Halom utca 5, 1102 Budapest, Hungary | www.any.hu
Phone: +36 1 431 1200 | info@any.hu

ANY Security Printing Company Public Limited Company

Independent Auditors' Report and Financial Statements

for the year ended December 31, 2018

BIZTONSÁGI NYOMDA
SECURITY PRINTING COMPANY
FORMER STATE PRINTING COMPANY
Halom utca 5, 1102 Budapest, Hungary | www.any.hu
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ANY Security Printing Company Public Limited Company

Audited Financial Statements

December 31, 2018

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BIZTONSÁGI NYOMDA
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Cg. 01-09-267553

This is a translation of the Hungarian Report

Independent Auditors' Report

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.

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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.

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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.

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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.

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- 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.

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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

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Statement of Financial Position as at December 31, 2018 December 31, 2017

In HUF thousands:	Notes	December 31, 2018	December 31, 2017
Current assets			
Cash and bank	3	197,759	124,941
Accounts receivables	4	3,102,079	2,859,931
Inventories	5	3,324,505	2,645,153
Other current assets and prepayments (without current tax receivable)	6	1,320,379	892,973
Current tax receivables	6	13,511	25,820
Total current assets		**7,958,233**	**6,548,818**
Non-current assets			
Property, plant and equipment	7	3,703,130	3,371,183
Investments	8	1,656,211	1,656,211
Intangibles	8	125,260	36,579
Other assets	9	2,462	2,362
Deferred tax assets		1,674	1,698
Total non-current assets		**5,488,737**	**5,068,033**
Total assets		**13,446,970**	**11,616,851**
Current liabilities			
Trade accounts payables		2,324,711	1,902,562
Short term part of lease liabilities	20	372,942	318,610
Provision	11	78,300	0
Other payables and accruals (without current tax liabilities)	12	436,823	822,415
Current tax liabilities	12	495,301	406,485
Short term loans	13	4,550,948	2,946,317
Total current liabilities		**8,259,041**	**6,396,389**
Long term liabilities			
Deferred tax liability	19	218,389	204,808
Long term part of lease liabilities	21	455,100	370,061
Total long term liabilities		**673,489**	**574,869**
Shareholders' equity			
Share capital	13	1,449,876	1,449,876
Capital reserve		250,686	250,686
Retained earnings		3,268,926	3,400,079
Treasury shares	14	(455,048)	(455,048)
Total owners' equity		**4,514,440**	**4,645,593**
Total liabilities and shareholders' equity		**13,446,970**	**11,616,851**

The Supplementary Notes are inseparable parts of the financial statements.

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Financial Statement of Comprehensive Income as at December 31, 2018

In HUF thousands:	Notes	FY 2018	FY 2017
Net sales	15	20,522,430	15,984,293
Cost of sales	17	(15,402,531)	(11,184,287)
Gross profit		**5,119,899**	**4,800,006**
Selling general and administration	17	(4,122,415)	(3,885,345)
Gain/(Loss) on sale of fixed assets		2,267	2,798
Dividend income	18	443,053	532,700
Foreign currency loss		32,384	(25,903)
Other expense, net	16	(164,343)	(84 893)
Operating income		**1,310,845**	**1,339,363**
Interest income		4,186	3,714
Interest expense		(46,041)	(39,334)
Profit before tax		**1,268,990**	**1,303,743**
Deferred tax expense	19	(13,605)	(13,033)
Income tax expense	19	(217,944)	(205,637)
Profit after tax		**1,037,441**	**1,085,073**
Other comprehensive income for the year		0	-
Total comprehensive income for the year		**1,037,441**	**1,085,073**

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Changes in Shareholders' Equity as at December 31, 2018

in HUF thousands	Share capital	Capital reserve	Profit reserve	Own shares	Total
1, January 2017.	**1,449,876**	**250,686**	**3,557,720**	**(455,048)**	**4,803,234**
Dividend paid (after FY 2017)	0	0	(1,242,714)	0	(1,242,714)
Total comprehensive income for the year	0	0	1,085,073	0	1,085,073
31, December 2017	**1,449,876**	**250,686**	**3,400,079**	**(455,048)**	**4,645,593**
Dividend paid (after FY 2018)	0	0	(1,168,594)	0	(1,168,594)
Total comprehensive income for the year	0	0	1,037,441	0	1,037,441
31, December 2018	**1,449,876**	**250,686**	**3,268,926**	**(455,048)**	**4,515,440**

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Cash-flow as at December 31, 2018

In HUF thousands:	Notes	FY 2018	FY 2017
Cash flows from operating activities			
Profit before tax		1,268,990	1,303,743
Depreciation cost of fixed assets	7	755,783	706,391
Amortization cost of intangibles	9	(88,681)	13,487
Changes in provisions		268	20,389
Gain/(loss) on sale of property, plant and equipment		(2,267)	2,798
Dividend income		(443,053)	(532,700)
Interest income		(4,186)	(3,714)
Interest expense		46,041	39,334
Operating cash-flow before working capital changes:		**1,532,895**	**1,549,728**
Changes in accounts receivable and other current assets	4,6	(545,757)	(1,681,736)
Changes in inventories	5	(679,352)	(653,514)
Changes in accounts payables, provision and accruals	10	205,317	630,052
Cash provided by operations		**513,103**	**(155,470)**
Interest received		2,558	2,086
Interest paid		(58,061)	(51,354)
Taxes paid, net	18	(160,053)	(147,746)
Net cash provided by operating activities		**297,547**	**(352,484)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,093,357)	(836,448)
Proceeds on sale of property, plant and equipment		7,894	30,341
Received dividend		285,427	441,166
Development costs	9	0	(2,886)
Changes in loans to employees		(100)	227
Net cash flow used in investing activities		**(800,136)**	**(367,600)**
Cash flows from financing activities			
Changes in short term loans	11	1,604,631	2,110,788
Increase in capital lease obligations	20	162,034	143,362
Decrease in capital lease obligations	20	(22,663)	(205,705)
Dividend paid		(1,168,593)	(1,242,714)
Net cash flow used in financing activities		**575,409**	**805,731**
Changes in cash and cash equivalents		**72,820**	**85,647**
Cash and cash equivalents at beginning of period		**124,941**	**39,294**
Cash and cash equivalents at end of the period	3	**197,759**	**124,941**

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Supplementary Notes to the Financial Statements Dec. 31, 2018

1 General

ANY Security Printing Company Public Limited Company by Shares (ANY PLC or the Company) is a limited liability company incorporated under the laws of the Republic of Hungary. The Company operated as a State enterprise until 1992 when it was transformed into a limited liability company (Rt.). The Company's registered office is located at Halom u.5, Budapest, District 10. The Company's webpage: www.any.hu.

The persons authorized to represent the Company, and to sign the annual report: Gábor Zsámboki, CEO (Address: 1028 Budapest, Csokonai utca 22). The person responsible for the accounting services registered in IFRS: Tamás Karakó, CFO (Address: 3956 Viss, Ady Endre u. 7). The auditor of the Company Ernst & Young Könyvvizsgáló Kft. (Address: 1132 Budapest, Váci út 20.), registered statutory auditor: Zsuzsanna Bartha (MKVK: 005268) (Address: 5900 Orosháza, Rákóczi út 25.). The audit fee in 2018 is HUF 8,1 million.

As of December 31, 2018 – based on the Company's share book – the following owners have more than 5% voting right or the following Companys of investors own the Company:

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	27.93%	27.10%
Foreign Institutional Investors	14.77%	14.31%
Foreign Individual Investors	0.40%	0.39%
Domestic Individual Investors	26.14%	25.34%
Management, employees	3.00%	2.91%
Treasury shares	0.00%	3.03%
Other	1.38%	1.34%

(*) 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.
(**) Based on the AGM of March 31, 2014 the Tamás Erdős has been elected as a member of the Board of Directors of ANY Security Printing Company PLC has indirect ownership.

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AEGON ALFA SZÁRMAZTATOTT ALAP	7.43%	7.20%
Owners below 5% share		
Domestic Institutional Investors	26.24%	25.45%
Foreign Institutional Investors	20.96%	20.32%
Foreign Individual Investors	0.35%	0.34%
Domestic Individual Investors	22.67%	21.98%
Management, employees	3.03%	2.93%
Treasury shares	0.00%	3.03%
Other	0.37%	0.37%

(*) 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.
(**) Based on the AGM of March 31, 2014 the Tamás Erdős has been elected as a member of the Board of Directors of ANY Security Printing Company PLC has indirect ownership.

ANY PLC produces security products and solutions (tax stamps. stickers with security elements), plastic and paper cards (document cards. bank and telephone cards. as well as commercial cards), personalized business and administration forms, as well as conventional printing products.

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The consolidated subsidiaries of the Company at December 31, 2018 are as follows:

Name of the Company	Place of registration Country	Equity	Book value of investments	Share of ownership	Voting right [1]	Classification [2]
Gyomai Kner Nyomda Zrt.	Hungary	HUF 200,000,000	363,596	99.48%	99.48%	L
Specimen Zrt.	Hungary	HUF 100,000,000	151,052	100.00%	100.00%	L
ANYpay Fizetési Megoldások Zrt.	Hungary	HUF 50,000,000	0	100.00%	100.00%	L
Techno-progress Kft.	Hungary	HUF 5,000,000	25,000	100.00%	100.00%	L
ANY Ingatlanhasznosító Kft.	Hungary	HUF 3,000,000	596,993	100.00%	100.00%	L
Zipper Services SRL	Romania	RON 2,060,310	454,540	50.00%	50.00%	L*
Tipo Direct Serv SRL	Moldavia	30,308 MDL	0	50.00%	50.00%	L
Direct Services OOD	Bulgaria	BGN 570,000	45,192	50.00%	50.00%	L*
Slovak Direct SRO	Slovakia	SKK 1,927,000	19,838	100.00%	100.00%	L
Total:			**1,656,211**			

[1] Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation.

[2] Fully controlled subsidiaries (L); Joint ventures (K); Associated undertakings (T)

(*) Classification as subsidiary is the result of the co-operational agreement signed by the co-owner of the Company.

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The consolidated subsidiaries of the Company at December 31, 2017 are as follows:

Név	Place of registration Country	Equity	Book value of investments (thHUF)	Share of ownership	Voting right [1]	Classification [2]
Gyomai Kner Nyomda Zrt.	Hungary	HUF 200,000,000	363,596	98.98%	98.98%	L
Specimen Zrt.	Hungary	HUF 100,000,000	151,052	100.00%	100.00%	L
ANYpay Fizetési Megoldások Zrt.	Hungary	HUF 50,000,000	0	100.00%	100.00%	L
Techno-Progress Kft.	Hungary	HUF 5,000,000	25,000	100.00%	100.00%	L
ANY Ingatlanhasznosító Kft.	Hungary	HUF 3,000,000	596,993	100.00%	100.00%	L
Zipper Services SRL	Romania	RON 476,200	454,540	50.00%	50.00%	L*
Tipo Direct Serv SRL	Moldavia	MDL 30,308	0	50.00%	50.00%	L
Direct Services OOD	Bulgaria	BGN 570,000	45,192	50.00%	100.00%	L
Slovak Direct SRO	Slovakia	SKK 1,927,000	19,838	100.00%	100.00%	L
Total	---	---	**1,656,211**	---	---	---

[1] Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation.

[2] Fully controlled subsidiaries (L); Joint ventures (K); Associated undertakings (T)

(*) Classification as subsidiary is the result of the co-operational agreement signed by the co-owner of the Company.

Romanian Zipper Data S.R.L. was merged into also Romanian Zipper Services S.R.L. on 31st December 2016.

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2 Significant accounting policies

Basis of preparation

The accounting records of ANY Security Printing Plc have been prepared in accordance with International Financial Reporting Standards (IFRS)

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB), except for portfolio hedge accounting under IAS 39 which has not been approved by the EU. The Company does not have any transactions which would qualify as a portfolio hedge.

The Company prepared its financial statements before preparing it according to IFRS based on the Hungarian Accounting Law. There is no significant difference between the financial statements prepared according to Hungarian Accounting Law and IFRS.

In case of IFRS first time adoption the Company's applied the following exemption:
- deemed cost exemption,
- exemption of measurement when recognising a financial instruments,
- exemption of compound financial instruments,
- exemption of borrowing cost,
- exemption for leases,
- exemption for business combination
- exemption of separate financial statements.

The reporting currency of the Company is the Hungarian Forint ("HUF").

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

Financial Statements are prepared based on the assumption of going concern of the activity of the Company in the foreseeable future.

Cash and cash equivalents

Cash and cash equivalents include cash at bank in hand, balances of bank accounts and short-term deposits with an original maturity of three months or less and the risk of their impairment is not significant.

Statement of cash flows

For the cash flow statement the Cash and cash equivalents include cash and the value of bank deposits, as well as other short term (a term of three months or less at the time of their purchase) liquid investments, which may be immediately exchanged for the amount indicated on them, and their conversion does not come with the risk of a change in their value. Statement of cash-flow is prepared based upon the indirect cash-flow method.

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Inventory

Inventory is stated at the lower of cost or net realizable value after making loss-in-value for any obsolete or slow moving items. Cost is determined at standard cost adjusted to actual purchase price at period end. For purchased inventories cost comprises purchase price, possible additional customs, delivery costs, non-refundable taxes and any other costs related to acquiring the inventory. For finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate allocation of manufacturing fixed and variable overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. The rates used are as follows:

Buildings	2% to 3%
Leasehold improvements	6%
Machinery and equipment	14.5 to 33%

At each balance sheet date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication in accordance with internal or external information that those assets have suffered an impairment loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of such an impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with infinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Amortization is provided at rates 33% per year.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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Financial assets

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through OCI (debt instruments)
The Company measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.
The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-byinstrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of

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the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.
This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. IFRS

Investments

In the separate financial statements investments in subsidiaries are presented at cost according to IAS 27. Cost at initial recognition is the paid amount in cash or cash equivalent, or the fair value of other consideration given by the purchaser. Cost include those costs which are directly attributable to the acquisition.
Investments in subsidiaries are subject to impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, the recoverable amount has to be determined and compared with the net investment. If the recoverable amount is materially or permanently lower than the net investment, impairment should be recorded. If the recoverable amount is materially or permanently higher than the net investment, impairment reversal should be recorded.
The net recoverable amount is the present value of future cash flows of the investment proportioned based on ownership.

Taxation

The amount of company tax is based on the taxation obligation defined according to the law on corporate income tax and dividend taxes, which is modified by the deferred tax.

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to realize or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized only if it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each balance sheet date, the Company re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the exte nt that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized.
The Company classifies the local taxes and innovation contribution to corporate tax in profit and loss statement based on IAS 12 requirement.

Treasury shares

Shares repurchased are included in shareholders' equity. Premiums and discounts arising on sale of treasury shares, and differences on repurchase, are credited or debited to retained earnings.

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Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" - The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Revenue is recognized at the time goods are dispatched and services rendered by the Company, as this is the point at which the significant risks and rewards of ownership of the goods and services are transferred to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is separated into five different product segment by the Company. The management considers these product segments strategically important. These segments are monitored and these are the basis of evaluating the performance. However, classification of turnover by product segments do not mean that these products can be produced in a clearly separable way in terms of assets and liabilities. According to this preparation of segment reporting under IFRS 8 is not possible.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company (with similar rights and liabilities as the assets owned by the Company) at lower of present value of minimum lease payments or their fair value at the inception of the lease, and they are amortised during their economic useful life.

The principal is accounted as decrease of liability from the lease contract, while interest is accounted as an expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease

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term. In case when operative lease contract is cancelled before the contractual term is over, all the amounts paid to the lessor as a charge for cancelling the contract are recognised as an expense in the relevant period. Fixed assets mean the cover in Company's leasing transactions.

Provisions

The Company recognises provision in case when**:**

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The Company has no legal affairs.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

Government grants

Assistance by the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to operating activities of the entity.
Grants related to income should be recognised in the income statement on a systematic basis that matches them with the related costs that are intended to compensate.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (HUF) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2018

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

IFRS 9 "Financial Instruments" - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),

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Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018),

Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

Amendments to IFRS 15 "Revenue from Contracts with Customers" - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).

Amendments to IAS 40 "Investment Property" - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),

Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 -2016)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

The adoption of these amendments to the existing standards has not led to any material changes in the Company's financial statements.

New and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

IFRS 16 "Leases" – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),

Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

IFRIC 23 "Uncertainty over Income Tax Treatments" – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

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The Company has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Company anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at [date of publication of financial statements] (the effective dates stated below is for IFRS in full):

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021),

Amendments to IFRS 3 "Business Combinations" - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Material (effective for annual periods beginning on or after 1 January 2020),

Amendments to IAS 19 "Employee Benefits" - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),

Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),

Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)" resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

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Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Company in the period of initial application

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

Critical accounting judgements and estimates by applying the accounting policy

The process of preparing financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions regarding the carrying amounts of assets and liabilities presented in the consolidated financial statements and the Notes.

Critical assumptions by applying the accounting policy

The Management of the Company had certain assumptions when applying the accounting policy, that can influence the carrying amounts of assets and liabilities presented in the financial statements (apart from the impact of the estimates. presented at the next point). These assumptions are presented in details in the Notes, but the most important ones are the following:

- The temporary differences calculated with deferred tax liabilities will reverse in the foreseeable future, and the corporate tax rate is 9%, which is effective from 1st January 2018.
- The outcome of certain contingent liabilities.
- The Company has 50% ownership interest in Zipper Services Srl and Direct Services Ood. Based on the contractual arrangements between the Company and other investors, the Company has the power to appoint and remove the majority of the board of management of these companies that has the power to direct the relevant activities of these companies. Therefore, the management of the Company concluded that the Company has the practical ability to direct the relevant activities of these companies unilaterally and hence the Company has control over these companies.

Uncertainties in the estimates

The process of preparing consolidated financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions regarding the carrying amounts of assets and liabilities presented in the consolidated financial statements and the Notes. These estimates are based on the best knowledge of the Management, in spite of this actual results may differ from estimated amounts. These estimates are presented in details in the Notes, but the most important ones are the following:

- Determining the fair value of Financial Instruments
- Determining the economic useful life of fixed assets
- Calculating the impairment loss on fixed assets
- Calculating provisions

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3 Cash and bank

	December 31, 2018	December 31, 2017
Cash and cash equivalents	197,759	124,941
Total cash and cash equivalents:	**197,759**	**124,941**

4 Accounts receivables

	December 31, 2018	December 31, 2017
Trade receivables	3,105,195	2,863,315
Allowance for doubtful debts	(3,116)	(3,384)
Total:	**3,102,079**	**2,859,931**

The carrying value of trade receivables is fair value. Balance of trade debtors is HUF 3,102 million, which is HUF 242 million (8%) higher than at the end of 2017.

Movement of the allowance in doubtful debts is broken down below:

	December 31, 2018	December 31, 2017
Balance at the beginning of the year	**3,384**	**9,698**
Impairment losses recognised on receivables	663	2,240
Impairment losses decrease	(931)	(8,554)
Balance at the end of the year	**3,116**	**3,384**

5 Inventories

	December 31, 2018	December 31, 2017
Raw materials	1,890,503	1,794,822
Work in progress	859,451	523,263
Finished goods	664,551	588,360
Goods	30,737	33,698
Cumulated loss in value for inventories	-120,736	(294,990)
Total:	**3,324,505**	**2,645,153**

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The total amount of inventories is HUF 3,325 million, which increased by HUF 679 million (26%) compared to 31 December 2017. The amount of raw materials and consumables increased by HUF 96 million (5%) compared to the prior period, caused by the higher raw material needs of security and card products.

6 Other current assets and prepayments

	December 31, 2018	December 31, 2017
Prepayments	125,910	140,424
Of which: rental fee of software's	*45,323*	*48,945*
Of which: real estate rental	*22,853*	*24,447*
Of which: prepaid interest	*20,010*	*17,411*
Advances paid	78,110	197,951
Of which: advances paid for PP&E	*78,062*	*186,926*
Of which: other advances paid	*48*	*11,025*
Employee loans	5,440	30,750
Other receivables	25,919	23,848
Loan to a subsidiary	1,085,000	500,000
Total other current assets and prepayments:	**1,320,379**	**892,973**

	December 31, 2018	December 31, 2017
VAT receivable	-	-
Corporate income tax receivable	8,723	11,520
Other taxes receivable	4,788	14,300
Total current tax receivables	**13,511**	**25,820**

Year-end balance of current tax receivables is HUF 12 million lower than in previous period which caused by the decrease of VAT receivables and local business tax.
The significant increase in the amount of prepayments is caused by software, property and plant rental fee. Interest in employees loans are the same for each employee, Hungarian prime rate + 5%.

Loans given to a subsidiary

	December 31, 2018	December 31, 2017
Gyomai Kner Nyomda Zrt.	250,000	350,000
ANY Ingatlanhasznosító Zrt.	835,000	140,000
Techno Progress Kft.	-	10,000
Given loan total	**1,085,000**	**500,000**

The short term loans given to subsidiaries have market interest rate, based on 1 month BUBOR.
The reason for the increase in the given loan to the subsidiary is the loan to the ANY Ingatlanhasznosító for a new building investment of HUF 695 million.

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7 Property, Plant and Equipment

	Land and buildings	Machinery and equipment	Property rights	Vehicles and other equipments	Capital projects	Total
Cost:						
January 1, 2017	**566,533**	**8,458,285**	**1,328,099**	**1,784,505**	**35,210**	**12,172,632**
Capitalization	74,548	435,953	31,237	229,086	-764,073	**6,751**
Additions	-	2,581	71,079	-	962,024	**1,035,684**
Disposals	-	210,874	-	56,372	209,299	**476,545**
December 31, 2017	**641,081**	**8,685,945**	**1,430,415**	**1,957,219**	**23,862**	**12,738,522**
January 1, 2018	**641,081**	**8,685,945**	**1,430,415**	**1,957,219**	**23,862**	**12,738,522**
Capitalization	29,579	582,016	197,137	410,444	(1,022,039)	**197,137**
Additions					1,543,192	**1,543,192**
Disposals	2,255	308,986	134,381	71,838	516,594	**1,034,055**
December 31, 2018	**668,406**	**8,958,974**	**1,493,171**	**2,295,825**	**28,420**	**13,444,796**
Accumulated depreciation:						
January 1, 2017	**169,166**	**6,190,067**	**1,163,560**	**1,358,260**	**17,314**	**8,898,367**
Additions	37,369	445,352	97,077	126,595	-	**706,393**
Disposals	-	181,050	-	56,371	-	**237,421**
December 31, 2017	**206,535**	**6,454,369**	**1,260,637**	**1,428,484**	**17,314**	**9,367,339**
January 1, 2018	**206,535**	**6,454,369**	**1,260,637**	**1,428,484**	**17,314**	**9,367,339**
Charge for year	41,021	463,293	73,739	165,864	-	**743,916**
Additions	-	-	-	-	-	**-**
Disposals	-	300,169	-	69,420	-	**369,589**
December 31, 2018	**247,556**	**6,617,493**	**1,334,376**	**1,524,927**	**17,314**	**9,741,666**
Net book value:						
January 1, 2017	**397,367**	**2,268,218**	**164,539**	**426,245**	**17,896**	**3,274,265**
December 31, 2017	**434,546**	**2,231,576**	**169,778**	**528,735**	**6,548**	**3,371,183**
December 31, 2018	**420,850**	**2,341,481**	**158,795**	**770,897**	**11,106**	**3,703,130**

Fair value of the PP&E exceeds book value, therefore no impairment loss was calculated. Mainly production machineries and equipments are on the line Additions.

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8 Investments

	December 1, 2017	Increase	Decrease	December 31, 2017
Long term participations in affiliated undertakings	1,682,653	4,000	1,114	1,685,539
Other long term loan	2,589	1,000	1,227	2,362
Loss in value for long term participations in affiliated undertakings	(29,328)	0	-	(29,328)
Net value of investments	**1,655,914**	**5,000**	**2,341**	**1 658 573**

	December 1, 2018	Increase	Decrease	December 31, 2018
Long term participations in affiliated undertakings	1,685,539	0	0	1,685,539
Other long term loan	2,362	2,250	2,150	2,462
Loss in value for long term participations in affiliated undertakings	(29,328)	0	0	(29,328)
Net value of investments	**1,658,573**	**2,250**	**2,150**	**1,658,673**

Investments are stated at cost. The Company has examined the investments and their expected return is not recognized for impairment.
The Company did not increase its share during the year.

9 Intangibles

	opening	increase	decrease	closing balance
Cost				
2017	269,160	-	-	269,160
2018	269,160	100,545	-	369,705
Accumulated depreciation				
2017	219,094	13,487	-	232,581
2018	232,581	11,864	-	244,445
net book value				
December 31, 2017	**50,066**	**13,487**	-	**36,579**
December 31, 2018	**36,579**	**88,681**	-	**125,260**

There are capitalized research and development costs on line intangibles in value of HUF 25 million.
Increase is caused by eternal software licence purchase at the end of 2018.

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10 Other payables and accruals

	December 31, 2018	December 31, 2017
Accrued management bonuses	25,610	302,081
Other accruals	50,810	50,833
Of which: accrued creditors	*47,332*	*47,240*
Salaries and wages	190,016	178,489
Advance payments from customers	35,983	207,594
Other short term liabilities	4,404	10,418
Short term loan from subsidiaries	130,000	73,000
Other payables and accruals	**436,823**	**822,415**

	December 31, 2018	December 31, 2017
VAT	320,280	228,155
Personal income tax	50,617	47,331
Other taxes	124,420	130,999
Total current tax liabilities	**495,317**	**406,485**

Total current tax liabilities, other payables and accruals amounts to HUF 1,010 million, which decreased by HUF 218 million compared to December 31, 2017.

The Company has no present obligation, neither legal nor constructive, arisen as a result of a past event, hence no provision was raised.

Intercompany loans and their conditions at the balance sheet date were the following:
Specimen Zrt, AnyPay Zrt. – ANY Plc.: HUF 130 million, interest rate is based on 1 month BUBOR

11 Provision

	December 31, 2018	December 31, 2017
Estimated contribution and tax liability	78,300	0
Total provision	**78,300**	**0**

Provisions were raised due to estimated contribution and tax liabilities.

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12 Short term and long term loans

	December 31, 2018	December 31, 2017
Bank overdraft	4,550,948	2,946,317
Total short term loans and overdrafts	**4,550,948**	**2,946,317**
Total loans and borrowings:	**4,550,948**	**2,946,317**

The carrying value of loans and overdrafts is fair value. The parent company has overdraft limit (market interest rate, based on 1 month BUBOR) in value of HUF 6 billion from which the utilised amount at the end of 2018 is HUF 4,551 million

13 Share capital

Share capital (at par value, in HUF thousands) authorized, issued and outstanding at year-end:

	December 31, 2018		December 31, 2017	
	Issued	Treasury	Issued	Treasury
Registered shares	1,449,876	43,986	1,449,876	43,986
Total	**1,449,876**	**43,986**	**1,449,876**	**43,986**

The number of shares issued by the Company is 14,794,650 of which par value is HUF 98 per share.

14 Shareholders' equity

	December 31, 2018 according to Hungarian law	Deferred tax	own shares reclassi-fication	Tied up reserve reclassi-fication	Current year profit	Other	December 31, 2018 according to IFRS
Share capital	1,449,876	-	-	-	-	-	1,449,876
Capital reserve	250,686	-	-	-	-	-	250,686
Profit reserve	1,416,098	(203,110)	-	1,031,403	1,037,441	(12,906)	3,268,926
Tied-up reserve	1,031,403	-	-	(1,031,403)	-	-	-
Own shares	-	-	(455,048)	-	-	-	(455,048)
Profit after tax	1,051,046	-	-	-	(1,051,046)	-	-
Shareholder's equity	**5,199,109**	**(203,110)**	**(455,048)**	**-**	**(13,605)**	**(12,906)**	**4,515,440**

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	December 31, 2017 according to Hungarian law	Deferred tax	own shares reclassi-fication	Tied up reserve reclassi-fication	Current year profit	Other	December 31, 2017 according to IFRS
Share capital	1,449,876	-	-	-	-	-	1,449,876
Capital reserve	250,686	-	-	-	-	-	250,686
Profit reserve	1,528,660	(190,077)	-	991,909	1,085,073	(15,486)	3,400,079
Tied-up reserve	991,909	-		(991,909)	-	-	-
Own shares	-	-	(455,048)	-	-	-	(455,048)
Profit after tax	1,095,525	-	-	-	(1,095 525)	-	-
Shareholder's equity	**5,316,656**	**(190,077)**	**(455,048)**	**-**	**(10,452)**	**(15,486)**	**4,645,593**

Retained earnings available for distribution are based on the unconsolidated financial statements of the Company prepared in accordance with IFRS and related Hungarian Accounting and Civil Law. The amount of the retained earnings in the Company's IFRS financial statement is HUF 3,268,926 thousands of which not distributable HUF 1,031,403 thousands. Retained earnings available for distribution is HUF 2,237,523 thousands.

The Company prepared its financial statements before preparing it according to IFRS based on the Hungarian Accounting Law. There is no significant difference between the financial statements prepared according to Hungarian Accounting Law and IFRS.

Profit based on Hungarian Accounting Act and IFRS

	FY 2018	FY 2017
Profit after tax according Hungarian law	1,051,046	1,095,525
Deferred tax expense	(13,605)	(13,033)
Other items	0	2,581
Comprehensive income for the year according to IFRS	1,037,441	1,085,073

Treasury shares

Number of treasury shares held by the Company on 31st December 2018 is 448,842 which were purchased at an average price of HUF 1,014 per share remained unchanged.

15 Net sales

IFRS 15 "Revenue from Contracts with Customers" - The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

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Sales	2018	2017
Sales revenue from customer contracts	**20,522,430**	**15,984,293**
Revenue from other sources	0	0
Total sales	**20,522,430**	**15,984,293**

Impairment of receivables	2018	2017
Impairment recognized on trade receivables, contractual assets	0	0
Impairment from other contracts	0	0
Total impairment	**0**	**0**

Sales segments	2018	2017
Security products and solutions	7,876	6,067
Card production and personalization	9,067	7,498
Form production and personalization. data processing	2,377	1,519
Traditional printing products	75	62
Other	1,127	838
Total net sales	**20,522**	**15,984**

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Total revenue in 2018 by countries:

Revenue by Countries	2018	2017
Domestic sales	**17,932,049**	**13,658,370**
Sales within the EU	**1,824,128**	**1,929,193**
Germany	747,319	999,347
Slovakia	265,466	223,637
Austria	230,662	88,325
Romania	175,282	244,077
Czech Republic	161,595	210,017
Poland	95,557	42,656
Bulgaria	88,983	84,520
United Kingdom	18,246	15,313
Italy	15,436	12,349
Finland	15,374	8,075
Netherlands	9,743	0
Slovenia	465	0
France	0	877
Exports outside the EU	**766,253**	**396,730**
Africa	496,444	262,366
Sri Lanka	98,927	48,407
Norway	57,154	56,397
Albania	54,051	0
Kazakhstan	29,992	687
Iceland	21,083	19,657
Switzerland	2,450	166
Saint Vincent and the Grenadines	2,437	4,759
Serbia	1,825	1,332
Mexico	804	0
Russian Federation	468	466
Ukraine	293	0
United States	269	0
Vietnam	56	0
Pakistan	0	2,493
Total:	**20,522,430**	**15,984,293**

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16 Other expenses, net

Other incomes and expenses	**2018**	**2017**
Reversed loss in value for trade receivables	931	8,554
Reversed loss in value for inventories	0	-
Other items	33,781	29,782
Total other incomes	***34,712***	***38,336***
Provision raised	78,300	-
Loss in value for inventories	46,872	44,566
Donation given	48,968	64,749
Loss in value for trade receivables	663	2,240
Other items	24,252	11,674
Total other expenses	***199,055***	***123,229***
Total	***(164,343)***	***(84,893)***

17 Cost of sales and selling general and administration costs

Breakdown of cost of sales and selling general and administration cost is the following:

	2018 (thHUF)	**2017 (thHUF)**
Material type expenditures	14,576,144	9,943,409
Personal type expenditures	4,799,658	4,493,616
Depreciation and amortization	755,783	719,879
Changes in inventory and own performance	(606,639)	(87,272)
Total cost and expenditures	**19,524,946**	**15,069,632**
Cost of sales	15,402,531	11,184,287
Selling general and administration	4,122,415	3,885,345
Total direct and indirect cost of sales	**19,524,946**	**15,069,632**

The average number of employees of the Group during the year was 553 (2017: 523).

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18 Dividend income

The approved dividends received from subsidiaries are the following:

	2018	2017
Zipper Services Srl	319,965	288,166
Direct Services Ood	63,829	46,290
Gyomai Kner Nyomda Zrt.	59,259	176,674
Slovak Direct Sro	-	21,570
Total dividend income	**443,053**	**532,700**

19 Taxation

	December 31, 2018	December 31, 2017
Current year corporate income tax	46,654	43,941
Current year local business tax	171,290	161,696
Current year tax expense	*217,944*	205,637
Deferred tax (income) / expense	13,605	13,033
Total tax expense	**231,549**	**218,670**

Based on the decision of the Hungarian Parliament, 9% corporate tax rate has to be applied for the Hungarian companies.

In case of the domestic subsidiaries we applied the new 9% corporate tax rate when calculating deferred tax. The tax liability of the foreign companies of the Company is taken into consideration with the effective tax legislation of their country of incorporation.
Under the tax legislation the Company is allowed to establish a tax-deductible development reserve. Assets acquired using this reserve then do not qualify for tax depreciation up to the value of the reserve. Therefore this is effectively a form of accelerated depreciation. Development reserves have been established based on the Company's current year and previous years pre-tax profit and a deferred tax liability has been recognized on the deferred tax effect of the accounting and tax depreciation difference of the assets. The Company decreased its deferred tax liabilities by the valuation difference for treasury shares based on the Hungarian Accounting Standards.
Tax losses can be carried forward up to the next years offset future taxable profits (until its 50%). Deferred tax assets relating to tax losses are netted off against deferred tax liabilities. The company raised deferred tax asset on write-off for bad debts in 2018. The Company derecognised deferred tax asset in 2018 based on differences of bad debt receivables.

ANY PLC and its subsidiaries are subject to periodic audits by the Hungarian Tax Authority (NAV). Since the application of tax laws and regulations may be susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. In 2015 the Parent Company was subject to a comprehensive audit by NAV (National Tax and Customs Administration) for the years 2010, 2011 and 2012 to all kind of taxes. No material misstatement was explored by the Tax Authority.

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	December 31, 2018	December 31, 2017
Opening deferred tax liability	**204,808**	**192,342**
Deferred tax liability due to development reserve	12,418	9,963
Deferred tax on accounting and tax depreciation difference of assets not connected to development reserve	1,162	2,503
Closing deferred tax liability	**218,388**	**204,808**
	December 31, 2018	**December 31, 2017**
Opening deferred tax assets	**1,698**	**2,264**
Deferred tax asset on write-off for bad debts	(24)	(566)
Deferred tax asset on deferred yearly losses	-	-
Closing deferred tax assets	**1,674**	**1,698**

The effective income tax rate defers from the statutory income tax rate due to the following items:

	December 31, 2018	December 31, 2017
Profit before tax	1,097,700	1,139,466
Tax at statutory rate of 9%(*)	98,793	102,552
Other permanent differences	(52,139)	(58,611)
from which: Dividend	*(39,875)*	*(47,943)*
Other	*(12,264)*	*(10,668)*
Current year corporate tax	**46,654**	**43,941**
Deferred tax expense	**13,605**	**13,033**
Total tax expense	**60,259**	**56,944**

(*) In this calculation 9% tax rate valid in 2018 has been applied.

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20 Contingent liabilities

The Company has arranged bank guarantees. The guarantees largely relate to commitments under Government and corporate tenders. Guarantees are provided up to a maximum limit of HUF 2,120 million. The Company uses HUF 659 million from its guarantee limit which is connected to tenders.

Real estates of ANY Ingatlanhasznosító Kft. secured by mortgage in favour of Unicredit Bank Zrt. in the value of HUF 1,550 million, relating to this loan ANY Biztonsági Nyomda Nyrt. provided a guarantee to the Unicredit Bank Zrt. Furthermore ANY Biztonsági Nyomda Nyrt. provided a guarantee to the Unicredit Bank Zrt. in the value of EUR 3 million in connection with the credit line agreement for the treasury transaction of ANY Ingatlanhasznosító Kft.

The Company reclassified HUF 500 million to the restricted reserves to finance future capital expenditures, which has 522 million not been utilised yet. Corporate tax base was decreased by this amount in line with the relevant Hungarian regulations under the condition, that this amount will be spent for capital expenditures in the following six years, otherwise the deducted corporate tax has to be repaid to the Hungarian Tax Authority grossed up with its fines and interests.

21 Short term and long term part of lease liabilities

Short term and long term financial lease principal liabilities belong to the company lease contracts for machineries, of which short term part is HUF 372,942 thousands and long term part is HUF 455,100 thousands, due in the next years.

Financial lease liabilities (in HUF thousands)	31 December, 2018	31 December, 2017
Short term part (within 1 year)	372,942	318,610
Long term part (within 1-5 years)	455,100	370,062
Total	**828,042**	**688,672**

The book value of the leased assets is fair value. The estimated present value of the minimum lease payments equals to the book value of the lease liabilities. Fixed assets are the cover in Company's leasing transactions.

Operative leases

The Company leases its real estates from ANY Ingatlanhasznosító Kft as a subsidiary and some assets from the Gyomai Kner Nyomda Zrt as a subsidiary based on long-term operative lease contracts. Operative lease expenses were amounted to HUF 352,182 thousands in 2018.
Related to these operative lease contracts the following future lease payments are expected:

Operative leasing (thHUF)	Within 1 year	Within 1-5 year	Over 5 years
Real estate lease	275,237	1,460,174	309,627
Vehicle lease	21,057	11,217	-
Lease of production equipment	55,888	279,439	55,888
Total	**352,182**	**1,750,830**	**365,515**

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22 Related party transactions

Related party transactions	FY 2018 in HUF thousands	FY 2017 in HUF thousands
Total receivables and accrued assets at the end of the year	1,333,781	656,739
Total liabilities and accrued liabilities at the end of the year	307,005	142,668
Total revenue for the period	342,576	271,555
Total expenditures for the period	896,753	561,428

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Through related party transactions mainly ANY Security Printing Company PLC (the Company) sells finished goods to the other members of the Group, who resell them to third party companies. ANY Security Printing Company PLC also purchases finished goods from its subsidiaries and rents assets. Related party transactions also consist of short term intercompany loans. The Company purchased management services from EG Capital in value of HUF 136 million in 2018.

23 Remuneration of the members of the Supervisory Board and the Board of Directors

HUF 9,912 thousands remuneration was paid to the Supervisory Board, while HUF 5,950 thousands to the Board of Directors in 2018.
The following table presents the beginning and the end of the assignment of the members of the Board of Directors and Supervisory Board and the number of shares hold in ANY Security Printing Company PLC is also presented as at 31 December 2018.

Type [1]	Name	Position	Assignment started	Assignment ends	ANY shares owned (no.)**
BD	Dr. Ákos Erdős[2]	Chairman of Board of Directors	1993*	April 30, 2023	2,195,253
BD	Gábor Zsámboki	Deputy chairman of Board of Directors**	August 11, 2005*	April 30, 2023	143,923
BD	György Gyergyák	Member of Board of Directors	1994*	April 30, 2023	200,000
BD	Péter Kadocsa	Member of Board of Directors	April 30, 2010*	April 05, 2018	-
BD	Dr. Gábor Kepecs	Member of Board of Directors	May 31, 2018	April 30, 2023	-
BD	Tamás Erdős[3]	Member of Board of Directors	May 31, 2014	April 30, 2023	1,000,001
BD	Erwin Fidelis Reisch	Member of Board of Directors	May 31, 2014	April 30, 2023	-
SB	Dr. Tamás Sárközy	Chairman of Supervisory Board	March 30, 2007*	May 31, 2019	-
SB	Dr. Istvánné Gömöri[4]	Deputy chairman of Supervisory Board	August 11, 2005*	May 31, 2019	536,703
SB	Ferenc Berkesi	Member of Supervisory Board	August 11, 2005*	May 31, 2019	-
SB	Dr. Erzsébet Novotny	Member of Supervisory Board	April 30, 2010*	May 31, 2019	5,320
SB	Dr. Imre Repa	Member of Supervisory Board	March 30, 2007*	May 31, 2019	-
SB	Dr. János Stumpf	Member of Supervisory Board	April 19, 2011*	May 31, 2019	-
Number of ANY shares hold, TOTAL:					**4,081,200**

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[1] Employee in a strategic position (SP), Board of Directors member (BD), Supervisory Board member (SB)
[2] Dr. Ákos Erdős controls ANY shares indirectly through EG Capital LLC and Fortunarum Kft.
[3] Tamás Erdős controls ANY shares indirectly through Digital Forest LLC.
[4] Dr. Istvanné Gömöri controls ANY shares indirectly through BELU S.A.R.L.
* Re-elected by the Annual General Meeting held on 31st March, 2014
** Gábor Zsámboki has been the deputy chairman of the Board of Directors since 11th August, 2014.
*** Number of shares shown above

24 Risk management

Foreign currency risk

Among foreign currency transactions of the Company 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. Due to the balance of foreign currency receivables and liabilities the foreign currency risk of the Company is moderate.

ANY Company	Currency	December 31, 2018	December 31, 2017
Foreign currency receivables	EUR	2,625,073	4,008,819
	USD	53	-
	GBP	-	-
Total (in HUF thousands)		**844,002**	**1,243,295**
Foreign currency cash	EUR	176,490	336,482
	USD	140,155	8,167
	GBP	1,889	1,588
Total (in HUF thousands)		**94,790**	**107,025**
Foreign currency liabilities	EUR	1,000,433	1,312,052
	CHF	8,465	17,500
	BGN	44,208	18,689
	RON	3,500	33,543
Total (in HUF thousands)		**337,877**	**428,121**
Impact of a possible 1% foreign exchange rate decrease in each foreign currency (in HUF thousands)		**December 31, 2018**	**December 31, 2017**
Impact on foreign currency assets		**98,494**	**13,503**
Impact on foreign currency liabilities		**(33,788)**	**(4,281)**
Total impact of possible foreign exchange rate change		**64,706**	**9,222**

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Company measures financial instruments (cash, receivables, sreditors, credit liabilities) based on amortised costs. In case of receivables and liabilities over 1 year appropriate discount rate is used for time value of money, while in case of credit liabilities affective interest rate is being considered. The Company holds no financial assets held to maturity or available for sale. Foreign currency receivables and liabilities of the Company are revalued at MNB foreign exchanged rates as at 31. December 2018.
Receivables and liabilities of the Company denominated in foreign currency were revalued based on foreign currency rates of MNB (Hungarian National Bank) as at 31 December 2018.

Interest rate risk

Due to the moderate level of debts in the Company potential interest rate changes would not influence significantly the amount of interests to be paid by the Company. Based on the balance of Credits of the Company. a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 45,509 thousands in the year 2018. (This was HUF 29,463 thousands in the year 2017.)

Liquidity risk

The Company 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 Company, due to the high balance of net working capital, is low. The maturity of trade payables, lease liabilities and credits is shown in the next table:

ANY Company FY 2018	**In 1 month**	**1 - 3 months**	**3 months - 1 year**	**1 - 5 years**	**Over 5 years**	**Total:**
Trade payables	2,187,024	135,135	2646	(94)	-	**2,324,711**
Lease liabilities	28,615	64,091	280,236	455,100	-	**828,042**
Credits	-	-	4,550,948	-	-	**4,550,948**
Other liabilities and accruals (without taxes)	281,229	155,610	78,300	-	-	**515,139**
Current tax liabilities	495,301	-	-	-	-	**495,301**
Total	**2,992,169**	**354,836**	**4,912,130**	**455 006**	**-**	**8,714,141**

ANY Company FY 2017	**In 1 month**	**1 - 3 months**	**3 months - 1 year**	**1 - 5 years**	**Over 5 years**	**Total:**
Trade payables	1,426,712	475,907	(57)	-	-	**1,902,562**
Lease liabilities	26,843	54,020	237,746	370,062	-	**688,671**
Credits	0	-	2,946,317	-	-	**2,946,317**
Other liabilities and accruals (without taxes)	822,415	-	-	-	-	**822,415**
Current tax liabilities	406,485	-	-	-	-	**406,485**
Total	**2,682,455**	**529,927**	**3,184,006**	**370,062**	**-**	**6,766,450**

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Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting financial loss to the Company. The Company 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 Company 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: 0.1%. (This was 0.1% in 2017.) The more than 90 days overdue receivables out of total aged receivables of the Company is less than 2%.

25 Significant events after the reporting period

The Consolidated Financial Statements were accepted by the Board of Directors of ANY Nyrt. on 6th March, 2019.
The Board of Directors proposes HUF 79 dividend per share to the shareholders on the annual general meeting to be held in April 2019.

Budapest, 6th March 2019 ....

Chief Executive Officer

ANY BIZTONSÁGI NYOMDA
SECURITY PRINTING COMPANY
FORMER STATE PRINTING COMPANY
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ANY Security Printing Company PLC

Business report

for the year ended December 31, 2018

ANY BIZTONSÁGI NYOMDA
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General information on the Company

Company name:	ANY Security Printing Company Limited by Shares
Abbreviate company name:	ANY Plc.
Tax registration number:	10793509-2-44
Seat:	1102 Budapest, Halom u. 5.
Premises of the Company:	1106 Budapest, Fátyolka utca 1-5.
	3060 Pásztó, Fő utca 141.

Analysis of the FY 2018 achievement of the Company

Net sales revenue of ANY Security Printing Company Plc amounted to HUF 20,522 million in 2018, of which export sales totalled HUF 2,590 million. Operating income came to HUF 1,311 million, a decrease of HUF 29 million (2%) compared to the previous year. Income before tax was HUF 1,269 million while EBITDA amounted to HUF 2,067 million. Net income after financial operations, extraordinary profit and taxation was HUF 1,037 million.

Analysis of profit and loss statement

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

Table 1: Net sales by categories

Sales categories	FY 2017 in HUF millions	FY 2018 in HUF millions	Change in HUF millions	Change %
Security products and solutions	6,067	8,828	2,761	45.51%
Card production and personalization	7,498	9,067	1,569	20.92%
Form production and personalization, data processing	1,519	1,425	(94)	(6.19%)
Traditional printing products	62	75	13	20.81%
Other	838	1,127	289	34.49%
Total net sales	**15,984**	**20,522**	**4,538**	**28.39%**

Security Printing Company Plc. had net sales of HUF 20,522 million in 2018, increase of 28.39% (HUF 4,538 million) compared to prior year figure.

Sales of security products and solutions income is HUF 8,828 million in 2018 which means a year-on-year increase HUF 2,761 million (45.51%). 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.

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The Company's revenues from card production and personalization totalled HUF 9,067 million in 2018, a HUF 1,569 million (20.92%) increase compared to the previous year. Higher volume of domestic and international document card sales is behind the change.

The Company's revenues from form production, personalization and data processing came to HUF 1,425 million in 2018, a HUF 94 million (6.19%) decrease compared to 2017. The change derives from lower volume of printed domestic tax forms and from lower export sales.

Sales of traditional printing products amounted to HUF 75 million in 2018, which higher with HUF 13 million (20.81%) compared the previous year.

Other sales totalled HUF 1,128 million in 2018, which increased by HUF 290 million (34.61%) year-on-year.

Operating income came to HUF 1,311 million, lower with HUF 29 million (2%) compared to the previous year.

Gross profit totalled HUF 5,120 million, which means a 25.0% gross margin. General (SG&A) expenses amounted to HUF 4,122 million in 2018, which equals 20% of net sales.

Material type expenditures increased by 46.6% (HUF 4,633 million) in 2018.

Personnel expenses totalled HUF 4,800 million, which means a 6.8% increase compared to the base period, due to the personal expenses related to the higher net sales.

Headcount of full time employees in ANY Security Printing Company Plc. was 553 people at the end of 2018, while it amounted to 523 persons at the end of 2017., which means a 30 person (5.7%) increase compared to the previous year.

EBITDA amounted to HUF 2,067 million due to increase of profit financial transactions and income from operations, which means an increase of HUF 7 million compared to 2017. According to EBITDA margin amounts to 10.1%.

In 2018 dividends received from subsidiaries decrease by HUF 90 million.

Corporate tax came to HUF 218 million in 2018, which HUF 12 million higher than last year.

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Profit after tax was HUF 1,037 million, which means a decrease of HUF 48 million (4.4%) compared to 2017.

Balance sheet analysis

The Company had total assets of HUF 13,447 million at the end of 2018, which means an increase of 15.8% (HUF 1,830 million) compared to a year ago. This changes due to accounts receivables and inventories.

Non-current assets totalled HUF 5,489 million at the end of 2018, which is higher than the prior year figure by HUF 421 million (8.3%).

Current assets amounted to 7,958 million at the end of December 2018, an increase of HUF 1,409 million (21.5%) compared to the corresponding period of last year.

Shareholder's equity was HUF 4,514 million, decreased HUF 131 million.

The company has HUF 673 million long term liabilities.
Short term liabilities amounted to HUF 8,259 million which shows as increase of HUF 1,863 million mainly due to Company has been called down HUF 4,551 million credit loan and trade accounts payables increase HUF 422 million.

Strategic plans of the Company

ANY Security Printing Company's strategy is focused on secure person and product identification and payment-related products. The Company's activities are characterised by references such as the production of Hungarian electronic ID documents and the personalisation of biometric passports. As a result of our export activities, our products are well known in more than 50 countries. Its development is supported by its R&D activities and innovative in the Central and Eastern European and international markets.

The Company's employment policy

Security Printing Company Plc. places high priority on keeping labour law, labour safety, employment, tax and social insurance regulations connected to working. The Company considers the employees' continuous training and education as of strategic importance in order to ensure the renewal of professional knowledge within the Company and the adaptability of employees. Security Printing

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Company Plc. gives wide scale of social benefits to its employees, helping to create the balance between private life and the workplace. The principles of benefits and wages are set out in the Collective Agreement. Besides keeping the regulations, the Company is trying to create a workplace with proper working relations, taking the family obligations into consideration which increases the Company's profitability on the long term as well.

Risk management

Foreign currency risk

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

Interest rate risk

Due to the debts in the ANY Security Printing Company Plc, potential interest rate changes would not influence significantly the amount of interests to be paid by the Company. The Company had HUF 45,509 million credit loan at the end of 2018.

Liquidity risk

The Company 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 Company, due to the high balance of net working capital, is also low.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting financial loss to the Company. The Company 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 ANY Security Printing Company Plc 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.

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Supplementary information to the Business report of Security Printing Company Plc.

Off balance sheet date events

There were no significant event after year end date.

Environment protection

The company has ISO 14001:2015 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2022. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the company sites. In 2018, 19,826 kg dangerous waste was transported and eliminated. Our Company has being awarded Green Printing House Award for eight consecutive years this year.

Research and development

The company has two significant R&D areas:

1, R&D projects included in the activity of the Document Security Laboratory. The nanotechnology project has a key importance in this area. Using nanotechnology in security inks may contribute to drawing back forgeries and the fight against black economy.

2, The development of products has a significant role related to new tenders.

The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 54 million.

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Treasury shares in the year 2018:

Table 2: Repurchased treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2018	**448,842**	**43,987**	**455,048**
Closing balance December 31, 2018	**448,842**	**43,987**	**455,048**

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2018 which consisted of 14,794,650 pieces of registered, dematerialized ordinary shares Series 'A' with a nominal value of HUF 98 each.

Non-financial reporting

Integrated management policy

The long-term strategic objective of ANY Security Printing Company, one of the leading security printing companies of the Central and Eastern European region, is to provide special, high value added, original products for its business partners by applying modern information technology. Another strategic objective of the Company is to provide complete business solutions and innovative services on the market of security and traditional printing products. In order to achieve its strategic objectives, the Company operates its business processes safely, on a low risk level, in accordance with the relevant legal requirements and regulations. In order to achieve its objectives, ANY Security Printing Company has introduced an integrated management system in line with the ISO 9001, ISO 14001, ISO 27001, ISO 14298 standards, the NATOAQAP 2110 and MasterCard CQM normative requirements and the payment card production requirements of MasterCard and Visa payment systems (PCI CP). By operating and continuously developing the integrated management system, the Company ensures – the production and performance of products and services that fulfil the requirements and needs of the customers in every respect, – the improvement of business partner satisfaction and trust through quality, planning and implementation of technological processes and quality control, by applying the best technological solutions available, – product and production safety and high quality of the related physical and information security environment, – maintenance and development of an environmentally responsible operation, manifested in measures such as prevention of pollution, mitigation of environmental impacts, reasonable resource management, separate collection of waste, reduction and management of hazardous waste, – sub-suppliers and business partners supporting performance that meet the quality, security and environmental requirements of both the Company and its customers, – reliable, suitably qualified professionals with constantly

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expanding knowledge, – balanced relationship and continuous dialogue with customers, authorities, the general public, partners and internal employees

Code of Ethics of ANY Security Printing Company

Code of Ethics of ANY Security Printing Company contains the ideas of the Company about the behaviour and processes in connection with corporate and business ethics, market competition and social environment. By publishing the Code of Ethics the Company wanted to provide an opportunity to both employees and to present and future shareholders to be familiar with the basis of the ANY Security Printing Company's corporate culture.

Employment management, social issues

It is one of the strategic goals of the Company to adjust the corporate structure to the changing financial issues and to the growing market challenges. Human resources have key role in effective operation of the Company. It applies the highest level of prudence when looking for a new employee, while keeping the employees and ensuring their professional development are with high priority. Our inner policies ensure that the Company can operate with respect to the human rights.

Based on the report on corporate governance the corporate management practice as follow at ANY Security Printing Company Plc.

Description of governing bodies of the Company

Operation of the Board of Directors
The Company is managed by the Board of Directors consisting of 6 members. Members are elected by the General Meeting of Shareholders (GM) for a maximum 5 year term. Following the expiration of their mandate members can be re-elected.
Members of the Board of Directors on 31 December 2018 (names of independent members are underlined and printed in italics):

Name		Mandate
Dr. Ákos Erdős	chairman	30 April 2023
Gábor Zsámboki	vice-chairman	30 April 2023
Tamás Erdős	member	30 April 2023
Erwin Fidelis Reisch	member	30 April 2023
György Gyergyák	member	30 April 2023
Péter Kadocsa	member	05 April 2018
Dr. Gábor Kepecs	member	30 April 2023

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The Board of Directors elects its chairman from among its members with a simple majority of votes. Those members who are not employees of the Company decide as a board over the assignment of the Chief Executive Officer. The President of the Board of Directors exercises the employer's rights over the Chief Executive Officer.

The Board of Directors establishes its own Rules of Procedure in which it gives orders on the scope of competence and tasks among themselves.

A meeting of the Board of Directors may be convened by the chairman or a member of the Board of Directors indicating the reason and purpose of the meeting. Minutes are kept of the meetings.

Tasks and competence of the Board of Directors

(a) Any of issues concerning the management and business operations of the Company, which do not fall within the General Meeting’s exclusive competence on the basis of the Statutes or provisions of the Civil Code. The Board of Directors is responsible for any of its decisions taken in the frame of the activities of the Company or in the frame of delegated competence and is entitled to place into its competence, decisions on issues, which do not fall within the scope of the exclusive competence of the General Meeting.

(b) The Board of Directors shall present the report of the Company prepared in accordance with the Accounting Act and the proposal on the appropriation of after-tax profits and the report on corporate governance.

(c) The Board of Directors shall prepare a report on the management, the financial situation and the business policy of the Company and submit same to the annual ordinary General Meeting at least once every year, and to the Supervisory Board at least once every three months.

(d) The members of the Board of Directors shall treat business secrets concerning the Company’s issues as confidential. Upon the request of the shareholders, the Board of Directors shall provide information on the affairs of the Company, and allow an inspection of its books and documents provided that business interest and business secret of the Company will not be infringed. In the event that the Board of Directors does not comply with such request, upon the request of the shareholder concerned, the Court of Registration will oblige the Company to provide information or to allow inspection.

(e) The Board of Directors shall ensure that the books of the company, including accounting books and Register of Shareholders, are kept according to the applicable regulations.

(f) The Board of Directors shall report to the Court of Registration in accordance with the laws and the Statutes and shall take measures on the necessary publications.

(g) The Board of Directors shall convene the ordinary and the extraordinary General Meeting except the cases set out in the Civil Code.

(h) The Board of Directors shall prepare and approve the proposals concerning issues in the competence of the General Meeting and present same to the General Meeting.

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(i) The Board of Directors shall decide with respect to the annual and mid-term business plan of the Company, the implementation of which belongs to the scope of competence of the operative management of the Company.

(j) The Board of Directors shall determine the competence of the General Manager responsible for the operative management. The employer's rights over the General Manager shall be exercised by the members of the Board of Directors who are not employed by the Company acting as a body, they shall decide on the appointment, dismissal and remuneration of the General Manager, whilst the Chairman of the Board of Directors shall exercise the employer's rights himself/herself, in case of his/her incapacity, his/her deputy or a person appointed by the Board of Directors shall exercise such rights.

(k) The Board of Directors may confer the right to sign on behalf of the Company to the employees of the Company.

(l) The Board of Directors shall approve the Company's Organizational and Operational Regulations.

(m) The Board of Directors shall issue and divide consolidated shares.

(n) On the basis of the General Meeting's authorization, the Board of Directors shall provide for the purchase of treasury shares and shall decide on the sale of treasury shares owned by the Company.

(o) With the approval of the Supervisory Board granted in advance, the Board of Directors shall approve the interim balance sheet concerning the acquisition of treasury shares, payment of interim dividends and the increase of the share capital by its assets excessing the share capital.

(p) The Board of Directors shall increase the share capital according to the Section 17.8 of the Statutes.

(q) The Board of Directors shall decide on the payment of interim dividends with the approval of the Supervisory Board granted in advance.

(r) The Board of Directors may set up committees, the members of which may be solely the members of the Board of Directors, and the Board of Directors can transfer a part of its competence to such committees, and the Board of Directors shall be also entitled to set up committees consisting of both the members of the Board of Directors and persons who are not members of the Board of Directors and provide such committees the appropriate authorization.

(s) The Board of Directors may undertake financial obligations in the scope of ordinary business operations, the individual value of which exceeds 20% of the share capital (e.g.: guarantee, etc.).

(t) The Board of Directors may undertake any transaction, financial obligation which are neither included in the annual business plan approved by the Board of Directors nor in the ordinary business operations, value of which exceeds 20% of the share capital of the Company; with respect to the threshold, the amount shall be calculated with the aggregated value of

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transactions concluded in one year (purchase, rental, leasing, sale, investment, sale of investment of assets, providing services which are outside of ordinary business operations, crediting, taking loans, etc.).

(u) Concluding transactions between the Company and:

(i) one of its shareholders holding at least ten per cent. of the voting rights or his/her close relative; or

(ii) a person in which a shareholder holding at least ten per cent. of the voting rights or his/her close relative – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or he/she is entitled to elect or withdraw the majority of its executive officers or its members of the Supervisory Board;

(iii) a person which holds more than fifty per cent. of the voting rights – directly or indirectly or based on an agreement – in the shareholder holding at least ten per cent. of the voting rights of the Company or which is entitled to elect or withdraw the majority of the executive officers or members of the Supervisory Board of shareholder holding at least ten per cent. of the voting rights of the Company;

(iv) a person in which the person set forth in point (iii) – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or the majority of whose executive officers or members of the Supervisory Board may be elected or withdrawn by the person set forth in point (iii);

with the exception of transactions of ordinary value within the activities of the Company. The Board of Directors shall prepare a comprehensive annual report on transactions concluded with the persons mentioned above which also includes the transactions of ordinary value falling within the activities of the Company and it shall submit same to the Supervisory Board.

(v) The members of the Board of Directors attend the General Meeting of the Company with a right of consultation and to make proposals. The Chairman of the Board of Directors or the appointed member thereof must attend the General Meeting and the meetings of the Supervisory Board to which he/she receives an invitation.

The chairman of the Board of Directors convenes and conducts the meetings, appoints the keeper of the minutes from the meeting of the Board of Directors, orders voting and announces its results.
The Board of Directors passes its resolutions with a simple majority of votes. Under extraordinary circumstances, when it is impossible to call for a meeting of the Board of Directors, the chairman of the Board of Directors shall order a written voting. The Rules of Procedure of the Board of Directors contains the applying rules and regulations.
The Board of Directors held 4 meetings in 2018 with 6 persons present as an average.

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Division of responsibility and duties between the Board of Directors and the Chief Executive Officer / Management

The operating activities of the Company are directed by the Chief Executive Officer. The Chief Executive Officer is personally liable for performing his/her duties within the framework defined by law, the Statutes, and in accordance with the decisions of the Board of Directors and the General Meeting.

The Chief Executive Officer may delegate his authority to the Company's managers and employees in accordance with the Rules of Organization and Operation within the limits of the Company's internal regulations by means of defining job descriptions and with general or limited authorizations, but limitations on his scope of authority as a member of the Board of Directors shall have no effect with respect to third parties.

The Chief Executive Officer is entitled to make decisions in all affairs not falling within the scope of authority of the General Meeting or the Board of Directors. The Chief Executive Officer concludes a labour contract with the Company, signed by the chairman of the Board of Directors.

The Chief Executive Officer exercises employer's rights with respect to employees of the Company.

In order to carry out the business of the Company, the Chief Executive Officer concludes contracts and represents the firm before third parties, authorities and courts.

Competence and tasks of the Chief Executive Officer

(a) The Chief Executive Officer shall decide with respect to all issues which do not fall within the exclusive competence of the General Meeting, the Board of Directors or the Chairman of the Board of Directors.

(b) The Board of Directors may transfer any of its competence regarding the daily management to the Chief Executive Officer under the provisions and conditions established by it and the Board of Directors may withdraw or change the totality or a certain part of such competences from time to time, however, such transfer does not affect the liability of the Board of Directors.

(c) The Chief Executive Officer shall conclude agreements for the purpose of performing the Company's tasks and represent the Company towards third parties, before courts and other authorities.

(d) The Chief Executive Officer shall prepare the agenda of the General Meeting and the Board of Directors and he/she shall submit proposals concerning decisions.

(e) The Chief Executive Officer shall execute passed resolutions and decisions, and he/she shall manage the performance of tasks within the scope of activities of the Company.

(f) The Chief Executive Officer shall exercise employer’s rights over other employees of the Company. The Chief Executive Officer can delegate the exercise of employer’s rights over employees in accordance with the Organizational and Operational Regulations of the Company.

(g) The Chief Executive Officer can transfer his/her competence to the executives and employees within the framework of the internal administration of the Company in accordance with the Organizational and Operational Regulations based on a general or an ad-hoc decision, by describing

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the respective scope of activities, however, the limitation of the competence attached to his/her membership of the Board of Directors shall be null and void against third parties.

The Board of Directors may delegate a portion of its authority, with restrictions and conditions determined at its discretion, to the Chief Executive Officer, and it may withdraw or change all or any portion of such authority from time to time, but such delegation shall not affect the liability of the Board of Directors.

Members of the management on 31 December 2018:

Gábor Zsámboki chief executive officer
László Balla deputy chief executive officer
Ferenc Berkesi chief security officer
Gábor Péter chief IT officer
Lajos Székelyhidi chief research and development officer
Zoltán Tóth chief technical and production officer
Tamás Karakó chief financial officer

Evaluation and remuneration of the management

The Board of Directors is making a continuous assessment of the management's activity, and makes an additional extensive performance evaluation once a year. The remuneration of managers (Chief Executive Officer) has an established system at the Company. On top of the base salary, managers are entitled to receive bonus if the development of the Company meets the long term targets and targets of the relevant business year. The bonus is linked to the fulfilment of planned sales revenues and planned earnings per share (EPS) and to the fulfilment of most important specific tasks set in advance for the business year.

The Board of Directors is entitled to work out the detailed guidelines of the Management Share Option Programme according to the decision of the 2009 Annual General Meeting. The members of the management are entitled to the acquisition of the Company's shares in a preferential way within the framework of this Programme.

The Supervisory Board

The Supervisory Board consists of six members who are elected by the General Meeting for a maximum five-year term. One third of the members of the Supervisory Board is designated by the Factory Council, following a statement of opinion of the trade unions operating at the Company. The General Meeting is obliged to elect these employee members for the period unless statutory grounds for disqualification exist in respect of the nominees.

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The members of the Supervisory Board elect the chairman by a simple majority of votes at their first meeting. The Chairman convenes and conducts the meetings of the Supervisory Board, appoints the person keeping the minutes, orders the voting and announces its results.

The meeting of the Supervisory Board may be convened by any member indicating the reason and purpose thereof if his/her request for convening the meeting has not been fulfilled by the chairman within 8 days.

Tasks and competence of the Supervisory Board

(a) The Supervisory Board may request information from the executive officers or employees in executive positions of the Company and may inspect the books and documents of the Company.

(b) The Supervisory Board shall inspect all important business reports appearing in the agenda of the General Meeting and all other submissions concerning the issues falling within the exclusive competence of the General Meeting.

(c) The General Meeting may pass resolutions on the report prepared in accordance with Accounting Act and on the appropriation of after-tax profits and on the report on corporate governance only after having the written report of the Supervisory Board.

(d) Members of the Supervisory Board shall treat business secrets concerning the Company's issues as confidential.

(e) Members of the Supervisory Board shall take part at the General Meeting of the Company with a right of consultation.

(f) If the Supervisory Board finds the activities of the management in violation of the laws, the Statutes or the resolutions of the General Meeting, or otherwise infringes the interests of the Company or its shareholders, the Supervisory Board shall convene an extraordinary General Meeting and shall make a proposal regarding its agenda.

(g) The Supervisory Board must previously provide its consent to the interim balance sheet to be approved by the Board of Directors, concerning the acquisition of treasury shares, payment of interim dividends, increase of its share capital by its assets exceeding the share capital.

The Supervisory Board defines its Rules of Procedure and submits them to the General Meeting for approval. Minutes are kept of the meetings of the Supervisory Board.

Members of the SB on 31 December 2018 (names of independent members are underlined and printed in italics):

Dr. Tamás Sárközy chairman
Dr. Istvánné Gömöri vice-chairman
Ferenc Berkesi
Dr. Erzsébet Novotny
Dr. Imre Repa
Dr. János Stumpf

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The Supervisory Board convened 5 times in 2018 and with an attendance of 5 members as an average.

The Audit Committee

The Audit Committee consists of three members elected by the General Meeting from the independent members of the Supervisory Board.

Tasks and competence of the Audit Committee

a) approval of the report prepared pursuant to the Accounting Act
b) proposal on the person and remuneration of the auditor
c) preparation of the contract with the auditor, signing of the contract on behalf of the Company which is authorized by the Statutes
d) monitoring of enforcement of professional requirements and conflict-of-interest regulations towards the auditor, cooperation with the auditor, and – if necessary – proposal to the Board of Directors or the Supervisory Board on certain provisions
e) evaluation of the operation of the financial reporting system and proposal on certain provisions, and
f) assistance of the tasks of the Board of Directors and the Supervisory Board in controlling the financial reporting system properly.

Members of the Audit Committee on 31 December 2018:

Dr. Istvánné Gömöri chairwoman
Dr. Tamás Sárközy
Dr. Imre Repa

The Audit Committee convened 4 times in 2018 and full attendance was recorded at any meeting.

The Company has no Nomination Committee and no Remuneration Committee, these functions are carried out by the independent members of the Board of Directors without formal setup as a committee.

The Auditor

The Auditor of the Company is elected following the recommendation of the Audit Committee for a maximum five-year period from among those internationally recognized auditing companies that have an office in Hungary.

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Tasks and competence of the auditor

The Company shall have the auditor examine the authenticity and legal compliance of the report prepared in accordance with the Accounting Act. Without a statement of opinion by the auditor, the General Meeting may not decide on the report prepared in accordance with the Accounting Act.

(b) The auditor shall examine all substantial business reports proposed to the General Meeting from the aspect of whether such reports contain true data and comply with all legal regulations.

(c) The auditor may inspect the books of the Company, may request information from the members of the Board of Directors and the Supervisory Board and the employees of the Company and may examine the bank account, the petty cash, the stocks of securities and goods and the agreements of the Company.

(d) The auditor shall treat all business secrets related to the operation of the Company as confidential.

(e) The auditor shall participate at the General Meeting but his/her absence does not prevent the holding of the meeting.

(f) If it is required, the auditor may be invited to attend the meeting of the Board of Directors with a right of consultation, or the auditor himself may initiate his/her attendance at the meetings. In this latter case, the request of the auditor may be refused only in exceptionally justified cases.

(g) The auditor may attend the meeting of the Supervisory Board with a right of consultation, Upon the invitation of the Supervisory Board, the auditor is required to attend the meeting of the Supervisory Board. The Supervisory Board shall put on the agenda the issues proposed for consideration by the auditor.

(h) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the Company is probable, or perceives any other issue which entails the liability of the members of the Board of Directors or the Supervisory Board as set forth in the Civil Code, he/she shall request that the General Meeting be convened. If the General Meeting is not convened, or if it fails to render the resolutions required by laws, the auditor shall inform the Court of Registration exercising legal supervision.

The Auditor of the Company has not carried out any activities which are not related to auditing.

Disclosure policy of the Company

The Company's disclosures are managed in compliance with the rules of the Budapest Stock Exchange. In quarterly reports, annual reports the Company publishes results, and in form of extraordinary reports makes all information public that are occurring in the operations with direct or indirect relevance to the share price or information that is necessary to the most important investment decisions of market participants. The Company participates regularly in the forums of investor

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coverage by way of road-shows, conferences. In addition, it keeps contact with investors continuously and is available for investors in answering their questions.

The Company's guidelines regarding insider trading

ANY Security Printing Company Plc has created a regulation compulsory for all of its subsidiaries and joint ventures to execute the Capital Market Act so that the prohibition of insider trading is effective. The regulation states that it is prohibited to make trades for securities and stock exchange products concerned by the insider information using insider information, or to give a commission for such trade and to pass on the insider information to another person with the goal of trading. Based on the law's use of terms and phrases, the Company's regulation defines the scope of insider information and insider persons. The members of the Board of Directors, the Supervisory Board of ANY Security Printing Company Plc, its senior officers, and its employees involved in balance sheet preparation are not allowed to buy or sell shares issued by the Company in the periods defined by law, that is the period between the balance sheet date and the release date of the an annual report (in the fifteen days preceding the release date of the interim report). The insider person must publish the transaction and announce it to the Hungarian National Bank in 2 days after the transaction. In case of the Board of Directors, the Supervisory Board and senior officers, ANY Security Printing Company Plc meets these requirements based on the statement of those obliged for the announcement.

Exercising shareholder rights and presentation of rules on the conducting of the general meeting

The share capital of the Company consists of 14,794,650 pieces of dematerialised ordinary shares with a par value of HUF 98 each.

Each shareholder who owns Series 'A' shares has one voting right per share at the General Meeting.

The Board of Directors of the Company or its proxy assigned according to the rules of the law on capital market keeps a share ledger containing at least the following information:

- shareholder's, nominee's name (company);
- shareholder's, nominee's address (headquarters);
- number of shares, interim shares of shareholder (shareholder's stake) as per type and series of shares.

The Register of Shareholders is accessible to anyone for inspection. Change in ownership is settled by the securities account keeper who simultaneously notifies the Board of Directors, or an entrusted organisation to register the shareholder in the Register of Shareholders, unless otherwise provided by the shareholder. A shareholder whose name does not appear in the Register of Shareholders may not exercise shareholder's rights.

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The supreme organ of the Company is the General Meeting consisting of all the shareholders. Invitations to the General Meeting are publicly announced in the same manner as required for announcements of the Company 30 days prior to the planned General Meeting by the Board of Directors. Separate notification of the General Meeting is sent to the members of the Board of Directors and the Supervisory Board, as well as to the auditor of the Company.

All invitations to, and announcements of, the General Meeting should indicate the name and headquarters of the Company, the venue and date of the General Meeting, its agenda, the conditions of exercising voting rights, the venue and the date of the reconvened meeting if the General Meeting fails to achieve a quorum.

The General Meeting has a quorum if more than half of the shareholders entitled to vote are either present in person or represented by proxy. Authorization for such representation is included in a notarial document or a private document of full force which is presented not later than at the beginning of the General Meeting to the person keeping the minutes at the place and date indicated in the invitation to the General Meeting. Authorization for representation is valid for one General Meeting, including the General Meeting reconvened due to failure to achieve a quorum.

In case the General Meeting fails to achieve a quorum, the General Meeting has to be reconvened. Such a reconvened General Meeting has a quorum with respect to the issues included in the agenda of the original General Meeting irrespective of the number of shareholders present. At least 10 days may pass between the dates of the original and reconvened General Meeting.

Shareholders may exercise their shareholders rights personally or through representatives.
a, In case of personal attendance, shareholders must prove their identity with an ID card while their ownership is certified by their certificates of ownership of the shares. The shareholder registered in the register of shareholders who does not bring a certificate of ownership of the shares, may participate at the General Meeting but cannot exercise his/her voting right and cannot make proposals.
b, In case of a mandate, authorizations shall be submitted to the Company in the form of a notarial document or private document representing conclusive evidence. The authorisation shall be given to the representative of the Board of Directors before the General Meeting. As for certificate of ownership, Section a, is governing.
c, The securities account manager included in the Register of Shareholders as a shareholder delegate shall act as specified in the Capital Market Act in the representation of the shareholder.
Shareholders may exercise their shareholders rights if the shareholder or the representative is registered in the Register of Shareholders before the date of the General Meeting. The securities account managers shall provide for the registration of the shareholder in the Register of Shareholders

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based on the assignment of the shareholder. Securities account managers shall give information to the shareholders on the deadline of executing the assignments of registry in the Register of Shareholders. The Company does not accept responsibility for execution of assignments given to securities account managers and for the consequences of their failures.

The Chairman of the Board of Directors, or if he/she is unable to be present, the vice-Chairman of the Board of Directors, or if he/she is also unable to be present, the person appointed by the Board of Directors prior to the General Meeting shall chair the General Meeting. The appointment of the Chairman of the General Meeting shall be effectuated prior to the discussion on the agenda issues, and as long as same does not take place, the General Meeting cannot render resolutions on the merits of the agenda issues.

The chairman of the General Meeting appoints the person keeping the minutes, conducts the meeting on the basis of the agenda, orders voting and announces results of voting and the resolutions of the General Meeting.
In accordance with the provisions of the Company Act, minutes are kept of the General Meeting.

In the above description ANY Security Printing Company Plc is providing comprehensive overview of corporate processes and practices. Detailed rules to any function summarized in this report can be found in the Statutes, freely available on the company website (www.any.hu).

Budapest, 06. March, 2019

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Chief Executive Officer