

**Annual General Meeting of
ANY Security Printing Company Public Limited Company by Shares**

Budapest, 8 April 2019

Agenda

1. Report of the Board of Directors on the Company's reports under the Accounting Act for the 2018 business year (balance sheet, profit & loss account, notes to the accounts and business report, hereinafter jointly referred to as "reports under the Accounting Act")
2. Proposal of the Board of Directors for the distribution of net profit
3. Report of the Supervisory Board on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings
4. Report of the Audit Committee on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings
5. Report of the Auditor on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings
6. Approval of the Company's reports under the Accounting Act for the 2018 business year, including a decision on the use of net earnings
7. Approval of the Statement on Corporate Governance Practice
8. Approval of the amendments of the Statutes based on effective regulation
9. Election and removal of the members of the Board of Directors, members of the Supervisory Board, members of the Audit Committee
10. Decision on the remuneration of Board of Directors, Supervisory Board members and the Auditor
11. Authorization of the Board of Directors to buy treasury shares based on section 9.3 of the Company's Statutes
12. Others

Documentation

To the Annual General Meeting

Item No. 1

Report of the Board of Directors on the Company's reports under the Accounting Act for the 2018 business year (balance sheet, profit & loss account, notes to the accounts and business report, hereinafter jointly referred to as "reports under the Accounting Act")

ANY has closed a successful year

SUMMARY

- Net sales of ANY PLC for 2018 amounted to HUF 30.5 billion which is higher by HUF 4.3 billion (17%) than in the previous year. Changes in case of strategic product segments were as follows: sales of security products, solutions were HUF 9.5 billion, which is HUF 3.0 billion higher than the figure in the basis period; sales of card production, personalisation were HUF 9.3 billion, which is HUF 1.6 billion higher than in the base period; whilst sales of segment of form production, personalisation, data processing were HUF 9.7 billion, which is HUF 0.6 billion lower than in the base period. Ratio of strategic products segments in total net sales was 93% in January-December 2018.
- Export sales amounted to HUF 11.1 million as at December 31, 2018, which is same compared to a year earlier, representing a 6% decrease in the 36% export sales ratio.
- Consolidated EBITDA is HUF 2,986 million, a decrease of HUF 82 million compared to 2017 base period.
- Consolidated operating income is HUF 1,853 million, which is HUF 145 million lower than the profit for the base period.
- Consolidated net income after interest income, taxation, non-controlling interest is HUF 1,140 million, which shows an increase of HUF 8 million (1%) compared to the previous year's same period.
- Net income of year 2018 was decreased by a HUF 70 million provision, which was accounted at the end of the year; without this one-off item net profit is HUF 1210 million, it would have increased by 7% compared to previous year.

Introduction of ANY Group

Name of the Company	Equity	Share of ownership (%)	Voting right ⁽¹⁾
ANY Security Printing Company PLC.	HUF 1, 449, 876,000	-	-
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	99.48%	99.48%
Specimen Zrt.	HUF 100,000,000	100.0%	100.0%
ANYpay Fizetési Megoldások Zrt.	HUF 50,000,000	100.0%	100.0%
Techno-Progress Kft.	HUF 5,000,000	100.0%	100.0%
ANY Ingatlanhasznosító Kft.	HUF 3,000,000	100.0%	100.0%
Zipper Services SRL	RON 2,060,310	50.0%	50.0%
Direct Services OOD	LEVA 570,000	50.0%	50.0%
Slovak Direct SRO	SKK 1,927,000	100.0%	100.0%
Tipo Direct SERV SRL	MDL 30,308	50.0%	50.0%

(1) Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation

Main financial data and indicators (IFRS consolidated)

Name	FY 2017 in HUF millions	FY 2018 in HUF millions
Financial situation		
Non-current assets	7,949	9,016
Total assets	17,673	19,304
Shareholder's equity	7,215	7,142
Main categories of results		
Net sales	26,181	30,527
EBITDA	3,068	2,986
Profit after tax	1,132	1,140
Main indicators		
Return on sales (ROS) %	4.3%	3.7%
Return on equity (ROE) %	15.7%	16.0%
Earning per share (EPS) HUF	79	79

Sales of product groups

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

Sales categories	FY 2017 in HUF millions	FY 2018 in HUF millions	Change in HUF millions	Change %
Security products and solutions	6,500	9,475	2,975	45.77%
Card production and personalization	7,652	9,250	1,598	20.88%
Form production and personalization, data processing	10,253	9,663	(590)	-5.75%
Traditional printing products	1,288	1,496	208	16.15%
Other	488	643	155	31.76%
Total net sales	26,181	30,527	4,346	16.60%

ANY PLC had consolidated net sales of HUF 30,527 million in Q4 2018, which is HUF 4,346 million (17%) higher than the sales for the base period.

Sales of **security products and solutions** came to HUF 9,475 million in Q4 2018 which means an increase of HUF 2,975 million (46%) compared to the base period. The increase is due to the election ballots printed with security elements and to the higher volume of meal vouchers, other security documents and security document products.

The Company's revenues from **card production and personalisation** totalled HUF 9,250 million in the period of reference, a HUF 1,598 million increase compared to similar period of year 2017. Higher volume of domestic and international document card sales is behind the change.

The Company's revenues from **form production, personalisation and data processing** came to HUF 9,663 million in 2018, a HUF 590 million lower than the sales for the base period. The change derives from lower volume of printed domestic tax forms and from lower export sales.

Sales of **traditional printing products** amounted to HUF 1,496 million in the period of reference, which means a HUF 208 million increase compared to the previous year's similar period.

Other sales totalled HUF 643 million in 2018, which is an increase of HUF 155 million. This segment mainly comprises revenues from the sale of commercial materials and goods.

Export sales by categories

Sales categories	FY 2017 in HUF millions	FY 2018 in HUF millions	Change in HUF millions	Change %
Security products and solutions	788	872	84	10.66%
Card production and personalization	1,202	1,316	114	9.48%
Form production and personalization, data processing	8,779	8,306	(473)	-5.39%
Traditional printing products	23	46	23	100.00%
Other	328	531	203	61.89%
Total export sales	11,120	11,071	(49)	-0.44%
Export %	42.47%	36.27%		

Export sales amounted to HUF 11,071 million as at December 31, 2018, which is same compared to a year earlier, representing a 6% decrease in the 36% export sales ratio.

Sales revenue of security products and solutions were HUF 872 million, which is HUF 84 million higher, than the same period of the last year. Increasing turnover of meal vouchers was the reason for that. Export sales revenue of card production and personalization was HUF 1,316 million in 2018, which was HUF 114 million higher compared to base period. Higher volume of document card sales was the reason for the change.

In the field of form production, personalisation and related logistics services export sales revenue was HUF 8,306 million at the end of the period, decreased by HUF 473 million compared to the base period.

Financial analysis

The table below presents the calculation of operating income according to the so-called “total cost accounting” method.

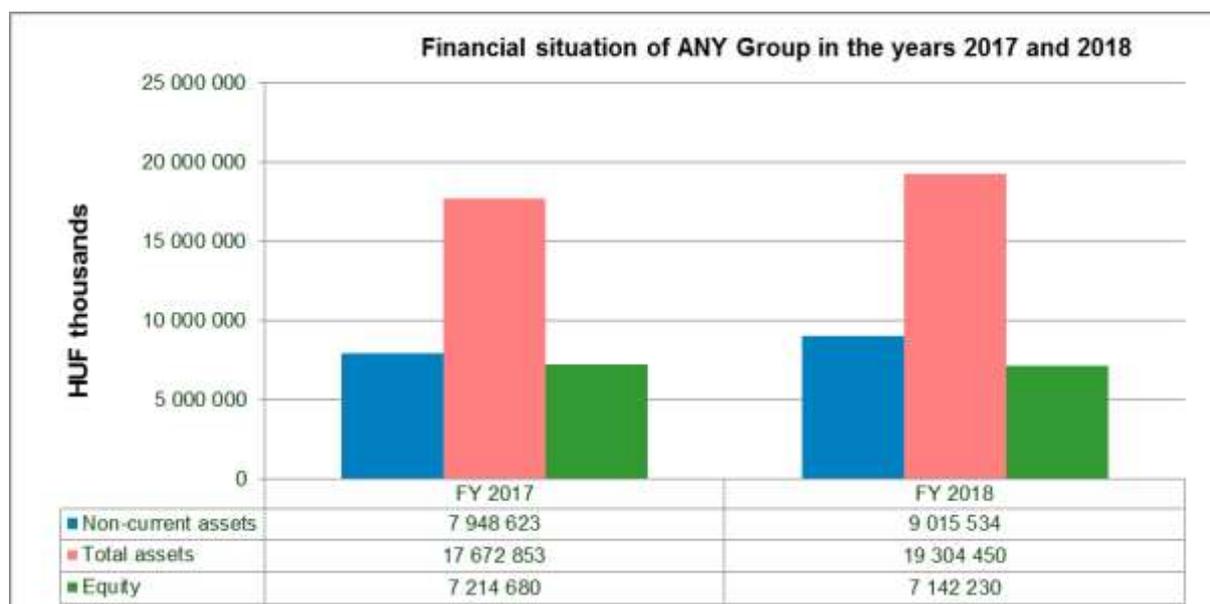
Description	2017 Q1-Q4 in HUF millions (A)	2018 Q1-Q4 in HUF millions (B)	Change (C-B)	Change % (C/B-1)
Net sales	26,181	30,527	4,346	16.60%
Capitalized value of assets produced	104	615	511	491.35%
Material expenses	17,270	21,590	4,320	25.01%
Personnel expenses	5,957	6,505	548	9.20%
Depreciation	1,070	1,133	63	5.89%
Other expenses	(10)	61	71	-710.00%
Operating income	1,998	1,853	(145)	-7.26%
Net profit	1,132	1,140	8	0.71%
EBITDA	3,068	2,986	(82)	-2.67%
EBITDA margin (%)	11.72%	9.78%		



Net sales totalled HUF 30,527 million in Q1-Q4 2018, which is HUF 4,346 (17%) million increase compared to the figure for the same period of last year.

EBITDA amounted to HUF 2,986 million due to the change in operating income and depreciation, which represents a decrease of HUF 81 million compared to previous period's adjusted EBITDA. Therefore EBITDA margin is 10%.

Net income came to HUF 1,140 million in 2018, an increase of 1% compared to the adjusted profit of the previous year's similar period.

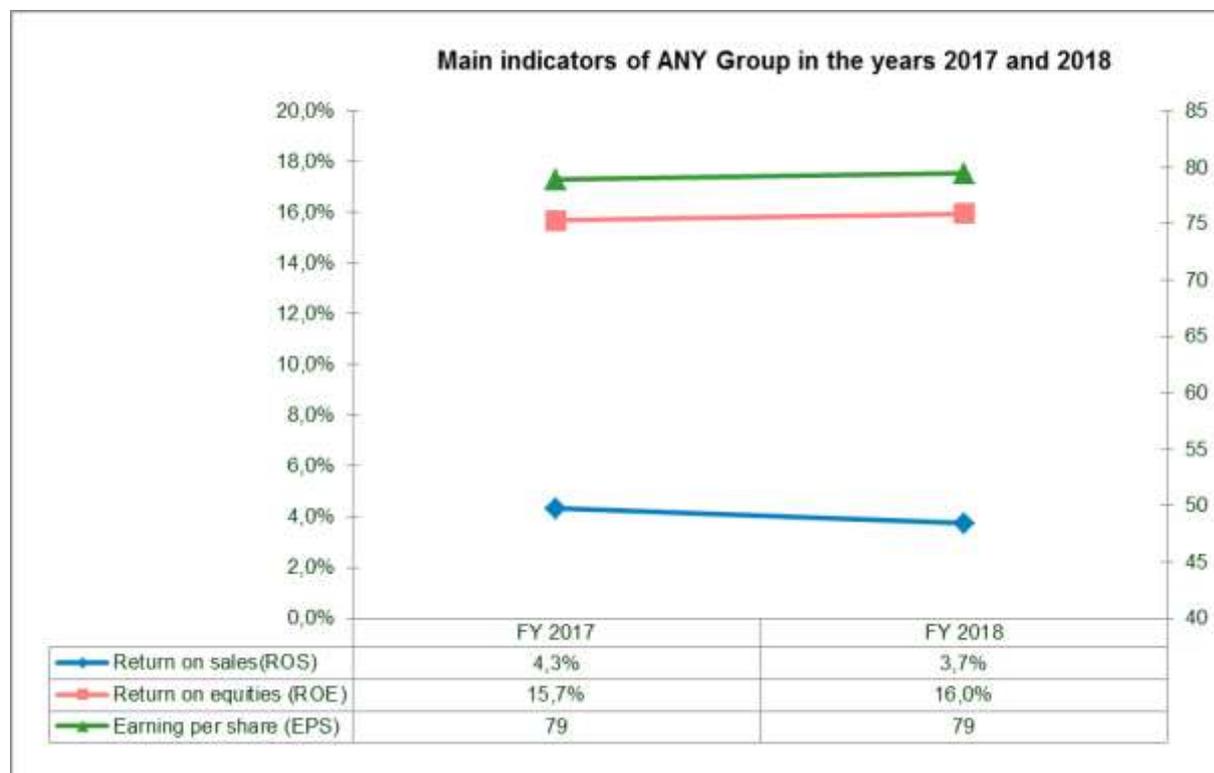


The Company had total assets of HUF 19,304 million on 31 December 2018, which increased by HUF 1,631 million compared to the previous year-end.

The Company had non-current assets of HUF 9,016 million on 31 December 2018, which increased by HUF 1,067 million compared to the previous year-end.

Changes in equity items (in HUF millions)

HUF millions	Share capital	Capital reserve	Retained earnings	Treasury shares	Total
January 1, 2017	1,450	251	5,004	(455)	6,250
Dividend	-	-	(1,242)	-	(1,242)
Profit for the year	-	-	1,132	-	1,132
Other comprehensive income	-	-	(92)	-	(92)
December 31, 2017	1,450	251	4,802	(455)	6,048
January 1, 2018	1,450	251	4,802	(455)	6,048
Dividend	-	-	(1,169)	-	(1,169)
Profit for the year	-	-	1,140	-	1,140
Other comprehensive income	-	-	102	-	102
December 31, 2018	1,450	251	4,875	(455)	6,121



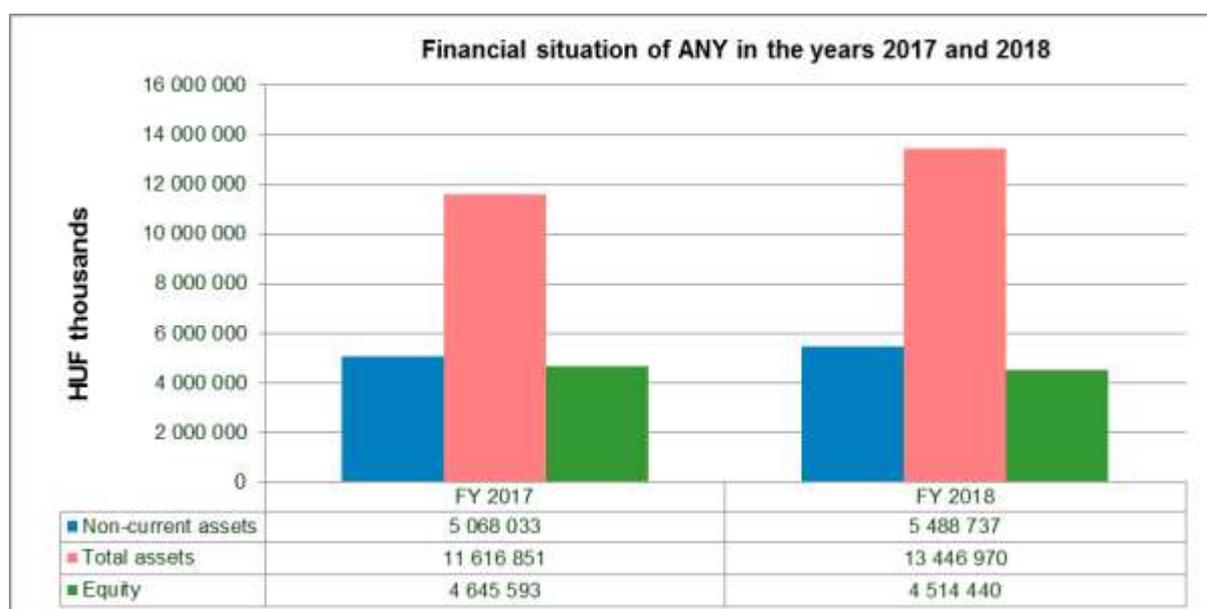
Higher profitability of ANY Security Printing Company Group in 2018 is mainly the result of the strategic product segments. Return on sales was 3.7% and return on equities was 16.0%. Earnings per share are HUF 79.

The Board of Directors has examined the operation of the Company's internal controls and concluded that it was effective. It has not found any event when there was a deviation from internal controls.

Activity and operation of ANY Security Printing Company PLC in 2018

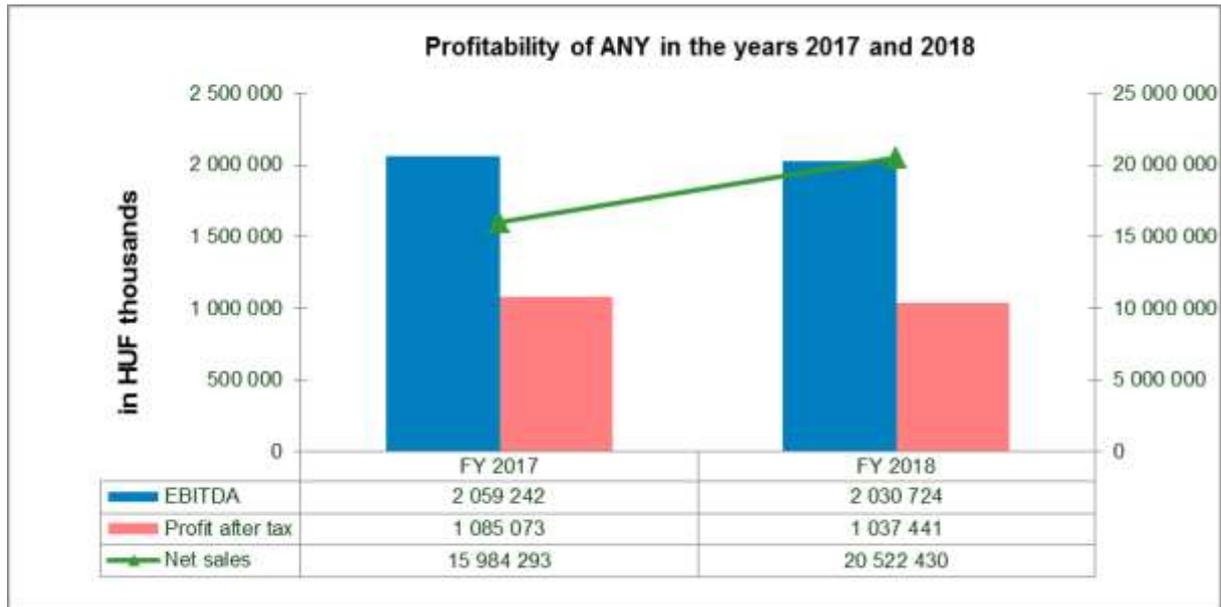
The largest company in the Group is the parent company ANY Security Printing Company PLC. which accounts for 67% of consolidated net sales prepared according to international accounting rules (IFRS) and for 70% of total assets in 2018. The Company produces security products and solutions (tax stamps, security stickers), plastic cards (document, bank and commercial cards), personalized business and administration forms. Furthermore, the company produces traditional printing products and sells other products as a supplementary activity.

Aside from the production activities, ANY Security Printing Company PLC. coordinates and controls the activities of the companies in the Group and sets the medium-term strategic goals and objectives of the Group.



Shareholder's equity amounted to HUF 4,514 million at the end of the reporting period, which presents a HUF 132 million decrease compared to the previous year. The change was defined by the profit after tax in the reporting period and the dividend paid in the current year after the 2017 results.

The value of non-current assets was HUF 5,489 million, an increase of HUF 421 million compared to the previous year mainly as a result of increase in fixed assets. The amount of total assets was HUF 13,447 million, which increased by HUF 1,830 million than in previous year.



Sales revenue of ANY Security Printing Company PLC. amounted to HUF 20,522 million in 2018, increased by HUF 4,538 million compared to the previous year. EBITDA came to HUF 2,031 million in the current period, while income before tax and minority interest was HUF 1,037 million.

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the report of the Board of Directors on the Company's reports under the Accounting Act for the 2018 business year.

Item No. 2

Proposal of the Board of Directors for the use of net earnings

The Board of Directors proposes that the Corporation pays a HUF 79 dividend per share for the ANY Security Printing Company PLC ordinary shares series 'A' after the 2018 profit. According to this proposal, the General Meeting may decide on the payment of a dividend totalling HUF 1,168,777 thousand. The dividend payable on treasury shares owned by the Corporation will be proportionally divided among the shareholders. Proposed date for the payment of the dividend is: 15th July 2019.

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the proposal of the Board of Directors for the use of profit.

Item No. 3

Report of the Supervisory Board on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings

Report of the Supervisory Board of ANY Security Printing Company PLC on the Company's profit reports on its operations between 1 January 2018 – 31 December 2018 and on the allocation of profit

In compliance with its obligations set forth in the relevant paragraphs about Companies of the Civil Code (Act V. 2013), the Supervisory Board was continuously monitoring the activities of the Company's executive management during the year. In addition to requesting verbal presentations, the Supervisory Board also used the written materials received to follow up on the problems the Company faced and the efforts made to solve them. The Chairman and the Vice-chairman of the Supervisory Board also attended the meetings of the Board of Directors several times.

The key issues discussed at the meetings included matters related to managing of the Company and to public operation. In addition, the agenda also included action plans laying the foundations for market success and effectiveness, and the monitoring of the financial reporting system. No notifications were received from shareholders in 2018, thus the Supervisory Board did not have to take a stand in any such matter.

ANY Group was profit making in 2018 as well. The Company's earning per share amounted to HUF 84, EBITDA came to HUF 3,064 million.

According to the independent auditor's report, the Company's 2018 annual report and Company's 2018 consolidated annual report was prepared in compliance with the applicable provisions of the International Financial Reporting Standards accepted in the European Union. The Supervisory Board discussed the report of the Board of Directors on the business operations of ANY Security Printing Company PLC. and studied the independent auditor's report on the Company's annual report. It is the opinion of the Supervisory Board that the 2018 activities of ANY Security Printing Company PLC. were in compliance with all applicable laws and regulations.

On the basis of the above, the Supervisory Board – in agreement with the independent auditor's opinion – found that the annual report is in accordance with the provisions of the International Financial Reporting Standards accepted in the European Union, and proposes that the General Meeting should approve the annual report with total assets of HUF 13,446,970 thousands and with profit after tax of HUF 1,037,441 thousands.

Furthermore, the Supervisory Board – in agreement with the independent auditor's opinion – found that the consolidated annual report is in accordance with the provisions of the International Financial Reporting Standards accepted in the European Union, and proposes that the General Meeting should approve the consolidated annual report with total assets of HUF 19,304,450 thousands and a net profit of HUF 1,139,695 thousands.

Furthermore, the Supervisory Board proposes approval of the proposal of the Board of Directors on the distribution of profits which states that HUF 79 should be paid as dividend per share after the profit of financial year 2018, which amounts to HUF 1,168,777 thousands in total. Dividend of treasury shares owned by the Company should be paid proportionately between the shareholders.

Budapest, 7 March 2019

Dr. Tamás Sárközy
Chairman of the Supervisory Board

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the relevant report of the Supervisory Board on the Company's reports under the Accounting Act and on the determination of the profit for the 2018 business year.

Item No. 4

Report of the Audit Committee on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings

Report of the Audit Committee of ANY Security Printing Company PLC on the Company's operations between 1 January 2018 – 31 December 2018

The Audit Committee has performed its duties in accordance with the provisions set out in the relevant paragraphs about Companies of the Civil Code (Act V. 2013) and the statutes of ANY Security Printing Company PLC. The committee discussed the Company's reports prepared in accordance with the provisions of the International Financial Reporting Standards accepted in the European Union. The annual report and the consolidated annual report prepared according to the international accounting standards presented to the Annual General Meeting comply with all applicable law and regulations. For this reason, the Audit committee proposes to the Annual General Meeting the approval of the presented financial reports.

Budapest, 7 March 2019

Dr. Istvánné Gömöri

Chairwoman of the Audit Committee

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the relevant report of the Audit Committee on the Company's reports under the Accounting Act and on the distribution of profit for the 2018 business year.

Item No. 5

Report of the Auditor on the Company's reports under the Accounting Act for the 2018 business year and the proposal for the use of net earnings



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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of
ANY Biztonsági Nyomda Nyilvánosan Működő Részvénytársaság

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying 2018 consolidated financial statements of ANY Biztonsági Nyomda Nyilvánosan Működő Részvénytársaság ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018 - showing a balance sheet total of HUF 19,304,450 thousand and a total comprehensive income for the year of HUF 1,486,044 thousand -, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash-flow for the year then ended and supplementary notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Goodwill

The Group's goodwill represents HUF 335,857 million, which is approximately 2 % of total assets. Valuation of goodwill is a significant judgmental area. Management annually assesses if goodwill is impaired in accordance with EU IFRSs. This is a key audit matter as significant judgement is involved to determine if the goodwill is impaired.

Our audit procedures included, among others, evaluating assumptions and methodologies used by the Group to assess whether goodwill is impaired. We assessed the accuracy of key inputs used in the model, such as management's primary cash-flow assumptions, the applied discount- and growth rates. We reconciled the model to the approved business plan of the subsidiaries and also assessed historical accuracy of management's estimates. We assessed the compliance of the valuation method with EU IFRSs and the consistency of application compared to the prior year. We assessed the adequacy of the Group's disclosures about goodwill in accordance with EU IFRSs including information how the impairment is evaluated by the Group.



The Group's accounting policy and disclosures about its goodwill and related impairment are included Notes 2 Significant accounting policies - Goodwill and 8 Goodwill to the consolidated financial statements.

Other information

Other information consists of the 2018 consolidated business report of the Group, which we obtained prior to the date of this auditor's report and the Annual Report of the Group, which is expected to be made available to us after that date. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2018 is consistent, in all material respects, with the 2018 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, we do not express opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.



Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

When we read the Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for consolidated annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

Appointment and Approval of Auditor

We were appointed as statutory auditor by the General Assembly of Shareholders of the Company on 6 April 2017. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 2 years.

Consistency with Additional Report to Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated business report and in the consolidated financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Zsuzsanna Bartha.

Budapest, 6 March 2019

(The original Hungarian version has been signed.)

Zsuzsanna Bartha
engagement partner
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To the Shareholders of ANY Biztonsági Nyomda Nyrt.

Report on the audit of the financial statements

Opinion

We have audited the accompanying 2018 financial statements of ANY Biztonsági Nyomda Nyilvánosan Működő Részvénytársaság ("the Company"), which comprise the statement of financial position as at 31 December 2018 - showing a balance sheet total of HUF 13,446,970 thousand and a total comprehensive income for the year of HUF 1,037,441 thousand -, the related financial statement of comprehensive income, changes in shareholders' equity, statement of cash-flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Investments - standalone

The Company's investments in affiliated companies represent HUF 1,656,211 million, which is approximately 12% of total assets. Valuation of investments in affiliated companies is a significant judgmental area. Management annually assesses if the investments are impaired in accordance with EU IFRSs. This is a key audit matter as investments in affiliates represent a significant share in total assets and also require significant judgement to determine if the investments are recoverable.

Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company to assess whether investments in affiliated companies are impaired. We evaluated the Company's assessment of any triggering events and assessed the accuracy of key inputs used in the model. We reconciled the model to the approved business plan of the subsidiaries and also assessed historical accuracy of management's estimates. We assessed the compliance of the valuation method with EU IFRSs and the consistency of application compared to the prior year. We assessed the adequacy of the Company's disclosures about investments in affiliated companies in accordance with EU IFRSs including the information how the impairment is evaluated by the Company.

The Company's accounting policy and disclosures about its investments in affiliated companies and related impairment are included in Notes 2 Significant accounting policies - Investments and 8 Investments to the financial statements.



Other information

Other information consists of the 2018 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the financial statements does not cover the business report.

In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether 1) the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the business report of the Company should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available.

In our opinion, the business report of the Company, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2018 is consistent, in all material respects, with the 2018 financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Company further requirements with regard to its business report, we do not express opinion in this regard.

We also confirm that the Company have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for annual financial statements prepared in accordance with EU IFRSs, 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

Appointment and Approval of Auditor

We were appointed as the statutory auditor of the Company by the General Assembly of Shareholders of the Company on 6 April 2017. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 2 years.



Consistency with Additional Report to Audit Committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the business report and in the financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Zsuzsanna Bartha.

Budapest, 6 March 2019

(The original Hungarian version has been signed.)

Zsuzsanna Bartha
engagement partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Zsuzsanna Bartha
Registered auditor
Chamber membership No.: 005268

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the relevant report of the Auditor of the Company on the Company's reports under the Accounting Act and on the determination of the profit for the 2018 business year.

Item No. 6

**Approval of the Company's reports under the Accounting Act for the 2018 business year,
including a decision on the use of net earnings**

(Please find the reports attached.)

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of the Shareholders approved the balance sheet of the Company with assets vs. equity and liabilities of HUF 13,446,970 thousand, net profit of HUF 1,037,441 thousand, and approved the consolidated balance sheet of the Company with assets vs. equity and liabilities of HUF 19,304,450 thousand, net profit of HUF 1,139,695. A dividend totalling HUF 1,168,777 thousand (HUF 79 per share) will be paid for the shareholders from the net profit of 2018. The date for the payment of the dividend is: 15th July 2019.

Item No. 7

Approval of the Statement on Corporate Governance Practice

Please find the Statement attached.

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM of Shareholders accepted the Report on Corporate Governance.

Item No. 8

Approval of the amendments of the Statutes based on effective regulation

The Company amended its Statutes in 2014 in accordance with Act V of 2013 on the Civil Code (hereinafter as: the Civil Code) entering into force at that time. Numerous provisions of the Civil Code and Act CXX of 2001 on the Capital Market have been amended and adjusted during the past 5 years and for that reason the Board of Directors recommends that the Company should amend and clarify the Statutes in line with the amended provisions of law.

The consolidated version of the Statutes (with the proposed amendments included) is attached separately.

[...]/2019 Annual General Meeting Resolution (proposal)

The General Meeting resolves to amend the Statutes of the Company in line with the provisions of Act V of 2013 on the Civil Code and Act CXX of 2001 on the Capital Market and to approve the consolidated version of the Statutes (with amendments included).

Item No. 9

Election and removal of the members of the Board of Directors, members of the Supervisory Board, members of the Audit Committee

Verbal proposal.

[...]/2019 Annual General Meeting Resolution (proposal)

Item No. 10.

Decision on the remuneration of Board of Directors, Supervisory Board members and the Auditor

The Audit fee is HUF 8,400,000 for the year 2019, while the remuneration of the Board remains unchanged.

[...]/2019 Annual General Meeting Resolution (proposal)

The AGM approved the Audit fee of HUF 8,400,000 for the year 2019, while the remuneration of the Board was approved as unchanged.

Item No. 11

Authorization of the Board of Directors to buy treasury shares based on section 9.3 of the Company's Statutes

Based on Section 3:223 of Act V of 2013 on Civil Code and section 9.3 of the Company's Statutes, the Board of Directors proposes that the General Meeting should authorize the Company's Board of Directors to buy at most 2,958,930 pieces of registered ordinary shares series A issued by ANY Security Printing Company PLC with a nominal value of HUF 98 each (up to maximum 20% of share capital) in accordance with the conditions set out in the referring regulations to cover the employee and management share option programme introduced at the Company and to ensure the possibility of a prompt intervention in the case of share price fluctuation. The share price of the share acquisitions must be at most the 120% of the average stock exchange closing price fixed at the Budapest Stock Exchange in the week preceding the stock exchange transaction. By the present authorization, the Board of Directors may exercise the right of share acquisition until 8th October 2020.

[...]/2018 Annual General Meeting Resolution (proposal)

The Board of Directors proposes that the General Meeting should authorize the Company's Board of Directors to buy at most 2,958,930 pieces of registered ordinary shares series A issued by ANY Security Printing Company PLC. with a nominal value of HUF 98 each (up to maximum 20% of share capital) in accordance with the conditions set out in the referring regulations to cover the employee and management share option programme introduced at the Company and to ensure the possibility of a prompt intervention in the case of share price fluctuation. The share price of the share acquisitions must be at most the 120% of the average stock exchange closing price fixed at the Budapest Stock Exchange in the week preceding the stock exchange transaction. By the present authorization, the Board of Directors may exercise the right of share acquisition until 8th October 2020.

Item No. 12

Others