

ANY Security Printing Company Public Limited Company by Shares

**Consolidated business report
for the year ended 31 December, 2016**

Analysis of the Company's performance in FY 2016

Net sales of ANY PLC for 2016 amounted to HUF 24.9 billion which is higher by HUF 3.5 billion (17%) than in the previous year. Changes in case of strategic product segments were as follows: sales of security products, solutions amounted to HUF 6.7 billion, which is higher by HUF 0.5 billion (9%) compared to the basis year; sales of card production, personalisation amounted to HUF 5.9 billion, which shows a increase by HUF 1.8 billion (11%) compared to last year, whilst sales of segment of form production, personalisation, data processing were HUF 10.7 billion, which shows an increase of HUF 1.5 billion (16%) compared to year 2015. Ratio of strategic products segments in total net sales was 94% in 2016.

Export sales of the Company reached HUF 9.2 billion in 2016, which shows a HUF 0.9 billion (11%) increase compared to the previous year representing a 37% export sales ratio.

Consolidated EBITDA is HUF 2,977 million, an increase of HUF 700 million (31%) compared to 2015 base period. EBITDA margin increased to 12%, mostly due to the improving profitability.

Consolidated operating income is HUF 1,969 million, which is HUF 603 million (44%) higher than the profit for the base period. Consolidated net income after interest income, taxation and non-controlling interest is HUF 1,202 million, which shows an increase of HUF 270 million (29%) compared to 2015.

Earnings per share are HUF 84 in 2016.

Income statement analysis

The breakdown of net sales by segment is presented in the table below:

1. Table: Net sales by segments

Sales segments	2015 HUF millions	2016 HUF millions	Change (B-A)	Change % (B/A-1)
Security products and solutions	6,139	6,680	541	8.81%
Card production and personalization	4,186	5,937	1,751	41.83%
Form production and personalization, data processing	9,205	10,715	1,510	16.40%
Traditional printing products	1,106	1,143	37	3.35%
Other	730	436	(294)	-40.27%
Total net sales	21,366	24,911	3,545	16.59%

ANY PLC had consolidated net sales of HUF 24,911 million in 2016, which is HUF 3,545 million (17%) lower than the sales for the base period.

Sales of **security products and solutions** came to HUF 6,680 million in 2016 which means a decrease of HUF 541 million (9%) compared to the base period.

The Company's revenues from **card production and personalisation** totalled HUF 5,937 million in the period of reference, a HUF 1,751 million (42%) increase compared to year 2015. The growth of the segment was caused mainly by the higher volume of card document production and personalisation.

The Company's revenues from **form production, personalisation and data processing** came to HUF 10,715 million in 2016, a HUF 1,510 million (16%) higher than the sales for the base period. The change is due to the sales revenue of the referendum and the growing sales export of form production and personalisation and the expansion of connected logistic services.

Sales of **traditional printing products** amounted to HUF 1,143 million in the period of reference, which means a HUF 37 million (3%) increase compared to the previous year's similar period.

Other sales totalled HUF 436 million in 2016, which is a decrease of HUF 294 million (40%). This segment mainly comprises revenues from the sale of commercial materials and goods.

Operating income came to HUF 1,969 million, an increase of HUF 603 million (44%) compared to the previous year.

Gross profit totalled HUF 7,692 million, which means a 31% gross margin. General (SG&A) expenses amounted to HUF 5,277 million in 2016, which equals 21% of net sales. Material expenses increased by HUF 1,800 million (13%) in the reference period, due to the higher net sales.

The capitalized value of own performance line shows the capitalized value of assets produced and the change in inventories manufactured. These figures were driven mainly by the change in inventories in both periods presented; the most significant of them is the value of unfinished production connected with security and card products.

Personnel expenses totalled HUF 5,601 million, which is 17% higher than in the base period.

EBITDA amounted to HUF 2,977 million due to the change in operating income and depreciation, which is almost equal to the base-year figure. Therefore, EBITDA margin amounts to 12%.

Net interest income amounted to -103 million HUF in 2016. Net income – after financial operations, taxation and minority interest – came to HUF 1,202 million in 2016. Earnings per share are HUF 84.

Balance sheet analysis

The Company had total assets of HUF 15,374 million on 31 December, 2016, which increased significantly by HUF 3,953 million compared to the previous year-end.

Receivables amounted to HUF 3,445 million which represents a HUF 453 million (15%) increase compared to the 2015 year-end figure due to sales increased.

Cash and bank totalled HUF 865 million which represents a HUF 51 million increase compared to the 2015 year-end figure.

Inventories totalled HUF 2,144 million, which is a HUF 115 million (6%) increase compared to the 31 December 2015 figure.

Other current assets and prepayments amounted to HUF 1,299 million, which is a HUF 104 million decrease, compared to the prior year-end figure. The balance of property, plant and equipment at the end of December 2016 was HUF 7,230 million, an increase of 92% compared to the end of 2015, due to acquisition of the real estate company ANY Ingatlanhasznosító Kft. quota and purchase of production machineries.

Goodwill amounted to HUF 335 million that is the same amount as at the end of previous year.

Accounts payable totalled HUF 2,467 million, HUF 411 million (14%) lower compared to the end of December 2015. The reasons of the change were the decreasing supplier balance and creditor invoices arriving after the balance sheet preparation date which were posted as other liabilities.

Other payables and accruals amounted to HUF 1,659 million, which is an increase by HUF 609 million, due to mainly late creditor invoices mentioned previously.

Lease liability relating to the purchase of fixed assets HUF 779 million, from which HUF 515 million long-term part, HUF 264 million short-term liability. Due to the technological improvements lease liability increased by HUF 466 million.

Long-term loan amount HUF 1,827million, from which HUF 1,630 million long-term part, HUF 197 million short-term liability relating to the purchase of the Company's quota owning the real estates

The Company's operation was financed by short term loans which reached HUF 1,036 million on 31 December, 2016.

Risk management

Foreign currency risk

Among foreign currency transactions of the Group EURO based transactions are the most important ones. Foreign currency liabilities mainly occur from raw material purchases, which are hedged by the receivables from the export sales in foreign currency as a natural hedge. The balance of foreign currency receivables and liabilities are almost the same within the Group, therefore the foreign currency risk of the Group is not significant.

Interest rate risk

Due to the moderate level of debts in the Group, potential interest rate changes would not influence significantly the amount of interests to be paid by the Group. Based on the balance of Credits of the Group, a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 26,688 thousands in the year 2016. (This was HUF 2,079 thousands in the year 2015.)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash-flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk of the Group, due to the high balance of net working capital, is low.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a large number of costumers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The financial discipline of the debtors of the Group is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables: 1.36%. (This was 1.39% in 2015.)

Supplementary information for the business report of ANY Security Printing House PLC

Significant events after the reporting period

The Consolidated Financial Statements were accepted by the Board of Directors of ANY Nyrt. on 6th March, 2017.

Treasury shares in FY2016

2. Table: Treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance as at 1 January, 2016	448,842	43,987	455,048
Closing balance as at 31 December, 2016	448,842	43,987	455,048

Number of treasury shares held by the Company on 31st December 2016 is 448,842 which were purchased at an average price of HUF 1,014 per share.

The Company's total equity was HUF 1,449,876 thousands on 31 December 2016 which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

Competence, election and removal of corporate officers

Statutes effective from 31st March 2014 of ANY Security Printing Company PLC point 10.10 prescribes the competence of the General Meeting, of which point 'd' regulates the election (simple majority of the votes of the shareholders present) and the removal (three-quarters of the votes of the shareholders present) of the corporate officers (Members of the Board of Directors, Members of the Supervisory Board or Members of the Audit Committee).

Competence and operation is regulated in point 12 of the Statutes for the Board of Directors is, while point 14 for the Supervisory Board and point 15 for the Audit Committee.

Purchase of treasury shares is regulated by point 9.3 of Statutes, according to which General Meeting authorises the Board of Directors for purchasing treasury shares of the Company by simple majority of the votes of the shareholders present. The Board of Directors authorises the management for purchasing treasury shares of the Company by simple majority of the votes of the Board members present. The regulation effective at present in connection with purchasing treasury shares is the General Meeting Resolution No 11/2015 (20th April).

Statutes effective of the ANY Security Printing Company PLC can be found on the website of the Company under the link of Investors.

http://www.any.hu/wp-content/files_mf/1399629924ANY_Statutes_31.03.2014.pdf

Modification of the Statutes

Statutes effective from 31st March 2014 of ANY Security Printing Company PLC point 10.10 prescribes the competence of the General Meeting, of which point 'a' regulates the modification of the Statutes, which is connected to three-quarters of the votes of the shareholders present.

Statutes effective of the ANY Security Printing Company PLC can be found on the website of the Company under the link of Investors.

(http://www.any.hu/wp-content/files_mf/1399629924ANY_Statutes_31.03.2014.pdf)

Structure of shareholders over 5% share

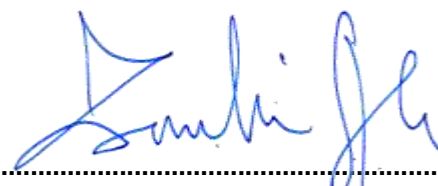
3. Table: Structure of shareholders

Investor	Voting right (%)	Ownership (%)
Owners above 5% share		
EG CAPITAL LLC(*)	11.98%	11.62%
DIGITAL FOREST LLC(**)	6.97%	6.76%
AEGON ALFA SZÁRMAZTATOTT ALAP	7.43%	7.20%
Owners below 5% share		
Domestic Institutional Investors	26.92%	26.11%
Foreign Institutional Investors	20.42%	19.79%
Foreign Individual Investors	0.32%	0.32%
Domestic Individual Investors	22.37%	21.69%
Management, employees	3.17%	3.07%
Treasury shares	0.00%	3.03%
Other	0.42%	0.41%

(*) The Chairman of the Board of Directors of ANY Security Printing Company PLC as owner of EG Capital LLC has a further indirect ownership through Fortunarum Kft (3.22%).

(**) Indirect ownership of Tamás Erdős, member of the Board of Directors of ANY Security Printing Company PLC based on the AGM held on 31st March, 2014.

Budapest, 6th March 2017



Chief Executive Officer