ANY BIZTONSÁGI NYOMDA
SECURITY PRINTING COMPANY
FORMER STATE PRINTING COMPANY

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ANY Security Printing Company Public Limited Company by Shares

Independent Auditors' Report and Consolidated Financial Statements

for the year ended December 31, 2020

BIZTONSÁGI NYOMDA
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ANY Security Printing Company Public Limited Company by Shares

Audited Consolidated Financial Statements

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of ANY Security Printing Company Public Limited Company by Shares

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying 2020 consolidated financial statements of ANY Security Printing Company Public Limited Company by Shares ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020 - showing a balance sheet total of HUF 22,977,410 thousand and a total comprehensive income for the year of HUF 1,270,901 thousand -, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash-flow for the year then ended and supplementary notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

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

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

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

Valuation of Goodwill

The Group's goodwill represents HUF 335,857 thousand as of 31 December 2020, which is approximately 2 % of total assets. Valuation of goodwill relies on judgmental assumptions and inputs, such as the determination of discount rate or the subsidiaries' growth rate of future profits. Management annually assesses if goodwill is impaired in accordance with EU IFRSs. This is a key audit matter as significant judgement is involved to determine if the goodwill is impaired.

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

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The Group's accounting policy and disclosures about its goodwill and related impairment are included in Note 2 Significant accounting policies - Goodwill and Note 9 Goodwill to the consolidated financial statements.

Other information

Other information consists of the 2020 consolidated business report of the Group, which we obtained prior to the date of this auditor's report and the Annual Report of the Group, which is expected to be made available to us after that date. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated financial statements does not cover the other information.

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

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

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2020 is consistent, in all material respects, with the 2020 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

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

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

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

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

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

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

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

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

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

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

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

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We also:

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

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

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

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

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Report on other legal and regulatory requirements

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

Appointment and Approval of Auditor

We were appointed as statutory auditor by the Board of Directors on behalf of the General Assembly of Shareholders of the Company on 27 April 2020. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 4 years.

Consistency with Additional Report to Audit Committee

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

Non-audit Services

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

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

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

Budapest, 11 March 2021

(The original Hungarian version has been signed.)

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

Bartha Zsuzsanna Éva
Registered auditor
Chamber membership No.: 005268

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Consolidated Statement of Financial Position as at December 31, 2020 and December 31, 2019

In HUF thousands:	Notes	December 31, 2020	December 31, 2019
Current assets			
Cash and bank	3	2,330,336	1,286,667
Accounts receivables	4	4,248,185	5,042,113
Inventories	5	4,008,340	2,961,307
Other current assets and prepayments (without current tax receivable)	6	937,780	553,032
Current tax receivables	6	151,788	76,816
Total current assets		**11,676,429**	**9,919,935**
Non-current assets			
Property, plant and equipment	7	9,748,338	9,162,166
Right of use	8	1,205,983	1,031,658
Goodwill	9	335,857	335,857
Intangibles	10	989	12,852
Other assets		9,814	10,942
Total non-current assets		**11,300,981**	**10,553,475**
Total assets		**22,977,410**	**20,473,410**
Current liabilities			
Trade accounts payables		3,658,081	3,336,796
Short term part of lease liabilities	23	463,025	513,035
Other payables and accruals (without current tax liabilities)	11	2,020,721	1,878,179
Current tax liabilities	11	520,237	693,075
Short term loans	12	2,507,501	4,895,692
Total current liabilities		**9,169,564**	**11,316,777**
Long term liabilities			
Deferred tax liability	19	398,817	342,223
Long term part of lease liabilities	23	432,373	375,819
Long term loans	12	4,477,903	1,045,670
Derivative financial liabilities	24	-	55,501
Other long term liabilities		8,471	38,890
Total long term liabilities		**5,317,564**	**1,858,103**
Shareholders' equity			
Share capital	13	1,449,876	1,449,876
Capital reserve	14	250,686	250,686
Retained earnings	15	5,765,633	4,987,621
Treasury shares	14	(455,048)	(455,048)
Other comprehensive income	20	122,827	(40,092)
Total owners' equity		**7,133,974**	**6,193,043**
Non controlling interest	15	1,356,308	1,105,487
Total shareholders' equity		**8,490,282**	**7,298,530**
Total liabilities and shareholders' equity		**22,977,410**	**20,473,410**

The Supplementary Notes are inseparable parts of the consolidated financial statements.

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Consolidated Statement of Comprehensive Income as at December 31, 2020 and December 31, 2019

In HUF thousands:	Notes	FY 2020	FY 2019 restated
Net sales	16	27,424,022	34,130,672
Cost of sales	18	(20,287,271)	(25,413,041)
Gross profit		**7,136,751**	**8,717,631**
Selling general and administration	18	(6,096,251)	(6,452,635)
Gain on sale of fixed assets		64,382	15,748
Foreign currency (loss) / gain		47,634	9,924
Other expense, net	17	345,197	(207,918)
Operating income		**1,497,713**	**2,082,750**
Interest income		4,252	17,094
Interest expense		(149,432)	(118,743)
Profit before tax and non-controlling interest		**1,352,533**	**1,981,101**
Deferred tax income / (expense)	19	(56,594)	(4,410)
Income tax expense	19	(284,049)	(454,568)
Total tax expense		**(340,643)**	**(458,978)**
Profit after tax		**1,011,890**	**1,522,123**
Other comprehensive income for the year	20	259,011	2,278
out of which: fair value effect of derivative financial liability		203,510	29,635
out of which: effect of revaluation based on IAS 21		55,501	(17,368)
out of which: deferred tax recognized in other comprehensive income		-	(9,989)
Total comprehensive income for the year		**1,270,901**	**1,524,401**
Profit after tax attributable to			
Shareholders of the Company		***784,778***	***1,273,287***
Non controlling interests		*227,112*	*248,836*
Other comprehensive income attributable to			
Shareholders of the Company		***162,920***	***(9,462)***
Non controlling interests		*96,091*	*11,740*
Earnings per share (EPS):			
Basic (HUF per share)	21	***55***	***89***
Fully diluted (HUF per share)	21	***55***	***89***
Dividend per share paid (DPS)		**-**	**92**

The Supplementary Notes are inseparable parts of the consolidated financial statements.

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Consolidated Statement of Changes in Shareholders' Equity as at December 31, 2020 and December 31, 2019

	Issued Capital	Capital Reserve	Retained Earnings	Treasury Shares	Other comprehensive income	Non controlling Interest	Total
January 1, 2019	**1,449,876**	**250,686**	**4,875,431**	**(455,048)**	**(30,631)**	**1,051,916**	**7,142,230**
Dividend paid (after FY 2017)	-	-	(1,161,096)	-	-	-	**(1,161,096)**
Dividend paid to minority shareholders (after FY 2017 income)	-	-	-	-	-	(207,004)	**(207,004)**
Effect of revaluation based on IAS 21	-	-	-	-	-	248,836	**248,836**
Profit after tax attributable to non-controlling interests	-	-	-	-	17,896	11,739	**29,635**
Other comprehensive income attributable to non-controlling interests	-	-	-	-	(9,989)	-	**(9,989)**
Profit after tax attributable to owners of the Company	-	-	1,273,286	-	-	-	**1,273,286**
Other comprehensive income attributable to owners of the Company	-	-	-	-	(17,368)	-	**(17,368)**
December 31, 2019	**1,449,876**	**250,686**	**4,987,621**	**(455,048)**	**(40,092)**	**1,105,487**	**7,298,530**
Dividend paid (after FY 2019)	-	-	(6,767)	-	-	-	**(6,767)**
Dividend paid to minority shareholders (after FY 2019 income)	-	-	-	-	-	(72,383)	**(72,383)**
Profit after tax attributable to non-controlling interests	-	-	-	-	-	227,112	**227,112**
Effect of revaluation based on IAS 21	-	-	-	-	107,418	96,091	**203,509**
Deffered tax effect on capital instruments	-	-	-	-	-	-	**-**
Profit after tax attributable to owners of the Company	-	-	784,778	-	-	-	**784,778**
Reserves of CF hedge transaction	-	-	-	-	55,501	-	**55,501**
December 31,2020	**1,449,876**	**250,686**	**5,765,633**	**(455,048)**	**122,827**	**1,356,307**	**8,490,282**

The Supplementary Notes are inseparable parts of the consolidated financial statements.

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Consolidated Statement of Cash-flow as at December 31, 2020 and December 31, 2019

In HUF thousands:	Notes	FY 2020	FY 2019
Cash flows from operating activities			
Profit before tax and non-controlling interest		1,352,533	1,981,101
of which foreign currency (loss) / gain		*(47,634)*	*9,924*
Depreciation cost of fixed assets	7	1,486,487	1,177,051
Amortization cost of intangibles	10	11,863	112,406
Foreign exchange differences on the line of the other comprehensive income		162,919	528
Changes in provisions		36,030	142,594
Gain on sale of property, plant and equipment		(64,382)	(15,748)
Interest expense		149,432	118,743
Interest income		(4,252)	(17,094)
Operating cash-flow before working capital changes:		**3,130,630**	**3,499,581**
Changes in accounts receivable and other current assets	4,6	353,287	77,537
Changes in inventories	5	(1,084,564)	416,037
Changes in accounts payables, provision and accruals	11	201,431	1,120,491
Cash provided by operations		**2,600,784**	**5,113,646**
Interest income		(145,795)	(118,047)
Interest expense		(3,706)	7,699
Taxes paid, net	20	(293,667)	(446,008)
Net cash provided by operating activities		**2,157,616**	**4,557,290**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,246,985)	(2,820,988)
Proceeds on sale of property, plant and equipment		64,382	15,748
Development costs	10	-	-
Changes in loans to employees		1,128	(6,414)
Net cash flow used in investing activities		**(2,181,475)**	**(2,811,654)**
Cash flows from financing activities			
Non controlling interest changes		23,709	(195,265)
Changes in short term loans	12	(2,388,191)	8,199
Increase in long term debt	12	4,469,440	-
Repayment of long term debts	12	(1,037,207)	(152,671)
Increase in capital lease liabilities	24	526,267	591,441
Repayment of lease liabilities	24	(519,723)	(569,894)
Dividend paid		(6,767)	(1,161,096)
Net cash flow used in financing activities		**1,067,528**	**(1,479,286)**
Changes in cash and cash equivalents		**1,043,669**	**266,349**
Cash and cash equivalents at beginning of period		**1,286,667**	**1,020,318**
Cash and cash equivalents at end of the period	3	**2,330,336**	**1,286,667**

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All amounts in HUF thousands unless otherwise indicated.

Supplementary Notes to the Consolidated Financial Statements Dec. 31, 2020

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, Őrség 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 2020 is HUF 18.5 million.

As of December 31, 2020 and 2019 – based on the Company's share book – the following owners have more than 5% voting right or the following groups of investors own the Company:

	FY 2019		FY 2020	
Investor	**Voting right (%)**	**Ownership (%)**	**Voting right (%)**	**Ownership (%)**
Owners above 5% share				
EG CAPITAL LLC(*)	11.98%	11.62%	11.98%	11.62%
DIGITAL FOREST LLC(**)	6.97%	6.76%	6.97%	6.76%
AEGON ALFA SZÁRMAZTATOTT ALAP	7.43%	7.20%	6.27%	6.08%
Owners below 5% share				
Domestic Institutional Investors	28.26%	27.41%	29.81%	28.90%
Foreign Institutional Investors	12.92%	12.53%	12.08%	11.71%
Foreign Individual Investors	0.42%	0.40%	0.43%	0.42%
Domestic Individual Investors	27.94%	27.09%	28.79%	27.92%
Management, employees	2.81%	2.72%	2.45%	2.37%
Treasury shares	0.00%	3.03%	0.00%	3.03%
Other	1.27%	1.23%	1.22%	1.18%

(*) The Chairman of the Board of Directors of ANY Security Printing Company PLC as owner of EG Capital LLC has a further indirect ownership through Fortunarum Kft.
(**) Based on the AGM of March 31, 2014 the Tamás Erdős has been elected as a member of the Board of Directors of ANY Security Printing Company PLC has indirect ownership.

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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, 2020 and at December 31, 2019 are as follows:

		FY 2019		FY 2020		
Name of the Company	**Equity**	**Share of ownership**	**Voting right [1]**	**Share of ownership**	**Voting right [1]**	**Classification [2]**
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	99.48%	99.48%	99.48%	99.48%	L
Specimen Zrt.	HUF 100,000,000	100.00%	100.00%	100.00%	100.00%	L
ANYpay Fizetési Megoldások Zrt.[3]	HUF 50,000,000					
Techno-progress Kft.	HUF 5,000,000	100.00%	100.00%	100.00%	100.00%	L
ANY Ingatlanhasznosító Kft.	HUF 3,000,000	100.00%	100.00%	100.00%	100.00%	L
Zipper Services SRL	RON 2,060,310	50.00%	50.00%	50.00%	50.00%	L*
Tipo Direct Serv SRL	30.308 MDL	50.00%	50.00%	50.00%	50.00%	L
Direct Services OOD	BGN 570,000	50.00%	50.00%	50.00%	50.00%	L*
Slovak Direct SRO	SKK 1,927,000	100.00%	100.00%	100.00%	100.00%	L

[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.

[3]ANYpay Fizetési Megoldások Zrt. was merged into Specimen Zrt. on 31 st August 2019.

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2 Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU"). The Parent Company, ANY Security Printing company Plc. prepares its separate financial statements in accordance with International Financial Reporting Standards from January 1, 2017. Its domestic subsidiaries prepare their financial statements in accordance with Hungarian Accounting Law, while foreign subsidiaries prepare their financial statements according to accounting principles generally accepted in their own countries, that are adjusted in accordance with IFRS from the consolidation package through the consolidation process.

The consolidated financial statements are mainly prepared due to the regulations related to listed companies based on the accounting act, so it contains reclassifications and adjustments through which it complies with IFRS.

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

The consolidated 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 Group in the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of ANY PLC and its subsidiaries after elimination of all intercompany transactions and balances, including unrealized intercompany profits. Subsidiaries are those companies in which one company of the Group has control over the subsidiary, so the company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to effect those returns through its power over the subsidiary.

On acquisition, the assets and liabilities of a subsidiary are measured in the consolidated statements at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is included as intangible in the balance sheet, to which impairment loss is calculated, if necessary. For the purpose of impairment test, the value of goodwill is allocated to those Cash Generating Units (hereinafter: CGU) of the Group that probably will have positive effects from the synergies. Those CGU-s, to which goodwill is allocated are subject to goodwill impairment test annually or more often if circumstances indicate any loss in the value of the Unit. If the book value of the goodwill is higher than the fair value of the CGU, impairment loss is accounted on the goodwill. The impairment loss decreases mainly the value of the goodwill allocated on the CGU, then the remaining amount decreases the net book value of the CGU's other assets, in proportion of the book value of the assets. The goodwill impairment loss once accounted cannot be reversed in the future. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The goodwill impairment

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calculation is based upon companies' budgets containing more financial years. Present value of net sales and earnings before interest, tax and depreciation are calculated to the date of year end, using the companies' expected net sales and earnings before interest, tax and depreciation ratio as a discount factor. Thus enterprise values are calculated by using the enterprise value based on the market share price effective on the date of preparing the financial statements and net sales ratio and by using the enterprise value based on the market share price effective on the date of preparing the financial statements and earnings before interest, tax and depreciation ratio of ANY Security Printing Company Plc as a listed company operating in the same sector, which are assessed by the Group in proportion of the ownership regarding the proportional equity and accounted goodwill of the given subsidiary.

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The transactions between the associated enterprises, including unrealized gains and losses as well as realized intra-group gains, were eliminated during consolidation.

The equity and net income attributable to minority interests are shown as separate items in the consolidated financial statements.

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.

Consolidated 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 estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate

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being accounted for on a prospective basis. The rates used are as follows:

Buildings	2% to 5%
Machinery and equipment	14.5 to 33%

At each balance sheet date, the Group 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. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of such an impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

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

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

Right of use assets

The Group 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 Group, initial value of right of use assets are equal to initial value of the lease liabilities. The Group 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 between 16.7% and 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.

Goodwill

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On acquisition, the assets and liabilities of a subsidiary are measured in the consolidated statements at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets of a subsidiary at the date of acquisition. Goodwill is included as intangible in the balance sheet, to which impairment loss is calculated, if necessary. For the purpose of impairment test, the value of goodwill is allocated to those Cash Generating Units (hereinafter: CGU) of the Group that probably will have positive effects from the synergies. Those CGU-s, to which goodwill is allocated are subject to goodwill impairment test annually or more often if circumstances indicate any loss in the value of the Unit. If the book value of the goodwill is higher than the fair value of the CGU, impairment loss is accounted on the goodwill. The impairment loss decreases mainly the value of the goodwill allocated on the CGU, then the remaining amount decreases the net book value of the CGU's other assets, in proportion of the book value of the assets. The goodwill impairment loss once accounted cannot be reversed in the future. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The goodwill impairment calculation is based upon companies' budgets containing more financial years. Present value of net sales and earnings before interest, tax and depreciation are calculated to the date of year end, using the companies' expected net sales and earnings before interest, tax and depreciation ratio as a discount factor. Thus enterprise values are calculated by using the enterprise value based on the market share price effective on the date of preparing the financial statements and net sales ratio and by using the enterprise value based on the market share price effective on the date of preparing the financial statements and earnings before interest, tax and depreciation ratio of ANY Security Printing Company Plc as a listed company operating in the same sector, which are assessed by the Group in proportion of the ownership regarding the proportional equity and accounted goodwill of the given subsidiary.

Financial instruments

In order to define the category of financial assets, the Group defines whether the financial asset is a debt instrument or an equity instrument. Debt instruments must be measured through fair value to profit and loss statement, though when recognizing, the Group can decide that debt instruments not held for sale can be measured through fair value to other comprehensive income. If the financial asset is a debt instrument, the following has to be considered.

- Amortised cost – purpose is to have the contractual cash-flows, which contains only and only the principle part of the liability and the interests.
- Fair value through other comprehensive income (FVTOCI) – purpose is to held, which achieves its goal by having contractual cash-flows and the sale of the financial instrument and the contractual conditions of the financial asset contain in defined periods cash-flows only from principle part of the liability and interests.
- Fair value through profit and loss statement (FVTPL) – which do not belong into neither of the above mentioned categories, or when recognition were marked as FVTPL financial assets.

Financial liabilities must be measured at amortised cost, except for those, which must be measured FVTPL or the Group chose to measure at fair value.

Financial liabilities and derivative products must be measured at FVTPL. When recognizing, the Group can mark a financial liability to be measured at FVTPL irrevocably if:

- it ceases or significantly decreases a measurement inconsistency, or
- a group of financial liabilities or a group of financial assets and liabilities are measured at fair value in accordance with a documented risk or investment strategy.

Subsequent measurement

Subsequent measurement is based upon the category of the financial instrument.

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Amortised cost

Amortised cost is the original historical cost of the financial asset or liability decreased by the principal payments increased or decreased by the accumulated amortised cost of the difference between the original historical cost and the maturity cost and decreased by the possible impairment costs or loss of value. Effective rate of interest method should be used, interest has to be accounted in P&L.

Any difference in the fair value of the asset has to be accounted in the P&L when derecognizing or reclassifying the liability.

Debt instruments measured FVTOCI

The asset must be measure at fair value. Interest income, impairment and foreign exchange differences must be accounted in P&L (similar to amortised cost assets). Fair value differences must be accounted in OCI. When derecognizing the asset, the previously accounted loss or gain must be reclassified to P&L. When reclassifying or derecognizing the asset, the previously accounted fair value differences accumulated in equity must be reclassified to P&L in a way like the asset would have been measured by amortised cost from initial recognition.

Equity instrument measured FVTOCI

Dividend can be recognised, if:

- the entity is eligible for that,
- economic benefits will flow to the entity and can be reliably measured.

Dividend has to be accounted in P&L, except when dividend is obviously partial return for the costs of the investment, in which case it has to be accounted in OCI.

Fair value differences are accounted in OCI. Fair value differences accounted in OCI cannot be reclassified to P&L later, even if the asset is impaired or sold.

Debt instruments measured FVTPL

Assets must be measured at fair value, and fair value differences must be accounted in P&L.

Fair value measurement

Based on market prices valid on the date of the statement of financial position without deducting transaction costs. If such cannot be found, then based upon market price of similar assets, or based upon the cash-flows deriving from the net assets of the investment.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract entered into and are subsequently remeasured at fair value. Derivative are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gain or losses arises from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash-flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item effects profit or loss.

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 Group expects, at the balance sheet date, to realize or settle the carrying amount of its assets and liabilities. The conditions of netting deferred tax liabilities and deferred tax assets are met, as deferred tax arises only as deferred tax assets and deferred tax liabilities under the legislation of Hungarian tax authorities.

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 Group re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Group 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 Group 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 corporate tax in profit and loss statement based on IAS 12 requirement.

Treasury shares

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

Revenue recognition

Applying IFRS 15 is compulsory for all the Companies applying IFRS from 1st January 2018. IFRS 15 defines a five step model to recognize revenue coming from the contracts with the clients, which – apart from a few exceptions – irrespectively to the type of the transaction or the industry must be applied in all cases. Rules of the standard must be applied for the sale of some non-financial assets as well, where such sale is out of the standard business activity of the company. (E.g. sale of fixed assets or intangible assets.)

Revenue is recognized at the time goods are dispatched and services rendered by the Group, 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 Group. The management considers

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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 Group and the amount of revenue can be measured reliably). (Dividend realized within the Group will be eliminated during consolidation.)

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group 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 Group 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 Group measures its lease liabilities based upon the present value of contractual net cash-flows, with credit interest rate available on the market for the Group for similar periods using as a discount rate. The Group has no initial lease obligations, no dismantling or removing costs, variable lease conditions and does not receive any lease incentives. The members of the Group 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 Group 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 Group is involved in a low number of ongoing legal disputes. Based upon historical experience and expert reports, the Group assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for. The Group 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.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the

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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. Government grants are mostly used by the Group to purchase assets, but in 2020 due to the COVID-19 pandemic also government grants for covering losses were used. In case of purchasing assets the Group accounts government grants based on income approach. Grants related to income should be recognised in the income statement on a systematic basis that matches them with the related costs.

Earnings per share

Basic earnings per share data is calculated based on the weighted average number of shares outstanding during the period excluding treasury held by the Company and employee shares. Fully diluted earnings per share is calculated based on the weighted average number of shares outstanding as calculated for basic earnings per share and as adjusted for giving effect to the assumed issuance of all potentially dilutive securities. Net income is adjusted in the fully diluted earnings per share calculation for any income or expense associated with the potentially dilutive securities.

Foreign currencies

In preparing the financial statements of the individual entities, 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Currency Units using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

From the foreign subsidiaries of the Group Zipper Services S.R.L. prepares (and Zipper Data SRL prepared until 2016) their financial statements in Romanian Lei, Tipo Direct SERV S.R.L. in Moldavian Lei, Direct Services O.O.D. in Bulgarian Leva, while Slovak Direct S.R.O. prepares its financial statement in EURO (presentational currency). The balances of foreign currency assets and liabilities of the foreign subsidiaries of the Group are retranslated at the relevant MNB (National Bank of Hungary) foreign exchange rate in the consolidated financial statements in the parent company's presentational currency (HUF), which is the functional currency of the Group at the same time. The details of the conversion have been presented in table 27 Risk Management.

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2020.

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:

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- **Amendments to References to the Conceptual Framework in IFRS Standards –** adopted by EU on 29 November 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 29 November 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 19 December 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 16 "Leases" –** Covid 19-Related Rent Concessions adopted by EU on 9 October 2020 (effective for annual periods beginning on or after 1 June 2020),

- **Amendments to IFRS 3 "Business Combinations"** – adopted by EU on 21 April 2020 (effective for annual periods beginning on or after 1 January 2020).

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

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2** adopted by EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021)
- **Amendments to IFRS 4 "Insurance Contracts" deferral of IFRS 9** adopted by EU on 15 December 2020 (effective for annual periods beginning on or after 1 January 2021)

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 17 "Insurance Contracts" including amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 3 "Business Combinations"; IAS 16 "Property, Plant and Equipment"; IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Annual Improvements (effective fog annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

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The Group 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 Group 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 Group had certain assumptions when applying the accounting policy, that can influence the carrying amounts of assets and liabilities presented in the consolidated 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 2017.
- The outcome of certain contingent liabilities.
- Zipper Services Srl, and Direct Services Ood are subsidiaries of the Group although the Group only owns a 50% ownership interest in these companies. Based on the contractual arrangements between the Group and other investors, the Group 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 Group has the practical ability to direct the relevant activities of these companies unilaterally and hence the Group 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 and goodwill
- Calculating provisions

The effect of COVID-19 on the IFRS report

The Company assessed on 31st December 2020 the effects of the COVID-19 epidemic on the financial reports prepared in accordance with IFRS, and found that although the epidemic affected the Printing Company’s operations, the effect of it on the report was not significant.

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All amounts in HUF thousands unless otherwise indicated.

The Company assessed on 31st December 2020 whether it can continue its operation in the future under going concern, and found that the majority of the measures taken in year 2020 are set to ensure this, therefore going concern is ensured in the year 2021, which is also supported by the continuous operations in the crisis situation. Production stayed continuous every single day in the plants of ANY Plc, even during the announcements of emergencies in 2020.

The Company evaluates goodwill based on future plans, calculates the value of goodwill by using the DCF method. In the past years the Company calculated with excessively conservative growth and return rates, therefore in the planning phase there were no changes because of the COVID-19 epidemic, however in the upcoming years the planned values for subsidiaries were determined by taking the effects of the COVID-19 epidemic into consideration.

By restructuring short-term loans into long-term loans short-term loans declined by 2.4 HUF billion, while long term loans increased in value of 3.4 HUF billion, therefore the parent company fully paid back its overdraft liabilities. This freed up a source of 5.0 HUF billion, which is supported by the 2330 million HUF cash balance on 2020. Dec. 31, which mitigated the liquidity risk of ANY Nyrt to a bare minimum? The Board of Directors' of ANY Nyrt. also took the mitigation of liquidity risks as primary consideration, when on 2020. Apr. 27 within the competence of the General Assembly did not pay out the dividends after the results of the year 2019, but placed it as a whole in retained earnings.

The revenue of ANY Nyrt. substantially declined because of the COVID-19 epidemic and accompanying government measures in year 2020., affecting most product segments of the Printing Company, especially the documents and document security solutions. Although the prolonged expiration dates of the documents as sanctioned by the announced emergency will surely affect the income of ANY Nyrt. negatively int he first quarter of 2021, given the nature of the documents the income will not be lost, just shifted to a later date, as they will need to be renewed in the future, ensuring the business continuity of ANY Nyrt. from the income side.

During the year 2020, resulting from the deterioration of the macro economic environment, many companies needed to face the fact that their partners have payment issues. Despite lower incomes, ANY Nyrt. did not have to face these problems. Its most important customers are government bodies and large corporations which are not struggling with liquidity issues, where no significant payment issue surfaced, therefore the impairment loss on the receivables of the Company did not grow significantly. In accordance with this, the Company did not amend its accounting policy on aged debtor. This proves the balance of impaired loss on receivables which decreased by 1.5 HUF million (34%) compared to the 2019 figure.

As in none of the product segments did the demand cease, it only declined at most, and is expected to grow in 2021, the Company has no tangible asset which should be accounted for impairment loss for caused by the lower demand coming from COVID-19. As the business operations and production was continuous even during the announced emergency, furthermore the demand for the Company's products only decreased temporarily, there is no circumstance which would imply a change in fair value evaluations. Regarding current assets, the Company accounts impairments according to its accounting policy, there is no factor justifying an additional impairment due to the COVID-19 epidemic.

Similarly to a lot of governments, because of the COVID-19 pandemic the Hungarian government also proposed subsidies to companies affected by COVID. From this, ANY Nyrt, applied for 30 million HUF value of wage subsidies for R&D in 2020, which was granted. The subsidy meant 3 months of wage subsidies, with a precondition: the R&D employees were needed to be employed for the following 3 months. To increase competitiveness, ANY Nyrt. took a grant of 502 million HUF from HIPA (Hungarian Investment Promotion Agency), from which the Company will invest in machineries related to its main activity. It was possible to apply for the grant as a countermeasure against the losses caused by COVID-19. The precondition of the application was that the Company is needed to invest in enhancing its competitiveness until 30 June 2022, meanwhile keeping its average number of employees.

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The Company's leasing- and rent contracts were not modified by the consequences of the COVID-19 epidemic. The Company did not use its opportunities coming from the moratorium to ease its leasing or loan payment obligations as at 31 December 2020.

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3 Cash and bank

	December 31, 2020	December 31, 2019
Cash and cash equivalents	2,330,336	1,286,667
Total cash and cash equivalents:	**2,330,336**	**1,286,667**

4 Accounts receivables

	December 31, 2020	December 31, 2019
Trade receivables	4,251,087	5,046,516
Allowance for doubtful debts	(2,902)	(4,403)
Total:	**4,248,185**	**5,042,113**

The carrying value of trade receivables is fair value. Balance of trade debtors is HUF 4,248 million, which is HUF 794 million (16%) lower than at the end of 2019.

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

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	**4,403**	**3,152**
Impairment losses recognised on receivables	3,262	1,859
Impairment losses reversed	(4,763)	(608)
Derecognition of receivables as uncollectable debt	-	-
Balance at the end of the year	**2,902**	**4,403**

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5 Inventories

	December 31, 2020	December 31, 2019
Raw materials	1,953,995	1,638,996
Work in progress	1,478,048	925,275
Finished goods	737,639	631,676
Goods	148,807	37,978
Cumulated loss in value for inventories	(310,149)	(272,618)
Total:	**4,008,340**	**2,961,307**

The total amount of inventories is HUF 4,008 million, which increased by HUF 1,047 million (35%) compared to 31 December 2019. The amount of work in progress increased by HUF 553 million (59,7%), the amount of raw materials and consumables increased by HUF 315 million (19%) compared to the prior period and the amount of finish goods increased by HUF 106 million (16,8%), caused by due to the strategic stocks of security and card products.

6 Other current assets and prepayments

	December 31, 2020	December 31, 2019
Prepayments	245,568	165,419
Of which: revenue recognized but not invoiced	*23,659*	*14,174*
Of which: prepaid interest	*32,605*	*26,575*
Of which: rental fee of softwares	*168,672*	*124,670*
Guarantee receivables	216,348	237,354
Advances paid	311,045	81,261
Of which: advances paid for PP&E	299,495	78,062
Of which: other advances paid	11,550	4,332
Employee loans	58,771	12,802
Other receivables	106,048	56,196
Total other current assets and prepayments:	**937,780**	**553,032**

	December 31, 2020	December 31, 2019
VAT receivable	71,334	68,746
Other taxes receivable	64,117	7,704
Corporate income tax receivable	16,337	366
Total current tax receivables	**151,788**	**76,816**

Year-end balance of current tax receivables is HUF 75 million higher than in previous period, due to overpayment of local income tax and corporate tax for the current year.
Interest in employees loans are the same for each employee, Hungarian prime rate + 5%.

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7 Property, Plant and Equipment

	Land and buildings	Machinery and equipment	Property rights	Vehicles and other equipments	Capital projects	Total
Cost:						
January 1, 2019	**4,666,123**	**13,796,341**	**30,933**	**2,584,526**	**692,453**	**21,770,376**
Capitalization	**93,878**	1,254,579	20,166	517,903	2,645,075	**4,531,601**
Additions	-	638,551	-	77,645	1,374,816	**2,091,012**
Reclassification	-	887,711	-	-	-	**887,711**
Disposals	-	-	-	-	-	**-**
December 31, 2019	**4,760,001**	**13,524,658**	**51,099**	**3,024,784**	**1,962,712**	**23,323,254**
January 1, 2020	**4,760,001**	**13,524,658**	**51,099**	**3,024,784**	**1,962,712**	**23,323,254**
Capitalization	2,566,487	1,522,603	20,166	482,414	2,615,058	**7,206,728**
Additions	2,616	770,560	20,146	37,859	4,065,267	**4,896,448**
Disposals	-	315,714	-	30,290	499,461	**845,465**
December 31, 2020	**7,323,872**	**14,848,698**	**51,119**	**3,439,049**	**13,042**	**24,788,069**
Accumulated depreciation:						
January 1, 2019	**1,521,095**	**10,002,799**	**10,767**	**1,685,826**	**-**	**13,220,487**
Charge for year	134,823	877,229	-	277,405	-	**1,289,457**
Impact of IAS 36 revaluation	-	-	-	-	-	**-**
Reclassification	-	241,339	-	-	-	**241,339**
Disposals	-	513,418	-	76,777	-	**590,195**
December 31, 2019	**1,655,918**	**10,607,949**	**10,767**	**1,886,454**	**-**	**14,161,088**
January 1, 2020	**1,655,918**	**10,607,949**	**10,767**	**1,886,454**	**-**	**14,161,088**
Charge for year	202,606	934,299	0	344,544	-	**1,481,449**
Impact of IAS 36 revaluation	-	-	-	-	-	**-**
Disposals	22,575	531,307	-	48,924	-	**602,806**
December 31, 2020	**1,835,949**	**11,010,941**	**10,767**	**2,182,074**	**-**	**15,039,731**
Net book value:						
January 1, 2019	**3,145,028**	**3,793,542**	**20,166**	**898,700**	**692,452**	**8,549,888**
December 31, 2019	**3,104,083**	**2,916,709**	**40,332**	**1,138,330**	**1,962,712**	**9,162,166**
December 31, 2020	**5,487,923**	**4,079,123**	**40,352**	**1,256,975**	**13,042**	**9,748,338**

Fair value of the PP&E exceeds book value, therefore no impairment loss was calculated. UniCredit Bank Zrt. has HUF 1.400 million mortgage right on the real estates, covering the risk of the loan of ANY Ingatlanhasznosító Kft. Asset increase was mainly due to put in use of new real estate and purchase of new machinery in 2020.

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8 Right of use assets

Rights of use movement table (values in thousands of HUF)	Property rights	Machinery and equipment	Vehicles and other equipments	Total
Cost:				
January 1, 2019	**133,500**	**867,307**	**85,589**	**1,086,396**
Of which impact of IFRS 16	**133,500**	**-**	**85,589**	**219,089**
Additions	**-**	**190,613**	**169,664**	**360,277**
Disposals	**-**	**-**	**-**	**-**
December 31, 2019	**133,500**	**1,057,920**	**255,253**	**1,446,673**
January 1, 2020	**133,500**	**1,057,920**	**255,253**	**1,446,673**
Additions	-	520,555	69,320	**350,646**
Disposals	-	22,301	-	**22,301**
December 31, 2020	**133,500**	**1,556,173**	**324,573**	**1,775,017**
Accumulated depreciation:				
January 1, 2019	**-**	**-**	**-**	**-**
Charge for year	**61,615**	**256,646**	**96,754**	**415,015**
Of which impact of IFRS 16	**61,615**	**-**	**96,754**	**158,370**
December 31, 2019	**61,615**	**256,646**	**96,754**	**415,015**
January 1, 2020	**61,615**	**256,646**	**96,754**	**415,015**
Charge for year	61,616	248,155	83,478	**393,249**
December 31, 2020	**123,231**	**504,801**	**180,232**	**808,264**
Net book value:				
January 1, 2020	**71,885**	**801,274**	**158,499**	**1,031,658**
December 31, 2020	**10,269**	**1,051,372**	**144,341**	**1,205,983**

9 Goodwill

	December 31, 2020	December 31, 2019
Zipper Services SRL.	276,231	276,231
Gyomai Kner Nyomda Zrt.	26,994	26,994
Techno-Progress Kft.	20,509	20,509
Specimen Zrt.	12,123	12,123
Goodwill	**335,857**	**335,857**

The 5 five year term budgets used for the evaluation of the goodwill are reflecting the management's best knowledge and information about the expected conditions of the financial environment. The

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expected net sales revenue growth rate is between 4-6% based on the financial achievement and market conditions. Discount rate used is 8%.

Cost

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	335,857	335,857
Balance at the end of the year	**335,857**	**335,857**

Accumulated impairment losses

At the end of the year the Group examined goodwill's remunerative value and recognized that there was no need to account impairment losses on the goodwill. When evaluating the goodwill the Group uses 5 year plans and uses DCF method for net sales and EBITDA and uses market measure to calculate corporate value to be compared to the value of investment.

10 Intangibles

	Research and development costs	Softwares	Total intangibles
Historical cost:			
January 1, 2019	**269,161**	**100,544**	**369,705**
December 31, 2019	**269,161**	**100,544**	**369,705**
January 1, 2020	**269,161**	**100,544**	**369,705**
Additions	-	-	-
December 31, 2020	**269,161**	**100,544**	**369,705**
Accumulated amortisation:			
January 1, 2019	**244,445**	**-**	**244,445**
Amortisation	11,863	100,544	112,408
December 31, 2019	**256,308**	**100,544**	**356,853**
January 1, 2020	**256,308**	**100,544**	**356,853**
Amortisation	11,863	-	11,863
December 31, 2020	**268,172**	**100,544**	**368,716**
Net book value			
January 1, 2019	**24,716**	**100,544**	**125,260**
December 31, 2019	**12,852**	**-**	**12,852**
December 31, 2020	**989**	**-**	**989**

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11 Other payables and accruals

	December 31, 2020	December 31, 2019
Accrued management bonuses	-	240,662
Other accruals	297,265	252,465
Of which: accrued creditors	*68,656*	*46,775*
Social security	118,558	33,575
Salaries and wages	174,755	298,283
Advance payments from customers	1,148,143	977,123
Other short term liabilities	282,000	76,071
Other payables and accruals	**2,020,721**	**1,878,179**

	December 31, 2020	December 31, 2019
VAT	274,363	365,551
Personal income tax	76,741	78,743
Social contribution	67,694	72,225
Other taxes	101,439	176,556
Total current tax liabilities	**520,237**	**693,075**

Total current tax liabilities, other payables and accruals amounts to HUF 2,541 million, which increased by HUF 30 million compared to December 31, 2019.

12 Short term and long term loans

	December 31, 2019	Increase	Decrease	December 31, 2020
Bank overdraft of the Parent Company	4,614,087	-	4,614,087	-
Short term part of long term loan of Parent Company	-	1,725,494	398,333	1,327,161
Short term part of long term loan of subsidiaries	197,563	839,644	-	1,037,207
Other short term loans of subsidiaries	84,042	136,019	76,628	143,133
Total short term loans and overdrafts	**4,895,692**	**2,701,157**	**5,089,348**	**2,507,501**
Long term loan of Parent Company	-	4,174,506	-	4,174,506
Long term loan of subsidiary	1,045,670	294,934	1,037,207	303,397
Total loans and borrowings:	**5,941,362**	**7,170,597**	**6,126,555**	**6,985,404**

The Group has overdraft limit (market interest rate, based on 1 month BUBOR) in value of HUF 5.3 billion from which HUF 0.3 billion is secured by mortgage and sales revenue assignment. the utilised amount at the end of 2019 is HUF 4,896 million. Amount of the long term loan taken

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during the purchase of ANY Ingatlanhasznosító Kft., that owns the real-estates was EUR 6.5 million, while HUF 1,235 million was the year-end balance in 2019, and HUF 1,037 million was at the end of 2020, which was totally reimbursed in the beginning of 2021.
During the year 2020 HUF 5.9 billion long term loan was taken from three different financial institutes with maturity of 3 or 5 years. For the new long term loans mortgages of real estates and current assets were involved.

13 Share capital

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

	December 31, 2020		December 31, 2019	
	Issued	Treasury	Issued	Treasury
Registered shares	1,449,876	43,986	1,449,876	43,986
Total	**1,449,876**	**43,986**	**1,449,876**	**43,986**

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

14 Treasury shares

Number of treasury shares held by the Company on 31st December 2020is 448,842 which were purchased at an average price of HUF 1,014 per share.

15 Retained earnings, non-controlling interest

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 5,765,633 thousands of which not distributable HUF 1,212,486 thousands. Retained earnings available for distribution is HUF 4,553,147 thousands.

Non-controlling interest is a part of the Shareholders' equity, which belongs to the owners of the subsidiaries other than the parent Company in the proportion of their ownership.

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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	**2020**	**2019**
Sales revenue from customer contracts	**27,424,022**	**34,130,672**
Revenue from other sources	-	-
Total sales	**27,424,022**	**34,130,672**

Impairment of receivables	**2020**	**2019**
Impairment recognized on trade receivables, contractual assets	-	-
Impairment from other contracts	-	-
Total impairment	**-**	**-**

Sales segments	**2020**	**2019**
Security products and solutions	6,950,172	10,503,589
Card production and personalization	7,900,547	11,002,378
Form production and personalization. data processing	10,308,465	10,255,478
Traditional printing products	1,495,421	1,608,531
Other	769,417	760,696
Total net sales	**27,424,022**	**34,130,672**

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Total revenue in 2020 by countries:

Revenue by Countries	**2020**	**2019**
Hungary	15,769,715	21,491,663
Romania	6,890,420	7,553,241
Bulgaria	1,582,029	1,695,480
Africa	1,502,706	1,099,147
Germany	321,496	1,165,690
Slovakia	273,702	347,589
Austria	200,860	173,499
Moldova	172,518	111,309
Norway	142,448	134,163
Check Republic	128,388	128,588
Poland	102,620	95,795
Georgia	97,480	-
Albania	47,060	-
Iceland	41,240	21,726
United Arab Emirates	39,635	9,868
Belgium	20,869	-
Hong Kong	19,902	20,310
Sri Lanka	18,219	-
Croatia	16,131	19,433
France	9,499	-
Netherlands	7,195	16,027
Switzerland	5,663	3,440
Italy	3,895	5,072
Serbia	3,175	-
Libya	2,999	-
South Africa	2,379	-
Mexico	1,782	-
Finland	-	25,666
United Kingdom	-	8,300
Other	-	4,665
Total	**27,424,022**	**34,130,672**

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17 Other expenses, net

Other incomes and expenses	**2020**	**2019**
Received discount	502,286	38,628
Received subsidy	23,213	4,379
Reversed loss in value for inventories	2,716	3,340
Reversed loss in value for trade receivables	4,763	1,053
Reversed impairment accounted earlier to P&L based on IAS 36	-	-
Derecognition of provision	-	-
Other items	86,790	50,808
Total other incomes	***619,768***	***98,208***
Loss in value for inventories	141,383	148,410
Provision raised	18,207	63,002
Permanent cash contribution	57,629	32,207
Building tax, land tax	29,986	28,271
Fines, penalties	13,304	9,205
Loss in value for trade receivables	3,600	147
Other items	10,462	24,884
Total other expenses	***274,571***	***306,126***
Total	***345,197***	***(207,918)***

The customers' and inventories' impairment haven't been occurred in one company so the presentation of current years' impairment and impairment reversal on a net basis is not possible.

Government grants

Other revenues increased mainly due to the non-repayable government grant received in value of HUF 502 million. The application of ANY Security Printing Company Plc for HIPA (Nemzeti Befektetési Ügynökség Nonprofit Zrt.) subsidy to increase of competitiveness (7/2020. VI.16. Decree of Ministry for Foreign Affairs) was judged favourably. Applicants were eligible to subsidy for compensating the losses occurred in connection with COVID-19 pandemic, where precondition was to make CAPEX investments in order to increase competitiveness until 30 June 2022 and to preserve the average number of employees.

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18 Cost of sales and selling general and administration costs

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

	2020 (thHUF)	2019 (thHUF)
Material type expenditures	18,748,657	22,851,212
Personal type expenditures	6,875,988	7,716,303
Depreciation and amortization	1,498,350	1,289,457
Changes in inventory and own performance	(739,473)	(8,704)
Total cost and expenditures	**26,383,522**	**31,865,676**
Cost of sales	20,287,271	25,413,041
Selling general and administration	6,096,251	6,452,635
Total direct and indirect cost of sales	**26,383,522**	**31,865,676**

The average number of employees of the Group during the year was 1,012 (2019: 1,026).

19 Taxation

	December 31, 2020	December 31, 2019
Current year local business tax	193,782	250,343
Current year corporate income tax	61,043	168,444
Innovation contribution	29,224	35,781
Current year tax expense	**284,049**	**454,568**
Deferred tax (income) / expense	57,764	4,410
Total tax expense	**341,813**	**458,978**

Based on the decision of the Hungarian Parliament, 9% corporate tax rate has to be applied for the Hungarian companies from the calendar year of 2017. 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 Group 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

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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.

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.

In line with IAS 12 Company reclassifies local income tax and innovation contribution to corporate tax P&L line.

	December 31, 2020	**December 31, 2019**
Opening deferred tax liability	**360,953**	**351,910**
Deferred tax liability due to development reserve	49,212	9,989
Deferred tax on accounting and tax depreciation difference of assets not connected to development reserve	11,421	(946)
Closing deferred tax liability	**421,586**	**360,953**
	December 31, 2020	**December 31, 2019**
Opening deferred tax assets	**18,730**	**24,086**
Deferred tax asset on write-off for bad debts	129	(110)
Deferred tax asset on deferred yearly losses	3,910	(5,247)
Closing deferred tax assets	**22,769**	**18,730**
	December 31, 2020	**December 31, 2019**
Opening deferred tax liability net	**342,223**	**327,824**
Closing deferred tax liability net	**398,817**	**342,223**

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

	December 31, 2020	December 31, 2019
Profit before tax and non-controlling interest	**1,352,533**	**1,981,100**
Tax at statutory rate of 9%(*)	121,728	178,299
171/2020. (IV. 30) kormányrendelet hatása(**)	(65,592)	-
Other permanent differences(***)	4,907	(9,855)
Corporate income tax expense	**61,043**	**168,444**

* The foreign tax rules were not considered in this calculation. The differences from that method can be find in row of Other permanent differences (net). In this calculation 9% tax rate valid in 2020 has been applied.

** Hungarian companies used opportunity of government decree (171/2020 (IV.30.)), which made possible to decrease the tax base of 2019. The decree of 30 April the amount of restricted reserve, and the balance of restricted reserve as at the last day of the tax year was increased to up to the amount of pre tax profit (but maximum HUF 10 billion each tax year).

*** Other permanent differences are coming from tax base modification items, and from the different tax rates used abroad.

20 Other comprehensive income for the year

Other comprehensive income for the year	31 December, 2020	31 December, 2019
Revaluation effect of non-monetary SOFP items in other currency than HUF based on IAS 21 (*)	203,510	29,635
Fair value effect of derivative financial liability(**)	55,501	(17,368)
Deferred tax recognized in other comprehensive income	-	(9,989)
Total other comprehensive income for the year	**259,011**	**2,278**

* Revaluation effect of increasing EUR fx exchange rate from consolidation

** The Group hedged its variable interest long-term loan with an interest rate swap transaction that matures at the same time whith the loan. The fair value of the interest rate swap was recognised as a derivative financial liability in value of HUF 55,501 thousands in 2019. The loan contract was quitted with notice in 2020, then on 5th January 2021 was totally reimbursed, so the connected derivative financial liability was derecognised from the financial state of position as at 31 December 2021.

21 Earnings per share

Weighted average shares outstanding, net income used in the calculation of earnings per share and calculated earning per share details are set out below: (number of weighted average shares and net income is the same both at 'Basic' and 'Fully diluted' EPS calculation)

	December 31, 2020	December 31, 2019
Weighted average shares outstanding for:	14,345,808	14,345,808
Net income used in the calculation	784,778	1,273,286
Basic and diluted earnings per share:		
Basic (HUF per share)	55	89
Fully diluted (HUF per share)	55	89

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22 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 1,432 million. The Company uses HUF 918 million from its guarantee limit which is connected to tenders, and the guarantee received from MKB Bank in value of HUF 502 million connected to HIPA subsidy.

The Company reclassified HUF 1,212 million to the restricted reserves, which has 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.

23 Short term and long term part of lease liabilities

Leasing liabilities expiry analysis (in thHUF)	Leasing liabilities related to real estates	Leasing liabilities related to machinery and equipment	Leasing liabilities related to vehicles	Total
Expired leasing liabilities in 2021:	14,174	365,184	83,668	463,025
Expired leasing liabilities in 2022:	-	222,174	59,174	281,348
Expired leasing liabilities in 2023	-	138,739	12,282	151,020
Expired leasing liabilities in 2024	-	-	-	-
Total:	**14,174**	**726,097**	**155,123**	**895,393**

Leasing interest analysis (in thHUF)	Leasing interest relating to real estates	Leasing interest relating to machinery and equipment	Leasing interest relating to vehicles	Total
Leasing interest in 2020	832	8,503	3,766	**13,101**

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

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24 Derivative financial liabilities

The Group hedged its variable interest long-term loan with an interest rate swap transaction that matures at the same time whith the loan. The fair value of the interest rate swap was recognised as a derivative financial liability in value of HUF 55,501 thousands in 2019. The loan contract was quitted with notice in 2020, then on 5th January 2021 was totally reimbursed, so the connected derivative financial liability was derecognised from the financial state of position as at 31 December 2021. It was derecognised opposite to OCI, while other costs of quitting from loan contract were accounted in P&L. in 2020.

25 Related party transactions

The ANY Security Printing Company's related party are Gyomai Kner Nyomda Zrt., ANY Ingatlanhasznosító Kft., Techno-Progress Kft, Specimen Zrt. Direct Services OOD, Slovak Direct s.r.o., Zipper Services S.r.l. and Tipo Direct s.r.l. 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. Related party transactions also consist of short term intercompany loans and rental fee for machineries.
The Company purchased management services from EG Capital in value of HUF 159 million in 2020 (HUF 148 million in 2019).

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

HUF 10,890 thousands remuneration was paid to the Supervisory Board, while HUF 4,760 thousands to the Board of Directors in 2020.
The following table presents the beginning and the end of the assignment of the members of the Board of Directors, the members of the Supervisory Board and the senior officers. The number of shares hold in ANY Security Printing Company PLC is also presented as at 31 December 2020.

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	2,245,253
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	150,000
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, 2018	April 30, 2023	-
BD	Tamás Erdős[3]	Member of Board of Directors	May 31, 2014	April 30, 2023	1,000,001
BD	Erwin Fidelis Reisch	Member of Board of Directors	May 31, 2014	April 30, 2023	-
SB	Prof. Dr. István Stumpf	Chairman of Supervisory Board	April 27, 2020	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. Imre Repa	Member of Supervisory Board	March 30, 2007*	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. Istvanné Gömöri controls ANY shares indirectly through BELU S.A.R.L.
* Re-elected by the Annual General Meeting held on 31st March, 2014
** Gábor Zsámboki has been the deputy chairman of the Board of Directors since 11th August, 2014.
*** Number of shares shown above

27 EU subsidies

The Group has EU subsidy for purchasing special printing systems and developing workflow management and on-line sales portal as at 31 December 2020. The EU subsidy won in amount of HUF 101,337 thousands from which still accrued HUF 12,314 thousands. The initial cost of capital projects were HUF 154,546 thousands, that have a carrying amount of HUF 24,629 thousands as at 31 December 2020.

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28 Risk management

Foreign currency risk

Among foreign currency transactions of the Group EURO based transactions are the most important ones. Foreign currency liabilities mainly occur from raw material purchases, which are hedged by the receivables from the export sales in foreign currency as a natural hedge. Due to the balance of foreign currency receivables and liabilities the foreign currency risk of the Group is moderate.

ANY Group	Currency	December 31, 2020	December 31, 2019
Foreign currency receivables	EUR	1,782,047	4,571,427
	BGN	1,053,872	1,251,799
	RON	23,734,822	26,312,885
	MDL	836,402	971,824
	DKK	46,756	78,827
	SEK	13,042	53,808
	USD	9,120	2,237
Total (in HUF thousands)		**2,647,216**	**3,562,717**
Foreign currency cash	EUR	2,250,758	929,910
	USD	114,266	456,375
	GBP	676	731
	BGN	1,146,797	1,140,192
	RON	10,921,819	7,441,286
	MDL	9,169,509	3,056,254
	DKK	-	-
	SEK	-	-
Total (in HUF thousands)		**2,047,540**	**1,201,351**
Foreign currency liabilities	EUR	1,652,732	842,088
	USD	197,627	39,412
	CHF	8,146	7,963
	BGN	705,217	950,855
	RON	18,116,145	21,633,280
	MDL	1,444,288	351,582
Total (in HUF thousands)		**2,183,566**	**1,957,562**
Impact of a possible 1% foreign exchange rate decrease in each foreign currency (in HUF thousands)		**December 31, 2020**	**December 31, 2019**
Impact on foreign currency assets		**49,948**	**47,641**
Impact on foreign currency liabilities		**(21,836)**	**(19,576)**
Total impact of possible foreign exchange rate change		**25,112**	**28,065**

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The fair value of the financial instruments equals the book value. The Group holds no financial assets held to maturity or available for sale.

Interest rate risk

Due to the moderate level of debts in the Group potential interest rate changes would not influence significantly the amount of interests to be paid by the Group. Based on the balance of Credits of the Group. a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 52,564 thousands in the year 2020. (This was HUF 46,140 thousands in the year 2019.)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash-flows and by matching the maturity profiles of financial assets and liabilities.
Liquidity risk of the Group, due to the high balance of net working capital, is low.
The maturity of trade payables, lease liabilities and credits is shown in the next table:

ANY Group FY 2020	In 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Total:
Trade payables	3,626,652	10,956	13,708	6,765	-	3,658,081
Lease liabilities	55,459	99,926	252,968	147,395	335,790	891,538
Credits	11,693	1,358,922	105,240	1,031,646	4,477,903	6,985,404
Other liabilities and accruals (without taxes)	1,892,896	-	-	127,824	-	2,020,720
Current tax liabilities	496,719	23,518	-	-	-	520,237
Total	**6,083,419**	**1,493,322**	**371,916**	**1,313,630**	**4,813,693**	**14,075,980**

ANY Group FY 2019	In 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Total:
Trade payables	3,315,539	18,375	2,309	573	-	3,336,796
Lease liabilities	42,753	85,506	384,776	375,819	-	888,854
Credits	357	4,891,739	3,596	1,045,670	-	5,941,362
Other liabilities and accruals (without taxes)	1,506,182	389,903	-	743	-	1,896,828
Current tax liabilities	639,704	27,142	-	-	-	666,846
Total	**5,504,535**	**5,412,665**	**390,681**	**1,422,805**	**-**	**12,730,686**

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Credit risk

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

The financial discipline of the debtors of the Group is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables: 0.09%. (This was 0.09% in 2019.) The more than 90 days overdue receivables out of total aged receivables of the Group is 0,1%.

29 Significant events after the reporting period

The Consolidated Financial Statements were accepted by the Board of Directors of ANY Nyrt. on 11th March, 2021. The Board of Directors proposes HUF 55 dividend per share to the shareholders on the annual general meeting to be held in April 2021.

Budapest, 11th March 2021 ....

Chief Executive Officer

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ANY Security Printing Company Public Limited Company by Shares

Consolidated business report

for the year ended 31 December, 2020

ANY BIZTONSÁGI NYOMDA
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FORMER STATE PRINTING COMPANY

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Analysis of the Group's performance in FY 2020

Net sales of ANY PLC for 2020 amounted to HUF 27.4 billion which is lower by HUF 6.7billion (20%) than in the previous year. Changes in case of strategic product segments were as follows: sales of security products, solutions were HUF 7.0 billion, which is HUF 3.6 billion lower than the figure in the basis period; sales of card production, personalisation were HUF 7.9 billion, which is HUF 3.1 lower than the figure in the basis period; whilst sales of segment of form production, personalisation, data processing were HUF 10.3 billion, which is the same than the figure in the basis period. Ratio of strategic products segments in total net sales was 92% in 2020.

Export sales amounted to HUF 11.7 billion as at December 31, 2020, which is lower by HUF 1.0 billion than in the previous year, representing 42% export sales ratio.

Consolidated EBITDA is HUF 2,996 million, an decrease of HUF 376 million compared to 2019 base period.

Consolidated operating income is HUF 1,498 million, which is HUF 585 million lower than the profit for the base period.

Consolidated net income after interest income, taxation, non-controlling interest is HUF 785 million, which shows a decrease of HUF 489 million (38%) compared to the previous year's same period.

Income statement analysis

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

1. Table: Net sales by segments

Sales segments	2019 HUF millions	2020 HUF millions	Change (B-A)	Change % (B/A-1)
Security products and solutions	10,504	6,950	(3,554)	-33.83%
Card production and personalization	11,002	7,900	(3,102)	-28.19%
Form production and personalization, data processing	10,255	10,309	54	0.53%
Traditional printing products	1,609	1,495	(114)	-7.09%
Other	761	770	9	1.18%
Total net sales	**34,131**	**27,424**	**(6,707)**	**-19.65%**

ANY PLC had consolidated net sales of HUF 27,424 million in Q1-Q4 2020, which is HUF 6,707 million (20%) lower than the sales for the base period.

Sales of **security products and solutions** came to HUF 6,950 million in 2020 which means a decrease of HUF 3,554 million compared to the base period. The decrease is due to the lower sales of tax stamps, election ballots printed with security elements and the other documents with security elements compared to the previous period, which is the result of the epidemic.

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The Company's revenues from **card production and personalisation** totalled HUF 7,900 million in the period of reference, a HUF 3,102 million decrease compared to similar period of year 2019. Manly lower volume of document card sales is behind the change, which is the obvious result of the COVID-19.

The Company's revenues from **form production, personalisation and data processing** came to HUF 10,309 million in 2020, a HUF 54 million lower than the sales for the base period.

Sales of **traditional printing products** amounted to HUF 1,495 million in the period of reference, which means a HUF 114 million decrease compared to the previous year's similar period. Lower volume of book orders is behind the change.

Other sales totalled HUF 770 million in 2020, which is an increase of HUF 9 million compared to the correspondent period of the last year. This segment mainly comprises revenues from the sale of commercial materials and goods.

Operating income came to HUF 1,498 million, a decrease of HUF 585 million compared to the previous period.
Gross profit totalled HUF 7,137 million, which means a 26% gross margin. General (SG&A) expenses amounted to HUF 6,096 million in Q4 2020, which equals to 22% of net sales. Material expenses amounted to HUF 18,749 million, lower by HUF 4,099 million in the current period due to the lower turnover.
The capitalized value of own performance line shows the capitalized value of assets produced and the change in inventories manufactured. These figures were driven mainly by the change in inventories in both periods presented; the most significant of these is the value of work-in-production (WIP) connected to security and card products.
Personnel expenses totalled HUF 6,876 million, which is 11% lower than in the base period due to cost efficiency steps.
Other revenues increased mainly due to the non-repayable government grant received for investments in value of HUF 502 million. The application of ANY Security Printing Company Plc for HIPA (Nemzeti Befektetési Ügynökség Nonprofit Zrt.) subsidy to increase of competitiveness (7/2020. VI.16. Decree of Ministry for Foreign Affairs) was judged favourably. Applicants were eligible to subsidy for compensating the losses occurred in connection with COVID-19 pandemic, where precondition was to make CAPEX investments in order to increase competitiveness until 30 June 2022 and to preserve the average number of employees.
EBITDA amounted to HUF 2,998 million due to the change in operating income and depreciation, which represents a decrease of HUF 374 million compared to previous period's EBITDA. Therefore EBITDA margin is 11%.

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Net interest income amounted to -145 million HUF in Q1-Q4 2020. Net income – after financial operations, taxation and minority interest – came to HUF 785 million in 2020, a decrease of 38% compared to the profit of the previous year's similar period.

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Balance sheet analysis

The Company had total assets of HUF 22,977 million on 31 December 2020, which increased by HUF 2,504 million compared to the previous year-end.

Receivables amounted to HUF 4,248 million which represents a HUF 794 million decrease compared to the 2019 year-end due to the lower turnover.

Cash and bank totalled HUF 2,330 million which represents a HUF 1,044 million increase compared to the 2019 year-end balance.

Inventories totalled HUF 4,008 million, which is a HUF 1,047 million (35%) increase compared to the 31 December 2019 figure mainly due to increase of raw materials and stocks from production.

Other current assets and prepayments amounted to HUF 1,090 million, which is increased by HUF 460 million compared to previous year-end, mainly due to advances on capital projects.

The balance of property, plant and equipment at the end of December 2020 was HUF 9,748 million, an increase of HUF 586 million compared to the end of 2019.

Goodwill amounted to HUF 336 million which is the same as last year's balance.

Accounts payable totalled HUF 3,658 million, HUF 322 million (10%) higher compared to the end of December 2019.

Other payables and accruals amounted to 2,541 million, which is increased by HUF 30 million.

Lease liabilities relating to the purchase of fixed assets have a balance of HUF 895 million, from which HUF 432 million is long-term part, HUF 463 million is short-term liability.

Balance of long-term loans totalled HUF 4,478 million which represents a HUF 3,432 million increase compared to the 2019 year-end due to the restructuring of short-term and long-term loans.

The Company’s operation is financed by short term loans which reached HUF 2,508 million on 31 December, 2020.

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Risk management

Foreign currency risk

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

Interest rate risk

Due to the moderate level of debts in the Group. potential interest rate changes would not influence significantly the amount of interests to be paid by the Group. Based on the balance of Credits of the Group. a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 25,075 thousands in the year 2020. (This was HUF 48,957 thousands in the year 2019.)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash-flows and by matching the maturity profiles of financial assets and liabilities.
Liquidity risk of the Group, due to the high balance of net working capital, is low.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a large number of costumers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.
The financial discipline of the debtors of the Group is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables: 0.07%. (This was 0.09% in 2019.) The more than 90 days overdue receivables out of total aged receivables of the Group is 0.1%.

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Supplementary information for the business report of ANY Group

The Company's employment policy

ANY Group places high priority on keeping labour law, labour safety, employment, tax and social insurance regulations connected to working. The Group considers the employees' continuous training and education as of strategic importance in order to ensure the renewal of professional knowledge within the Group and the adaptability of employees. ANY Group 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 Group is trying to create a workplace with proper working relations, taking the family obligations into consideration which increases the Group's profitability on the long term as well.

Environment protection

The parent company has ISO 14000:2005 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 2020, 19,366 kg dangerous waste was transported and eliminated. The parent company has being awarded Green Printing House Award for ten consecutive years this year.

Research and development

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

2, The development of products has a significant role related to new tenders.
The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 54 million.

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Significant events after the reporting period

The Consolidated Financial Statements were accepted by the Board of Directors of ANY Group on 11th March, 2021.

Treasury shares in FY2020

2. Table: Treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance as at 1 January, 2020	**448,842**	**43,987**	**455,048**
Closing balance as at 31 December, 2020	**448,842**	**43,987**	**455,048**

Number of treasury shares held by the Group on 31st December 2020 is 448,842 which were purchased at an average price of HUF 1,014 per share.
The Group's total share equity was HUF 1,449,876 thousands on 31 December 2020 which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

Competence, election and removal of corporate officers

Statutes effective from 31st March 2014 of ANY Security Printing Company PLC point 10.10 prescribes the competence of the General Meeting, of which point 'd' regulates the election (simple majority of the votes of the shareholders present) and the removal (three-quarters of the votes of the shareholders present) of the corporate officers (Members of the Board of Directors, Members of the Supervisory Board or Members of the Audit Committee).
Competence and operation is regulated in point 12 of the Statutes for the Board of Directors is, while point 14 for the Supervisory Board and point 15 for the Audit Committee.
Purchase of treasury shares is regulated by point 9.3 of Statutes, according to which General Meeting authorises the Board of Directors for purchasing treasury shares of the Company by simple majority of the votes of the shareholders present. The Board of Directors authorises the management for purchasing treasury shares of the Company by simple majority of the votes of the Board members present. The regulation effective at present in connection with purchasing treasury shares is the General Meeting Resolution No 11/2015 (20th April).
Statutes effective of the ANY Security Printing Company PLC can be found on the website of the Company under the link of Investors.
(https://www.any.hu/wp-content/files_mf/1557324630ANY_Statutes_20190408.pdf)

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Modification of the Statutes

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

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

(https://www.any.hu/wp-content/files_mf/1557324630ANY_Statutes_20190408.pdf)

Structure of shareholders over 5% share

3. Table: Structure of shareholders

Investor	Voting right (%)	Ownership (%)
Owners above 5% share		
EG CAPITAL LLC(*)	11.98%	11.62%
DIGITAL FOREST LLC(**)	6.97%	6.76%
AEGON ALFA SZÁRMAZTATOTT ALAP	6.27%	6.08%
Owners below 5% share		
Domestic Institutional Investors	29.81%	28.90%
Foreign Institutional Investors	12.08%	11.71%
Foreign Individual Investors	0.43%	0.42%
Domestic Individual Investors	28.79%	27.92%
Management, employees	2.45%	2.37%
Treasury shares	0.00%	3.03%
Other	1.22%	1.18%

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

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

Budapest, 11th March 2021 ....

Chief Executive Officer