

ANY Security Printing Company PLC
Audited Financial Statements
December 31, 2019

ANY Security Printing Company Public Limited Company

Independent Auditors' Report and Financial Statements

for the year ended December 31, 2019

ANY Security Printing Company Public Limited Company

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Független Könyvvizsgálói Jelentés

AZ ANY Biztonsági Nyomda Nyilvánosan Működő Részvénytársaság részvényesei részére

A pénzügyi kimutatások könyvvizsgálatáról készült jelentés

Vélemény

Elvégeztük az ANY Biztonsági Nyomda Nyilvánosan Működő Részvénytársaság (a „Társaság”) mellékelt 2019. évi pénzügyi kimutatásainak a könyvvizsgálatát, amely pénzügyi kimutatások a 2019. december 31-i fordulónapra elkészített pénzügyi helyzetre vonatkozó kimutatásból - melyben az eszközök és források egyező végösszege 16.096.511 E Ft, a tárgyévi átfogó eredmény 1.155.540 E Ft nyereség-, az ezen időponttal végződő évre vonatkozó átfogó jövedelemre vonatkozó kimutatásból, saját tőke változásainak kimutatásából, cash-flow kimutatásából, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó kiegészítő mellékletből áll.

Véleményünk szerint a pénzügyi kimutatások megbízható és valós képet adnak a Társaság 2019. december 31-én fennálló pénzügyi helyzetéről valamint az ezen időponttal végződő pénzügyi évre vonatkozó pénzügyi teljesítményéről és cash flow-ról a Nemzetközi Pénzügyi Beszámolási Standardokkal - ahogyan azokat az EU befogadta - („EU IFRS-ek”) összhangban, valamint az minden lényeges vonatkozásban a számvitelről szóló 2000. évi C. törvény (a továbbiakban: „számviteli törvény”) EU IFRS-ek szerint összeállított éves beszámolóra vonatkozó kiegészítő követelményeinek megfelelően készült.

A vélemény alapja

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban és a könyvvizsgálatra vonatkozó - Magyarországon hatályos - törvények és egyéb jogszabályok - ideértve az Európai Parlament és a Tanács 537/2014/EU (2014. április 16.) Rendeletét a közérdeklődésre számot tartó gazdálkodó egységek jogszabályban előírt könyvvizsgálatára vonatkozó egyedi követelményekről („537/2014/EU Rendelet”) is - alapján hajtottuk végre. Ezen standardok értelmében fennálló felelősségünk bővebb leírását jelentésünk „a könyvvizsgálónak a pénzügyi kimutatások könyvvizsgálatáért való felelőssége” szakasza tartalmazza.

Függetlenek vagyunk a Társaságtól a vonatkozó, Magyarországon hatályos jogszabályokban és a Magyar Könyvvizsgálói Kamarának a könyvvizsgálói hivatás magatartási (etikai) szabályairól és a fegyelmi eljárásról szóló szabályzatában, valamint az ezekben nem rendezett kérdések tekintetében a Nemzetközi Etikai Standardok Testülete által kiadott „Könyvvizsgálók Etikai Kódexe”-ben (az IESBA Kódex-ben) foglaltak szerint, és megfelelően az ugyanezen normákban szereplő további etikai előírásoknak is.



Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálati bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

Kulcsfontosságú könyvvizsgálói kérdések

A kulcsfontosságú könyvvizsgálói kérdések azok a kérdések, amelyek szakmai megítélésünk szerint a legjelentősebbek voltak a tárgyidőszaki pénzügyi kimutatások általunk végzett könyvvizsgálata során. Ezeket a kérdéseket a pénzügyi kimutatások egésze általunk végzett könyvvizgálatának összefüggésében és az arra vonatkozó véleményünk kialakítása során vizsgáltuk, és ezekről a kérdésekről nem bocsátunk ki külön véleményt. Minden egyes alábbi kérdés esetében a könyvvizsgálói megközelítésünk leírása ebben a kontextusban történt.

Teljesítettük „a könyvvizsgálónak a pénzügyi kimutatások könyvvizgálatáért való felelőssége” szakaszban leírt felelősségünket, beleértve az alább részletezett kérdésekkel kapcsolatosakat is. Ennek megfelelően a könyvvizgálatunk magába foglalta a pénzügyi kimutatásokban foglalt lényeges hibás állításokra vonatkozó kockázatbecslésünk alapján kialakított eljárásoknak a végrehajtását. A könyvvizsgálói eljárásaink eredményei - beleértve az alábbi kérdéseket célzóan végrehajtott eljárásokat is - nyújtanak alapot a pénzügyi kimutatásokra vonatkozó könyvvizsgálói véleményünkhöz.

Leányvállalati részesedések értékelése

A Társaság leányvállalataiban lévő részesedéseinek értéke 2019. december 31-én 1.656.211 E Ft, amely az összes eszközök mintegy 10%-a. A leányvállalatokban lévő részesedések értékelése jelentős megítélést igénylő terület, amely nagy mértékben függ az alkalmazott becslésektől, úgy, mint az alkalmazott diszkontráta, vagy a leányvállalatok eredményességének növekedési rátája.

A vezetés az EU IFRS-ekkel összhangban évente készít értékelést, hogy megbecsülje szükséges-e értékvesztés elszámolása. A leányvállalatokban lévő részesedések jelentős részaránya valamint az eszköz megtérülés jelentős becslési jellege miatt úgy értékeltük, hogy a leányvállalati részesedések értékelése kulcsfontosságú könyvvizsgálói kérdés.

A könyvvizsgálói eljárásaink során többek között szakértők bevonásával értékeltük a Társaság által alkalmazott értékelési eljárásokat és feltételezéseket, hogy megbecsüljük szükséges-e értékvesztés elszámolása. Ellenőriztük a Társaság elemzését az üzleti környezetre vonatkozóan, valamint értékeltük a fő adatok pontosságát. Egyeztetettük a kalkulációban szereplő várható pénzügyi adatokat az üzleti tervvel, és értékeltük a múltbeli adatok alapján. A jelentős becsléseket, úgy, mint az alkalmazott diszkontráta, vagy a leányvállalatok eredményességének növekedési rátája a szakértőink bevonásával értékeltük. Vizsgáltuk, hogy az alkalmazott módszertan összhangban van-e az EU IFRS-ek előírásaival és az előző évi módszertannal. Megvizsgáltuk, hogy a kiegészítő megjegyzések tartalmazzák-e a szükséges előírásokat az EU IFRS-ek előírásaival összhangban. A Társaság



leányvállalatokban lévő részesedéseire vonatkozó főbb számviteli politika elemek és a leányvállalatokban lévő részesedések bemutatásai a kiegészítő melléklet 2. és 9. pontjában találhatóak, amelyek részletesen bemutatják a leányvállalatokban lévő részesedések piaci értékelésének módját.

IFRS 16 standard első alkalmazása

A Társaság az IFRS 16 Lízingek standardot a 2019. január 1-jén kezdődő üzleti évre alkalmazza először. A Társaság eszközhasználati jogainak és lízing kötelezettségeinek értéke 2019. december 31-én 2.670.002 E Ft és 2.569.215 E Ft, amely az összes eszközök és források 16%-a. A vezetés egyedileg értékelte lízing- és bérleti megállapodásait az IFRS 16 Lízingek standard előírásaival összhangban. A lízingek értékelése jelentős becslést igénylő adatokon alapszik, úgy, mint a diszkontráta meghatározása. Ennek figyelembevételével, valamint az eszközhasználati jog és a lízing kötelezettség jelentős részaránya - az eszközökön és forrásokon belül - alapján úgy értékeltük, hogy a IFRS 16 standard első alkalmazása kulcsfontosságú könyvvizsgálati kérdés.

A könyvvizsgálati eljárásaink többek között magukba foglalták az alkalmazott számviteli politika vizsgálatát és a kalkulációs metodológia, valamint a lízing kalkuláció során felhasznált jelentős megítélést igénylő adatok értékelését az IFRS16 Lízingek standard előírásainak megfelelően.

Vizsgáltuk a Társaság által a nyitó adatok felvételekor alkalmazott értékelési eljárásokat és feltételezéseket, valamint értékeltük a jelentős megítélést igénylő adatokat, úgy, mint a diszkontráta.

A kalkuláció teljességét egy meghatározott mintán egyeztetettük az egyedi lízing- és bérleti szerződésekkel. A kiválasztott mintán értékeltük az alkalmazott diszkont ráták pontosságát annak érdekében, hogy értékeljük a metodológia összhangját az IFRS 16 előírásaival.

Megvizsgáltuk a kiegészítő mellékletben közzétett információk teljességét és helyességét annak értékelésére, hogy azok az IFRS 16 által előírt valamennyi információt tartalmazzák.

A Társaság IFRS 16 Lízingekre vonatkozó főbb számviteli politika elemek bemutatásai a kiegészítő melléklet 2., 8. és 22. pontjában találhatóak, amelyek részletesen bemutatják az első alkalmazás módját.



Egyéb információk

Az egyéb információk a Társaság 2019. évi üzleti jelentéséből áll. A vezetés felelős az üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A jelentésünk „Vélemény” szakaszában a pénzügyi kimutatásokra adott véleményünk nem vonatkozik az üzleti jelentésre.

A pénzügyi kimutatások általunk végzett könyvvizsgálatával kapcsolatban a mi felelősségünk az üzleti jelentés átolvasása és ennek során annak mérlegelése, hogy 1) az üzleti jelentés lényegesen ellentmond-e a pénzügyi kimutatásoknak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényeges hibás állítást tartalmaz, valamint hogy 2) az üzleti jelentés a számviteli törvény, illetve ha van, egyéb más jogszabály vonatkozó előírásaival összhangban készült-e.

Az üzleti jelentésről szóló véleményünknek ki kell terjednie a számviteli törvény 95/B. § (2) e) és f) pontjai által előírt információkra és nyilatkoznunk kell arról, hogy rendelkezésre bocsátották-e a 95/B. § (2) bekezdés a)-d), g)-h) pontjában említett információkat, valamint hogy az üzleti jelentés tartalmazza-e a számviteli törvény 95/C. §-a szerinti nem pénzügyi kimutatást.

Véleményünk szerint a Társaság 2019. évi üzleti jelentése, beleértve a számviteli törvény 95/B. § (2) e) és f) pontjai által előírt információkat is, minden lényeges vonatkozásban összhangban van a Társaság 2019. évi pénzügyi kimutatásaival és a számviteli törvény vonatkozó előírásaival.

Mivel egyéb más jogszabály a Társaság számára nem ír elő az üzleti jelentésre vonatkozó további követelményeket, ezért e tekintetben nem mondunk véleményt.

Továbbá nyilatkozunk, hogy a Társaság rendelkezésre bocsátotta a számviteli törvény 95/B. § (2) bekezdés a)-d) és g)-h) pontja szerint előírt információkat, valamint az üzleti jelentés tartalmazza a számviteli törvény 95/C. §-a szerinti nem pénzügyi kimutatást.

A fentiekén túl a Társaságról és annak környezetéről a könyvvizsgálat során megszerzett ismereteink alapján jelentést kell tennünk arról, hogy a tudomásunkra jutott-e bármely lényegesnek tekinthető hibás közlés (lényeges hibás állítás) az üzleti jelentésben, és ha igen, akkor a szóban forgó hibás közlés (hibás állítás) milyen jellegű. Ebben a tekintetben nincs jelenteni valónk.

A vezetés és az irányítással megbízott személyek felelőssége a pénzügyi kimutatásokért

A vezetés felelős a pénzügyi kimutatások elkészítéséért és valós bemutatásáért az EU IFRS-ekkel összhangban, valamint a számviteli törvény EU IFRS-ek szerint összeállított éves beszámolóra vonatkozó kiegészítő követelményeivel összhangban történő elkészítéséért, valamint az olyan belső kontrollokért, amelyeket a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő, lényeges hibás állításoktól mentes pénzügyi kimutatások elkészítése.



Az pénzügyi kimutatások elkészítése során a vezetés felelős azért, hogy felmérje a Társaságnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közzétegye a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló számviteli pénzügyi kimutatásokban való alkalmazásáért, azt az esetet kivéve, ha a vezetésnek szándékában áll megszüntetni a Társaságot vagy beszüntetni az üzletszerű tevékenységet, vagy amikor ezen kívül nem áll előtte más reális lehetőség.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

A könyvvizsgálónak a pénzügyi kimutatások könyvvizsgálatáért való felelőssége

A könyvvizsgálat során célunk kellő bizonyosságot szerezni arról, hogy a pénzügyi kimutatások egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálói Standardokkal és a könyvvizsgálatra vonatkozó - Magyarországon hatályos - törvényekkel és egyéb jogszabályokkal - ideértve az 537/2014/EU Rendeletet is - összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha ésszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott pénzügyi kimutatások alapján meghozott gazdasági döntéseit.

Egy, a Magyar Nemzeti Könyvvizsgálói Standardokkal és a könyvvizsgálatra vonatkozó - Magyarországon hatályos - törvényekkel és egyéb jogszabályokkal - ideértve az 537/2014/EU Rendeletet is - összhangban elvégzésre kerülő könyvvizsgálatnak a részeként szakmai megítélést alkalmazunk, és szakmai szkepticizmust tartunk fenn a könyvvizsgálat egésze során. Emellett:

- ▶ Azonosítjuk és felbecsüljük a pénzügyi kimutatások akár csalásból, akár hibából eredő lényeges hibás állításainak kockázatait, az ezen kockázatok kezelésére alkalmas könyvvizsgálói eljárásokat alakítunk ki és hajtunk végre, valamint véleményünk megalapozásához elegendő és megfelelő könyvvizsgálói bizonyítékot szerzünk. A csalásból eredő lényeges hibás állítás fel nem tárásának kockázata nagyobb, mint a hibából eredőé, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását;
- ▶ Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálói eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Társaság belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- ▶ Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek ésszerűségét.



- ▶ Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló számvitel alkalmazása, valamint a megszerzett könyvvizsgálati bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Társaság vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívni a figyelmet a pénzügyi kimutatásokban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősíteniük kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálati bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Társaság nem tudja a vállalkozást folytatni.
- ▶ Értékeljük a pénzügyi kimutatások átfogó prezentálását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy a pénzügyi kimutatásokban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.

Kommunikáljuk az irányítással megbízott személyek felé - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Társaság által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is.

Ezen felül az irányítással megbízott személyek felé nyilatkozunk arról, hogy megfeleltünk a függetlenségünkre vonatkozó releváns etikai előírásoknak, és kommunikálunk feléjük minden olyan kapcsolatot és egyéb ügyet, amely ésszerű megfontolás mellett érintheti a függetlenségünket, valamint, ahol releváns, a kapcsolódó óvintézkedéseket is.

Az irányítással megbízott személyek felé kommunikált kérdések közül meghatározzuk azokat, amelyek a legnagyobb jelentőséggel bírtak a jelen időszaki pénzügyi kimutatások könyvvizsgálata során, és amelyek ily módon kulcsfontosságú könyvvizsgálati kérdéseknek minősülnek.

Jelentés egyéb jogi és szabályozói követelményekről

Az 537/2014/EU Rendeletnek a könyvvizsgálói jelentés kötelező tartalmi elemeire vonatkozó előírásainak megfelelő jelentéstételek:

A könyvvizsgáló kijelölése

A Társaság Közgyűlése 2017. április 6-án jelölt ki minket a Társaság jog szerinti könyvvizsgálójának. A folyamatos megbízásunk teljes időtartama a korábbi hosszabbításokkal és megújításokkal együtt 3 éve tart.

Az Audit Bizottsághoz címzett kiegészítő jelentéssel való összhang



A jelen könyvvizsgálói jelentésben szereplő véleményünk összhangban van az 537/2014/EU Rendelet 11. cikkének megfelelően elkészített az Audit Bizottsághoz címzett, és jelen könyvvizsgáló jelentéssel azonos napon keltezett kiegészítő jelentéssel.

Nem könyvvizsgálói szolgáltatások

Nyilatkozunk, hogy az 537/2014/EU Rendelet 5. cikk (1) bekezdésében említett tiltott, nem könyvvizsgálói szolgáltatások nyújtására nem került sor részünkről a Társaság és az általa kontrollált vállalkozások felé, és a könyvvizsgálat elvégzése során teljes mértékben megőriztük a Társaságtól való függetlenségünket.

A jogszabályban előírt könyvvizsgálaton, valamint az üzleti jelentésben vagy a pénzügyi kimutatásokban bemutatott szolgáltatásokon túlmenően nem nyújtottunk semmilyen szolgáltatást a Társaságnak és az általa kontrollált vállalkozásoknak.

A jelen független könyvvizsgálói jelentést eredményező könyvvizsgálat megbízásért felelős partnere Bartha Zsuzsanna Éva.

Budapest, 2020. március 9.

Bartha Zsuzsanna Éva
Megbízásért felelős partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Nyilvántartásba-vételi szám: 001165

Bartha Zsuzsanna Éva
Kamarai tag könyvvizsgáló
Kamarai tagsági szám: 005268

Jelen könyvvizsgálói jelentést megfelelően aláírva, papír alapon is kibocsátottuk.

Statement of Financial Position as at December 31, 2019 December 31, 2018

In HUF thousands:	Notes	December 31, 2019	December 31, 2018
Current assets			
Cash and bank	<u>3</u>	288,105	197,759
Accounts receivables	<u>4</u>	3,096,762	3,102,079
Inventories	<u>5</u>	2,777,069	3,324,505
Other current assets and prepayments (without current tax receivable)	<u>6</u>	2,066,528	1,320,379
Current tax receivables	<u>6</u>	3,769	13,511
Total current assets		8,232,233	7,958,233
Non-current assets			
Property, plant and equipment	<u>7</u>	3,515,610	3,703,130
Right of use	<u>8</u>	2,670,002	0
Investments	<u>9</u>	1,656,211	1,656,211
Intangibles	<u>10</u>	12,852	125,260
Deferred tax assets		1,407	1,674
Other assets		8,196	2,462
Total non-current assets		7,864,278	5,488,737
Total assets		16,096,511	13,446,970
Current liabilities			
Trade accounts payables		1,961,355	2,324,711
Short term part of lease liabilities	<u>22</u>	690,280	372,942
Provision	<u>12</u>	0	78,300
Other payables and accruals (without current tax liabilities)	<u>11</u>	1,682,054	436,823
Current tax liabilities	<u>11</u>	526,558	495,301
Short term loans	<u>13</u>	4,614,087	4,550,948
Total current liabilities		9,474,334	8,259,041
Long term liabilities			
Deferred tax liability	20	235,422	218,389
Long term part of lease liabilities	<u>22</u>	1,878,935	455,100
Total long term liabilities		2,114,357	673,489
Shareholders' equity			
Share capital	<u>14</u>	1,449,876	1,449,876
Capital reserve	<u>15</u>	250,686	250,686
Retained earnings	<u>15</u>	3,262,306	3,268,926
Treasury shares	<u>15</u>	(455,048)	(455,048)
Total owners' equity		4,507,820	4,514,440
Total liabilities and shareholders' equity		16,096,511	13,446,970

Financial Statement of Comprehensive Income as at December 31, 2019

In HUF thousands:	Notes	FY 2019	FY 2018
Net sales	<u>15</u>	23,272,608	20,522,430
Cost of sales	<u>17</u>	(16,935,317)	(15,402,531)
Gross profit		6,337,291	5,119,899
Selling general and administration	<u>17</u>	(5,007,738)	(4,122,415)
Gain/(Loss) on sale of fixed assets		16,012	2,267
Dividend income	<u>18</u>	389,192	443,053
Foreign currency loss		1,206	32,384
Other expense, net	<u>16</u>	(166,214)	(164,343)
Operating income		1,569,749	1,310,845
Interest income		10,242	4,186
Interest expense		(108,233)	(46,041)
Profit before tax		1,471,758	1,268,990
Deferred tax expense	<u>19</u>	(17,301)	(13,605)
Income tax expense	<u>19</u>	(298,917)	(217,944)
Profit after tax		1,155,540	1,037,441
Other comprehensive income for the year		0	0
Total comprehensive income for the year		1,155,540	1,037,441

Changes in Shareholders' Equity as at December 31, 2019

in HUF thousands	Share capital	Capital reserve	Profit reserve	Own shares	Total
1, January 2018.	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
Dividend paid (after FY 2019)	0	0	(1,162,160)	0	(1,162,160)
Total comprehensive income for the year	0	0	1,155,540	0	1,155,540
31, December 2019	1,449,876	250,686	3,262,306	(455,048)	4,507,820

Cash-flow as at December 31, 2019

In HUF thousands:	Notes	FY 2019	FY 2018
Cash flows from operating activities			
Profit before tax		1,471,758	1,268,990
Depreciation cost of fixed assets	<u>7</u>	778,196	755,783
Amortization cost of intangibles	<u>10</u>	112,408	(88,681)
Changes in provisions		461	268
Gain/(loss) on sale of property, plant and equipment		(16,012)	(2,267)
Dividend income		(389,192)	(443,053)
Interest income		108,233	(4,186)
Interest expense		(10,242)	46,041
Operating cash-flow before working capital changes:		2,055,610	1,532,895
Changes in accounts receivable and other current assets	<u>4,6</u>	(691,586)	(545,757)
Changes in inventories	<u>5</u>	547,436	(679,352)
Changes in accounts payables, provision and accruals	<u>11,12</u>	832,967	205,317
Cash provided by operations		2,744,426	513,103
Interest received		(99,150)	2,558
Interest paid		12,091	(58,061)
Taxes paid, net	<u>20</u>	(241,026)	(160,053)
Net cash provided by operating activities		2,416,349	297,547
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,327,170)	(1,093,357)
Proceeds on sale of property, plant and equipment		82,504	7,894
Received dividend		282,245	285,427
Development costs		0	0
Changes in loans to employees		(5,734)	(100)
Net cash flow used in investing activities		(2,968,155)	(800,136)
Cash flows from financing activities			
Changes in short term loans	<u>13</u>	63,139	1,604,631
Increase in capital lease obligations	<u>22</u>	2,470,484	162,034
Decrease in capital lease obligations	<u>22</u>	(729,314)	(22,663)
Dividend paid		(1,162,160)	(1,168,593)
Net cash flow used in financing activities		642,152	575,409
Changes in cash and cash equivalents		90,346	72,820
Cash and cash equivalents at beginning of period		197,759	124,941
Cash and cash equivalents at end of the period	<u>3</u>	288,105	197,759

Supplementary Notes to the Financial Statements Dec. 31, 2019

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: 1112 Budapest, Órség u. 9/B). 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 2019 is HUF 8,4 million.

As of December 31, 2019 – based on the Company's share book – the following owners have more than 5% voting right or the following Companies 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	28.26%	27.41%
Foreign Institutional Investors	12.92%	12.53%
Foreign Individual Investors	0.42%	0.40%
Domestic Individual Investors	27.94%	27.09%
Management, employees	2.81%	2.72%
Treasury shares	0.00%	3.03%
Other	1.27%	1.23%

(*) 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.

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

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.

The consolidated subsidiaries of the Company at December 31, 2019 are as follows:

Name of the Company	Place of registration Country	Equity	Book value of investments	Share of ownership	Voting right¹	Classification²
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
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.

The consolidated subsidiaries of the Company at December 31, 2018 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.

ANYpay Fizetési Megoldások Zrt. merged into Specimen Zrt on 31st August 2019.

Investment value of 100% subsidiary of Specimen Zrt. was thHUF 50,000, on which thHUF 4,083 impairment was accounted.

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.

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.

Right of use assets

The Company recognises its assets owned in connection with lease contracts as right of use assets from 1st January 2019 based on the regulations of IFRS 16. Based on these regulations all assets are classified as right of use assets which are owned or controlled through lease contracts or long term rental contracts. As there is no guaranteed residual value or lease payments due at the end of the contractual period, in the lease contracts of the Company, initial value of right of use assets are equal to initial value of the lease liabilities. The Company has three different classes of right of use assets. These are real estates, machineries and equipments and vehicles and other equipments. Depreciation is calculated on right of use assets based on IAS 16 through the entire life of the lease contracts and long term rental contracts applying the following rates:

Buildings	10.0% - 46%
Machinery and equipment	14.5% - 33%
Vehicles	25.0% - 33%

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.

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-by-instrument 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 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

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 extent 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 income 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.

Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" - The standard is effective for annual periods beginning on or after 1 January 2019. 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.

Leases

The Company recognises its lease liabilities based on IFRS 16 instead of previous regulation of IAS 17 from 1st January 2019. In accordance with that all liabilities are recognised as lease liabilities which are connected to lease contracts or long term rental contracts. The Company measures its lease liabilities based upon the present value of contractual net cash-flows, with credit interest rate available on the market for the Company for similar periods using as a discount rate. The Company has no initial lease obligations, no dismantling or removing costs, variable lease conditions and does not receive any lease incentives. The members of the Company have no option to prolong the contracts neither in lease contracts nor in long term rental contracts, though not even the lessor has the right to change the lease conditions during the lease period.

The Company has no small value leases, has no sub-lease contracts and has no sale-and-lease-back type transactions.

Lease interest is calculated on lease liabilities with effective interest rate method, which is recognised in the comprehensive profit and loss statement on the line interest expenditures.

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 IFRS 15 *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 2019

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 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),

Amendments to IAS 19 “Employee Benefits” - Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (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 – adopted by the EU on 8 February 2019 (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 – adopted by the EU on 14 March 2019 (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).

The adoption of these amendments to the existing standards has led to any material changes IFRS 16 has a significant impact in the Company’s financial statements, which is disclosed in detail in the notes.

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, there are new standards, amendments to the existing standards nor interpretations which are issued by IASB and adopted by the EU and which are not yet effective:

Amendments to References to the Conceptual Framework in IFRS Standards – adopted by EU on 6 december 2019 (effective for annual periods beginning on or after 1 January 2020),

Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Material – adopted by EU on 10 December 2019 (effective for annual periods beginning on or after 1 January 2020),

Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures” – Interest rate Benchmark Reform – adopted by EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020).

The Company does not adopt these new standards and amendments to existing standards before their effective date. 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.

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).

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.

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 2019.
- 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

3 Cash and bank

	December 31, 2019	December 31, 2018
Cash and cash equivalents	288,105	197,759
Total cash and cash equivalents:	288,105	197,759

4 Accounts receivables

	December 31, 2019	December 31, 2018
Trade receivables	3,099,417	3,105,195
<i>Allowance for doubtful debts</i>	(2,655)	(3,116)
Total:	3,096,762	3,102,079

The carrying value of trade receivables is fair value. Balance of trade debtors is HUF 3,097 million, which is HUF 5,3 million (0,2%) higher than at the end of 2018.

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

	December 31, 2019	December 31, 2018
Balance at the beginning of the year	3,116	3,384
Impairment losses recognised on receivables	147	663
Impairment losses decrease	(608)	(931)
Balance at the end of the year	2,655	3,116

5 Inventories

	December 31, 2019	December 31, 2018
Raw materials	1,474,062	1,890,503
Work in progress	908,266	859,451
Finished goods	562,789	664,551
Goods	25,812	30,737
<i>Cumulated loss in value for inventories</i>	(193,860)	(120,736)
Total:	2,777,069	3,324,505

The total amount of inventories is HUF 2,777 million, which decreased by HUF 547 million (16%) compared to 31 December 2018. The amount of raw materials and consumables decreased by HUF 416 million (22%) compared to the prior period, caused by the higher raw material needs of security and card products.

Movement of the allowance loss in value for inventories is broken down below:

	December 31, 2019	December 31, 2018
Balance at the beginning of the year	120,736	294,990
Impairment losses recognised on inventories	309,922	169,480
Impairment losses decrease	(236,799)	(343,734)
Balance at the end of the year	193,859	120,736

6 Other current assets and prepayments

	December 31, 2019	December 31, 2018
Prepayments	131,514	125,910
<i>Of which: rental fee of software's</i>	<i>51,943</i>	<i>45,323</i>
<i>Of which: real estate rental</i>	<i>23,524</i>	<i>22,853</i>
<i>Of which: prepaid interest</i>	<i>24,567</i>	<i>20,010</i>
Advances paid	73,765	78,110
<i>Of which: advances paid for PP&E</i>	<i>71,178</i>	<i>78,062</i>
<i>Of which: other advances paid</i>	<i>2,587</i>	<i>48</i>
Employee loans	7,350	5,440
Other receivables	28,899	25,919
Loan to a subsidiary	1,825,000	1,085,000
Total other current assets and prepayments:	2,066,528	1,320,379

	December 31, 2019	December 31, 2018
VAT receivable	3,769	-
Corporate income tax receivable	-	8,723
Other taxes receivable	-	4,788
Total current tax receivables	3,769	13,511

Year-end balance of current tax receivables is HUF 9,7 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 subsidiaries

	December 31, 2019	December 31, 2018
Gyomai Kner Nyomda Zrt.	70,000	250,000
ANY Ingatlanhasznosító Zrt.	1,755,000	835,000
Given loan total	1,825,000	1,085,000

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 1,755 million.

7 Property, Plant and Equipment

	Land and buildings	Machinery and equipment	Property rights	Vehicles and other equipments	Capital projects	Total
Cost:						
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
January 1, 2019	668,406	8,958,974	1,493,171	2,295,825	28,420	13,444,796
Capitalization	90,854	371,943	258,910	478,303	1,193,684	2,393,694
Reclassification into rights of use asset	-	887,711	-	-	-	887,711
Disposals	-	525,941	72,150	68,925	967,788	1,634,804
December 31, 2019	759,260	7,917,265	1,679,931	2,705,204	254,316	13,315,975
Accumulated depreciation:						
January 1, 2018	206,535	6,454,369	1,260,637	1,428,484	17,314	9,367,339
Additions	41,021	463,293	73,739	165,864	-	743,916
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
January 1, 2019	247,556	6,617,493	1,334,376	1,524,927	17,314	9,741,666
Charge for year	44,614	496,804	97,426	242,177	-	881,021
Reclassification into rights of use asset	-	241,339	-	-	-	241,339
Disposals	-	513,124	82	67,777	-	580,983
December 31, 2019	292,170	6,359,834	1,431,720	1,699,327	-	9,800,365
Net book value:						
January 1, 2018	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
December 31, 2019	467,090	1,557,431	248,211	1,005,877	254,316	3,515,610

Fair value of the PP&E exceeds book value, therefore no impairment loss was calculated.

8 Right of use asset

Right of use asset movement table (values in thousands of HUF)	Property rights	Machinery and equipment	Vehicles and other equipments	Total
Cost:				
January 1, 2019	1,936,975	1,099,917	16,208	3,053,101
- the impact of IFRS 16	1,936,975	271,875	16,208	2,225,059
Additions	-	59,669	169,664	229,333
Disposals	-	-	-	-
December 31, 2019	1,936,975	1,159,586	185,872	3,282,434
Accumulated depreciation:				
January 1, 2019	-	-	-	-
Charge for year	276,711	294,415	41,305	612,431
- the impact of IFRS 16	276,711	53,076	41,305	371,092
December 31, 2019	276,711	294,415	41,305	612,431
Net book value:				
January 1, 2019	1,936,975	1,099,917	16,208	3,053,101
December 31, 2019	1,660,264	865,170	144,567	2,670,002

9 Investments

	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

	December 1, 2019	Increase	Decrease	December 31, 2019
Long term participations in affiliated undertakings	1,685,539	0	0	1,685,539
Other long term loan	2,462	10,500	4,766	8,196
Loss in value for long term participations in affiliated undertakings	(29,328)	0	0	(29,328)
Net value of investments	1,658,673	10,500	4,766	1,664,407

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.

10 Intangibles

	opening	increase	decrease	closing balance
Cost				
2018	269,160	100,545	-	369,705
2019	369,705	-	100,545	269,160
Accumulated depreciation				
2018	232,581	11,864	-	244,445
2019	244,445	11,863	-	256,308
net book value				
December 31, 2018	36,579	88,681	-	125,260
December 31, 2019	125,260	(11,863)	(100,545)	12,852

There are capitalized research and development costs on line intangibles in value of HUF 13 million. Increase is caused by eternal software licence purchase at the end of 2019.

11 Other payables and accruals

	December 31, 2019	December 31, 2018
Accrued management bonuses	240,662	25,610
Other accruals	119,172	50,810
<i>Of which: accrued creditors</i>	<i>78,120</i>	<i>47,332</i>
Salaries and wages	220,445	190,016
Advance payments from customers	963,942	35,983
Other short term liabilities	7,833	4,404
Short term loan from subsidiaries	130,000	130,000
Other payables and accruals	1,682,054	436,823

	December 31, 2019	December 31, 2018
VAT	275,043	320,280
Social contribution	69,580	51,973
Income tax	59,475	50,617
Other taxes	122,460	124,420
Total current tax liabilities	526,558	495,317

Total current tax liabilities, other payables and accruals amounts to HUF 2,208 million, which decreased by HUF 1,276 million compared to December 31, 2018.

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

12 Provision

	December 31, 2019	December 31, 2018
Estimated contribution and tax liability	-	78,300
Total provision	-	78,300

Provisions were raised due to estimated contribution and tax liabilities.

13 Short term and long term loans

	December 31, 2019	December 31, 2018
Bank overdraft	4,614,087	4,550,948
Total short term loans and overdrafts	4,614,087	4,550,948
Total loans and borrowings:	4,614,087	4,550,948

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 7 billion from which the utilised amount at the end of 2019 is HUF 4,614 million

14 Share capital

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

	December 31, 2019		December 31, 2018	
	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.

15 Shareholders' equity

	December 31, 2019	Deferred tax	own shares reclassification	Tied up reserve reclassification	Current year profit	Other	December 31, 2019
	according to Hungarian law						according to IFRS
Share capital	1,449,876	-	-	-	-	-	1,449,876
Capital reserve	250,686	-	-	-	-	-	250,686
Profit reserve	1,244,447	(216,715)	-	1,091,939	1 155 540	(12,905)	3,262,306
Tied-up reserve	1,091,939	-	-	(1,091,939)	-	-	-
Own shares	-	-	(455,048)	-	-	-	(455,048)
Profit after tax	1,235,716	-	-	-	(1,235,716)	-	-
Shareholder's equity	4,515,440	(216,715)	-455,048	-	(80,176)	(12,905)	(4,507,820)

	December 31, 2018	Deferred tax	own shares reclassification	Tied up reserve reclassification	Current year profit	Other	December 31, 2018
	according to Hungarian law						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

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 1,091,939 thousands. Retained earnings available for distribution is HUF 2,168,568 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 2019	FY 2018
Profit after tax according Hungarian law	1,223,425	1,051,046
Deferred tax expense	(17,301)	(13,605)
Other items	(50,584)	0
Comprehensive income for the year according to IFRS	1,155,540	1,037,441

Treasury shares

Number of treasury shares held by the Company on 31st December 2019 is 448,842 which were purchased at an average price of HUF 1,014 per share remained unchanged.

16 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).

Sales	2019	2018
Sales revenue from customer contracts	23,272,608	20,522,430
Revenue from other sources	-	-
Total sales	23,272,608	20,522,430

Impairment of receivables	2019	2018
Impairment recognized on trade receivables, contractual assets	-	-
Impairment from other contracts	-	-
Total impairment	-	-

Sales segments	2019	2018
Security products and solutions	9,944,722	8,826,573
Card production and personalization	10,682,495	8,987,604

Form production and personalization. data processing	1,341,987	1,425,739
Traditional printing products	91,311	74,901
Other	1,212,093	1,207,613
Total net sales	23,272,608	20,522,430

Total revenue in 2019 by countries:

Revenue by Countries	2019	2018
Domestic sales	19,863,534	17,932,049
Sales within the EU	2,116,509	1,824,128
Germany	1,165,690	747,319
Austria	171,810	230,662
Czech Republic	128,588	161,595
Romania	119,841	175,282
Poland	95,795	95,557
Slovakia	82,455	265,466
Finland	25,666	15,374
Bulgaria	17,860	88,983
Netherlands	16,027	9,743
United Kingdom	8,300	18,246
Italy	5,072	15,436
Slovenia	333	465
Other exports within the EU	163	0
Exports outside the EU	278,908	0
Africa	1,292,564	766,253
Norway	1,099,147	496,444
Iceland	134,163	57,154
Hong Kong	21,726	21,083
United Arab Emirates	20,310	0
Switzerland	9,868	0
Serbia	3,440	2,450
Russian Federation	2,419	1,825
Sri Lanka	1,491	468
Albania	0	98,927
Kazakhstan	0	54,051
Saint Vincent and the Grenadines	0	29,992
Mexico	0	2,437
Ukraine	0	804
United States	0	293
Vietnám	0	269
Total:	23,272,607	20,522,430

17 Other expenses, net

Other incomes and expenses	2019	2018
Reversed loss in value for trade receivables	608	931
Reversed loss in value for inventories	0	0
Other items	37,975	33,781
Total other incomes	38,583	34,712
Loss in value for inventories	143,926	46,872
Donation given	32,198	48,968
Loss in value for trade receivables	339	663
Provision raised*	0	78,300
Other items	28,334	24,252
Total other expenses	204,797	199,055
Total	(166,214)	(164,343)

* Provision raised for innovation contribution, which was derecognised as tax decreasing item.

18 Cost of sales and selling general and administration costs

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

	2019 (thHUF)	2018 (thHUF)
Material type expenditures	15,232,146	14,576,144
Personal type expenditures	5,807,217	4,799,658
Depreciation and amortization	890,604	755,783
Changes in inventory and own performance	13,088	(606,639)
Total cost and expenditures	21,943,055	19,524,946
Cost of sales	16,935,317	15,402,531
Selling general and administration	5,007,738	4,122,415
Total direct and indirect cost of sales	21,943,055	19,524,946

The average number of employees of the Group during the year was 622 (2018: 553).

19 Dividend income

The approved dividends received from subsidiaries are the following:

	2019	2018
Zipper Services Srl	153 127	319,965
Direct Services Ood	48 118	63,829
Gyomai Kner Nyomda Zrt.	105 393	59,259
Slovak Direct Sro	82 554	-
Total dividend income	389 192	443,053

20 Taxation

	December 31, 2019	December 31, 2018
Current year corporate income tax	50,422	46,654
Current year local business tax	216,083	171,290
Current year innovation contribution	32,412	-
Current year tax expense	298,917	217,944
Deferred tax (income) / expense	17,301	13,605
Total tax expense	316,218	231,549

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 2019. The Company derecognised deferred tax asset in 2019 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 2019 the Parent Company was subject to a comprehensive audit by NAV (National Tax and Customs Administration) for the years 2017 and 2018 to all kind of taxes. No material misstatement was explored by the Tax Authority.

	December 31, 2019	December 31, 2018
Opening deferred tax liability	218,388	204,808
Deferred tax liability due to development reserve	15,801	12,418
Deferred tax on accounting and tax depreciation difference of assets not connected to development reserve	1,233	1,162
Closing deferred tax liability	235,422	218,388
	December 31, 2019	December 31, 2018
Opening deferred tax assets	1,674	1,698
Deferred tax asset on write-off for bad debts	(267)	(24)
Closing deferred tax assets	1,407	1,674

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

	December 31, 2019	December 31, 2018
Profit before tax	1,221,366	1,097,700
Tax at statutory rate of 9%(*)	114,484	98,793
Other permanent differences	(59,501)	(52,139)
<i>from which: Dividend</i>	<i>(35,027)</i>	<i>(39,875)</i>
<i>Other</i>	<i>(24,474)</i>	<i>(12,264)</i>
Current year corporate tax	50,422	46,654
Deferred tax expense	17,301	13,605
Total tax expense	67,723	60,259

(*) In this calculation 9% tax rate valid in 2019 has been applied.

21 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 504 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 1,400 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 0.7 million in connection with the credit line agreement for the treasury transaction of ANY Ingatlanhasznosító Kft.

The Company reclassified HUF 600 million to the restricted reserves to finance future capital expenditures, which has 624 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.

22 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 711,235 thousands and long term part is HUF 2,010,066 thousands, due in the next years.

Leasing Obligation Maturity Analysis (in thHUF)	Leasing obligations related to real estate	Leasing obligations related to machinery and equipment	Leasing obligations relating to vehicles	Total
Expired leasing liabilities in 2020:	252,919	387,573	49,786	690,278
Expired leasing liabilities in 2021:	264,688	204,082	43,364	512,134
Expired leasing liabilities in 2022:	276,848	52,846	43,696	373,390
Expired leasing liabilities in 2023:	289,413	42,298	12,282	343,993
Expired leasing liabilities in 2024:	302,393	27,420	0	329,813
Expired leasing liabilities in 2025:	315,801	3,805	0	319,606
Összesen:	1,702,062	718,023	149,127	2,569,212

Leasing interest analysis (in thHUF)	Leasing interest relating to real estate	Leasing interest relating to machinery and equipment	Leasing interest relating to vehicles	Total
Lease interests in 2019:	42,365	21,066	3,469	66,900

23 Related party transactions

Related party transactions	FY 2019 in HUF thousands	FY 2018 in HUF thousands
Total receivables and accrued assets at the end of the year	1,997,377	1,333,781
Total liabilities and accrued liabilities at the end of the year	234,660	307,005
Total revenue for the period	349,964	342,576
Total expenditures for the period	915,697	896,753

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 148 million in 2019.

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

HUF 12,706 thousands remuneration was paid to the Supervisory Board, while HUF 6,120 thousands to the Board of Directors in 2019.

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 2019.

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, 2019	-
BD	Dr. Gábor Kepecs	Member of Board of Directors	May 31, 2019	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, 2024	-
SB	Dr. Istvánné Gömöri ⁴	Deputy chairman of Supervisory Board	August 11, 2005*	May 31, 2024	536,703
SB	Ferenc Berkesi	Member of Supervisory Board	August 11, 2005*	May 31, 2024	-
SB	Dr. János Stumpf	Member of Supervisory Board	April 19, 2011*	May 31, 2024	-
SB	Dr. Imre Repa	Member of Supervisory Board	March 30, 2007*	May 31, 2024	-
SB	Dr. János Stumpf	Member of Supervisory Board	April 19, 2011*	May 31, 2024	-
SB	Katalin Hegedűs	Member of Supervisory Board	May 31, 2019	May 31, 2024	-
SB	László Hanzsek	Member of Supervisory Board	May 31, 2019	May 31, 2024	-
SB	Gábor Kun	Member of Supervisory Board	May 31, 2019	May 31, 2024	-
Number of ANY shares hold, TOTAL:					4,075,880

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. Istvánné 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

25 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, 2019	December 31, 2018
Foreign currency receivables	EUR	4,205,673	2,625,073
	USD	2,237	53
	GBP	0	-
Total (in HUF thousands)		1,390,718	844,002
Foreign currency cash	EUR	438,156	176,490
	USD	456,375	140,155
	GBP	731	1,889
Total (in HUF thousands)		279,614	94,790
Foreign currency liabilities	EUR	488,696	1,000,433
	CHF	39,412	8,465
	BGN	7,963	44,208
	RON	5,335	3,500
Total (in HUF thousands)		177,633	337,877
Impact of a possible 1% foreign exchange rate decrease in each foreign currency (in HUF thousands)		December 31, 2019	December 31, 2018
Impact on foreign currency assets		167,033	98,494
Impact on foreign currency liabilities		(17,763)	(33,788)
Total impact of possible foreign exchange rate change		149,270	64,706

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 2019.

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 2019.

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 46,140 thousands in the year 2019. (This was HUF 45,509 thousands in the year 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 low. The maturity of trade payables, lease liabilities and credits is shown in the next table:

ANY Company FY 2019	In 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Total:
Trade payables	1,960,390	852	207	(94)	-	1,961,355,
Lease liabilities	57,539	115,045	517,703	1,878,925	-	2,569,212,
Credits	-	-	4,614,087	-	-	4,614,087
Other liabilities and accruals (without taxes)	1,441,392	240,662	-	-	-	1,682,054
Current tax liabilities	526,558	-	-	-	-	526,558
Total	3,985,879	356,559	5,131,997	1,878,831	-	11,353,250

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

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 customers, 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 2018.) The more than 90 days overdue receivables out of total aged receivables of the Company is less than 2%.

26 Significant events after the reporting period

The Consolidated Financial Statements were accepted by the Board of Directors of ANY Nyrt. on 9th March, 2020.

The Board of Directors proposes HUF 92 dividend per share to the shareholders on the annual general meeting to be held in April 2020.

Budapest, 9th March 2020

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Chief Executive Officer

ANY Security Printing Company PLC

Business report

for the year ended December 31, 2019

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 2019 achievement of the Company

Net sales revenue of ANY Security Printing Company Plc amounted to HUF 23,273 million in 2019, of which export sales totalled HUF 3,409 million. Operating income came to HUF 1,570 million, a decrease of HUF 259 million (19,8 %) compared to the previous year. Income before tax was HUF 1,472 million while EBITDA amounted to HUF 2,448 million. Net income after financial operations, extraordinary profit and taxation was HUF 1,156 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 2018 in HUF millions	FY 2019 in HUF millions	Change in HUF millions	Change %
Security products and solutions	8,828	9,945	1,117	12,65%
Card production and personalization	9,067	10,682	1,615	17.82%
Form production and personalization, data processing	1,425	1,342	(83)	(5,83)%
Traditional printing products	75	91	16	21.91%
Other	1,127	1,212	85	7.45%
Total net sales	20,522	23,273	2,751	13.40%

Security Printing Company Plc. had net sales of HUF 23,273 million in 2019, increase of 13,4% (HUF 2,751 million) compared to prior year figure.

Sales of security products and solutions income is HUF 9,945 million in 2019 which means a year-on-year decrease HUF 1,117 million (6.02%). The increase is due to the election ballots printed with security elements and to the higher volume of meal vouchers, other security documents and security document products.

The Company's revenues from card production and personalization totalled HUF 10,682 million in 2019, a HUF 1,615 million (17.82%) 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 1,342 million in 2019, a HUF 83 million (5.83%) decrease compared to 2018. The change derives from lower volume of printed domestic tax forms and from lower export sales.

Sales of traditional printing products amounted to HUF 91 million in 2019, which higher with HUF 16 million (21.91%) compared the previous year.

Other sales totalled HUF 1,212 million in 2019, which increased by HUF 85 million (7.55 %) year-on-year.

Operating income came to HUF 1,570 million, lower with HUF 259 million (19.8 %) compared to the previous year.

Gross profit totalled HUF 6,338 million, which means a 27.0% gross margin. General (SG&A) expenses amounted to HUF 5,008 million in 2019, which equals 21.5 % of net sales.

Material type expenditures increased by 4.5% (HUF 656 million) in 2019.

Personnel expenses totalled HUF 5,807 million, which means a 21% 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 622 people at the end of 2019, while it amounted to 553 persons at the end of 2018., which means a 69 person (12.5%) increase compared to the previous year.

EBITDA amounted to HUF 2,448 million due to increase of profit financial transactions and income from operations, which means an increase of HUF 417 million compared to 2018. According to EBITDA margin amounts to 20.5%.

In 2019 dividends received from subsidiaries decrease by HUF 54 million.

Corporate tax came to HUF 299 million in 2019, which HUF 81 million higher than last year.

Profit after tax was HUF 1,156 million, which means a decrease of HUF 118 million (11.3%) compared to 2018.

Balance sheet analysis

The Company had total assets of HUF 16,097 million at the end of 2019, which means an increase of 18% (HUF 2,650 million) compared to a year ago. This changes due to accounts receivables and inventories.

Non-current assets totalled HUF 7,864 million at the end of 2019, which is higher than the prior year figure by HUF 2,376 million (43.3%).

Current assets amounted to 8,232 million at the end of December 2019, an increase of HUF 274 million (3.4%) compared to the corresponding period of last year.

Shareholder's equity was HUF 4,508 million, increased HUF 6,6 million.

The company has HUF 2,114 million long term liabilities.

Short term liabilities amounted to HUF 9,474 million which shows as increase of HUF 1,215 million mainly due to Company has been called down HUF 4,614 million credit loan and trade accounts payables increase HUF 1,961 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 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 from 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 46,140 million credit loan at the end of 2019.

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.

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 2019, 23,136 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.

Treasury shares in the year 2019:

Table 2: Repurchased treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2019	448,842	43,987	455,048
Closing balance December 31, 2019	448,842	43,987	455,048

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2019 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

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 2019 (names of independent members are underlined and printed in italics):

Name		Mandate
<u>Dr. Ákos Erdős</u>	chairman	30 April 2023
Gábor Zsámboki	vice-chairman	30 April 2023
<u>Tamás Erdős</u>	member	30 April 2023
<u>Erwin Fidelis Reisch</u>	member	30 April 2023
<u>György Gyergyák</u>	member	30 April 2023
<u>Dr. Gábor Kepecs</u>	member	30 April 2023

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.

- (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 exceeding 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

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 2019 with 6 persons present as an average.

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

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 2019:

Gábor Zsámboki chief executive officer

László Balla deputy chief executive officer

Dr. István Ignác 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 eight 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.

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 2019 (names of independent members are underlined and printed in italics):

Dr. Tamás Sárközy chairman

Dr. Istvánné Gömöri vice-chairman

Ferenc Berkesi

Dr. Imre Repa

Dr. János Stumpf

Katalin Hegedűs

László Hanzsek
Gábor Kun

The Supervisory Board convened 5 times in 2019 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 2019:

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

The Audit Committee convened 4 times in 2019 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.

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 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.

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 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, 09. March, 2020

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Chief Executive Officer