-	5,418	-	(101,480)	(585,395)	(132,259)	(132,135)	656,579
Profit after tax	3,160,054	(32,494)	24,007	-	344,813	25,419	-	(103,160)	585,395	18,951	-	4,022,702
Total	**7,163,128**	**7,325**	**49,615**	**322,930**	**344,813**	**30,837**	**-**	**(204,923)**	**-**	**(113,308)**	**(132,135)**	**7,468,282**

2019.12.31

Capital instrument	Own equity in accordance with IFRS	Transfers										Own equity (HAS)
		On account of deferred tax	On account of extended vacation	On account of own share purchase	Derecognized Goodwill in HAS	On account of IFRS 16 loss on exchange	On account of impairment of customers	GW impairment difference	Profit of own share sale	On account of additional payment	On account of merger of subsidiary companies	
Issued capital	**1,880,000**	-	-	-	-	-	-	-	-	-	-	**1,880,000**
Repurchased own share	(92,251)	-	-	92,251	-	-	-	-	-	-	-	-
Capital reserve	816,750	-	-	-	-	-	-	-	-	-	-	816,750
Distributable reser	-	-	-	92,251	-	-	-	-	-	-	-	92,251
Accumulated profit	(4,425)	(51,841)	3,161	(92,251)	-		-	1,680	(175,183)	(153,207)	(132,135)	(604,201)
Profit after tax	3,049,436	96,928	22,447	-	-	5,418	-	(103,160)	175,183	29,268	-	3,270,252
Total	**5,649,510**	**39,819**	**25,608**	**92,251**	**-**	**5,418**	**-**	**(101,480)**	**-**	**(123,939)**	**(132,135)**	**5,455,052**

46.16 Accumulated profit reserve of the Company available for dividend

On the basis of the data included in the report, the amount of the accumulated profit reserve of the Company available for dividend was 1,629,254,-HUF in thousands on 31 December 2020.

47 Representation

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

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 herein report on 31 December 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	Tóth Béla Zsolt
Chief Executive Officer	Member of the Board of Directors

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