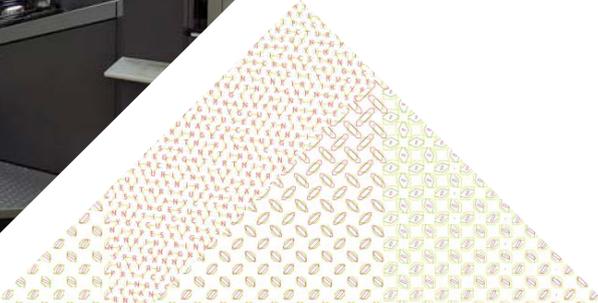
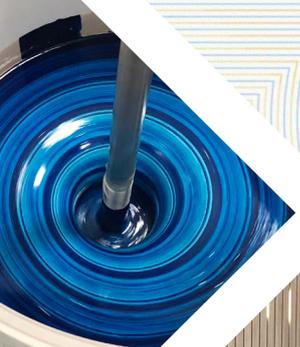
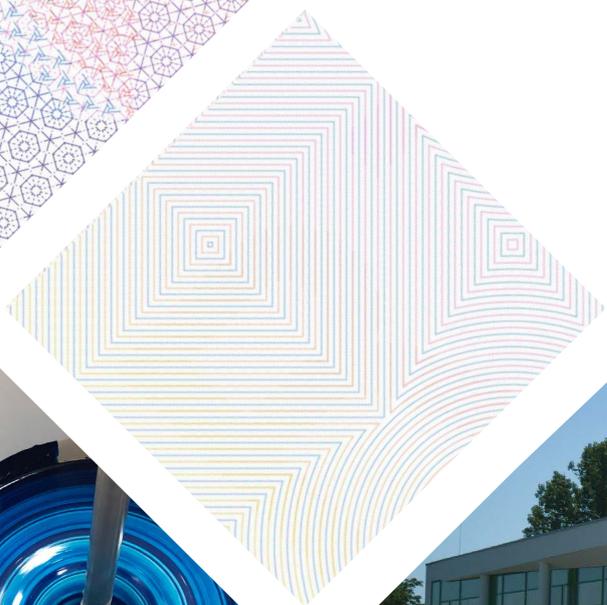
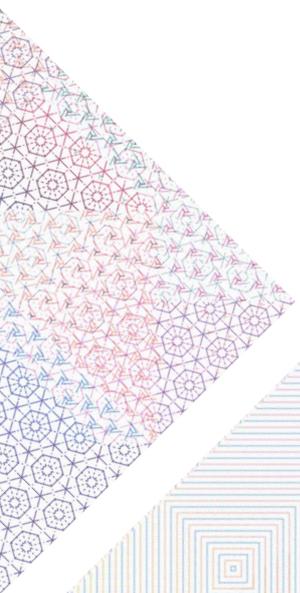


ANY



BIZTONSÁGI NYOMDA  
SECURITY PRINTING COMPANY

FORMER STATE PRINTING COMPANY



# Annual Report 2020

DEAR STAKEHOLDERS,



The pandemic started in 2020 has affected us all. Families, communities, businesses, and countries, and humanity, as a whole fell victim to the global shock.

These days, in April 2021, we cannot talk about the ordeal in the past tense yet. In Hungary, hundreds of families experience the tragedy every day and suffer irreparable losses. In some countries, a glimmer of hope is already present and we can all rejoice to read that the virus has not claimed any new victims in Portugal today or in New Zealand last week.

The Company, the Group did not lose anyone to the disease in 2020. We owe respect and thanks to the staff and the management for their efforts. Although quite a few worked from home, the majority of our staff left their home to do their job every day in Budapest, Gyomaendrőd, Pásztó, Sofia, and Bucharest. Thermometers, masks, disinfectants or even plexiglas walls have become part of our daily routine. Appreciation and acknowledgement are in order for the challenges of everyday life. In March 2020, the company's management and board of directors decided to keep jobs and, in order to strengthen the company's secure operations, profits were added to reserves and no dividends were paid last year.

In 2020, both turnover and profit declined. We can be proud that the printing company has remained profitable and is prepared for better times. Major investments have been completed, production has started in a brand new production hall in Fátyolka Street using state-of-the-art equipment. With the largest investment in its history, Kner Printing House in Gyoma heralds that Kner quality continues to represent the leading edge of the profession. Last year, our products were exported to 47 countries, with Africa being our strongest export market after Europe. We sell not only documents and plastic cards, but also patent-protected security solutions on every continent.

This annual report is thus the record of fierce struggles, just like the one a hundred years ago. It is a faithful imprint of our times and a testimony of perseverance.

We hope that in 2021 we can leave the troubles and the threat behind and deliver better news.

A handwritten signature in black ink, reading "Dr. Ákos Erdős". The signature is written in a cursive, slightly stylized font.

Dr. Ákos Erdős  
Chairman of Board of Directors

Budapest, April 27, 2021

## THE PRINTING COMPANY REMAINED STABLE EVEN IN THE EPIDEMIC SITUATION

Net sales of ANY PLC for 2020 amounted to HUF 27.4 billion on the 31st December 2020, which is lower by HUF 6.7 billion (20%) than in the same period of previous year. The decrease compared to the previous period is due to the lower orders of paper and card-based documents, which is the result of the epidemic, and election ballot orders also fell upon completion of the 2019 election works. Consolidated net income after interest income, taxation, non-controlling interest is HUF 785 million, which shows a decrease of HUF 488 million (38%). Consolidated net income for the year contains in other income the non-repayable government grant in value of HUF 502 million received for compensating losses occurred due to COVID-19 epidemic.

### More solid figures in the document market



Sales of **security products and solutions** came to HUF 6,950 million in 2020 which means a decrease of HUF 3,554 million (34%) 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.



The Company's revenues from **card production and personalisation** totalled HUF 7,900 million in the period of reference, a HUF 3,102 million (28%) decrease compared to similar period of year 2019. Mainly 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 (7%) 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.

| Sales categories                                     | FY 2019 in HUF millions | FY 2020 in HUF millions | Change in HUF millions | Change %        |
|--|-------------------------|-------------------------|------------------------|-----------------|
| 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%           |
| <b>Total net sales</b>                               | <b>34,131</b>           | <b>27,424</b>           | <b>(6,707)</b>         | <b>(19.65%)</b> |



Export sales includes the direct, joint and subsidiary export activities of ANY Security Printing Company. Export sales amounted to HUF 11.7 billion as at December 31, 2020., which is same compared to a year earlier, representing a HUF 1.0 billion decrease in the 42% export sales ratio.

**Export sales by categories**

| Sales categories                                     | FY 2019 in HUF millions | FY 2020 in HUF millions | Change in HUF millions | Change %       |
|--|-------------------------|-------------------------|------------------------|----------------|
| Security products and solutions                      | 1,751                   | 1,017                   | (734)                  | (41.92%)       |
| Card production and personalization                  | 1,457                   | 815                     | (642)                  | (44.06%)       |
| Form production and personalization, data processing | 8,887                   | 9,169                   | 282                    | 3.17%          |
| Traditional printing products                        | 23                      | 9                       | (14)                   | (60.87%)       |
| Other  | 520                     | 649                     | 129                    | 24.81%         |
| <b>Total export sales</b>                            | <b>12,638</b>           | <b>11,659</b>           | <b>(979)</b>           | <b>(7.75%)</b> |
| <b>Export (%)</b>                                    | <b>37.03%</b>           | <b>42.48%</b>           |                        |                |

Sales revenue of security products and solutions were HUF 1,017 million, which is HUF 734 million lower, than the same period of 2019. Decreasing turnover of meal vouchers was the reason for that.

Export sales revenue of card production and personalization was HUF 815 million in 2020, which was HUF 642 million lower compared to base period. Lower volume of document card sales was the reason for the change.

In the field of form production, personalisation and related logistics services export sales revenue was HUF 9,169 million at the end of the period, increased by HUF 282 million compared to the base period



## HUF 55 EARNINGS PER SHARE

Operating income is HUF 1,498 million, which is HUF 585 million (28%) lower than the profit for the base period.

Gross profit totalled HUF 7,137 million, which means a 26% gross margin. General (SG&A) expenses amounted to HUF 6,096 million on 31<sup>st</sup> December 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.

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 (Hungarian Investment Promotion Agency) 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 2,996 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%.

| Description                          | FY 2019 in<br>HUF millions | FY 2020 in<br>HUF millions | Change in<br>HUF millions | Change<br>% |
|--------------------------------------|----------------------------|----------------------------|---------------------------|-------------|
| Net sales                            | 34,131                     | 27,424                     | (6,707)                   | (19.65%)    |
| Capitalized value of assets produced | 9                          | 740                        | 731                       | 8122.22%    |
| Material expenses                    | 22,848                     | 18,749                     | (4,099)                   | (17.94%)    |
| Personnel expenses                   | 7,716                      | 6,876                      | (840)                     | (10.89%)    |
| Depreciation                         | 1,289                      | 1,498                      | 209                       | 16.21%      |
| Other expenses                       | 204                        | (457)                      | (661)                     | (324.02%)   |
| Operating income                     | 2,083                      | 1,498                      | (585)                     | (28.08%)    |
| Net profit                           | 1,273                      | 785                        | (488)                     | (38.49%)    |
| EBITDA                               | 3,372                      | 2,996                      | (376)                     | (11.15%)    |
| EBITDA margin (%)                    | 9.88%                      | 10.92%                     |                           |             |

### Board of Directors

Dr. Ákos Erdős *Chairman of Board of Directors*  
Gábor Zsámboki *Deputy Chairman of Board of Directors*  
Tamás Erdős  
György Gyergyák  
Dr. Gábor Kepecs  
Erwin Fidelis Reisch

### Supervisory Board

Dr. István Stumpf *Chairman of Supervisory Board*  
Dr. Istvánné Gömöri *Deputy Chairman of Supervisory Board*  
Ferenc Berkesi  
Dr. Imre Repa  
Katalin Hegedűs  
László Hanzsek  
Gábor Kun

### Management

Gábor Zsámboki *Chief Executive Officer*  
Dr. István Ignácz *Chief Security Officer*  
Tamás Karakó *Chief Financial Officer*  
Gábor Péter *Chief Information Officer*  
Dr. Lajos Székelyhídi *Chief Research and Development Officer*  
Zoltán Tóth *Chief Technical and Production Officer*

## MAIN FINANCIAL DATA AND INDICATORS

### IFRS CONSOLIDATED

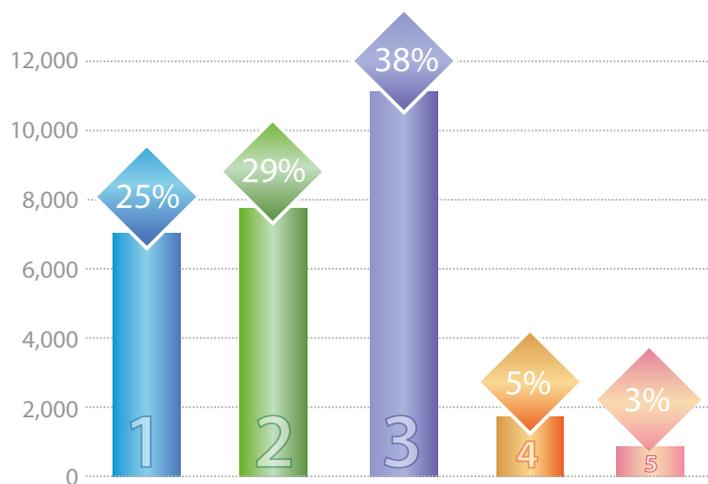
| Name                              | FY 2019<br>in HUF millions | FY 2020<br>in HUF millions |
|-----------------------------------|----------------------------|----------------------------|
| <b>Financial situation</b>        |                            |                            |
| Non-current assets                | 10,553                     | 11,301                     |
| Total assets                      | 20,473                     | 22,977                     |
| Shareholder's equity              | 7,299                      | 8,490                      |
| <b>Main categories of results</b> |                            |                            |
| Net sales                         | 34,131                     | 27,424                     |
| EBITDA                            | 3,372                      | 2,996                      |
| Profit after tax                  | 1,273                      | 785                        |
| <b>Main indicators</b>            |                            |                            |
| Return on sales (ROS) %           | 3.7%                       | 2.9%                       |
| Return on equity (ROE) %          | 17.4%                      | 9.2%                       |
| Earning per share (EPS) HUF       | 89                         | 55                         |

### Sales of product groups

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

| Sales categories                                     | FY 2019 in<br>HUF millions | FY 2020 in<br>HUF millions | Change in<br>HUF millions | Change<br>%     |
|--|----------------------------|----------------------------|---------------------------|-----------------|
| 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 | 10,256                     | 10,309                     | 54                        | 0.53%           |
| Traditional printing products                        | 1,609                      | 1,495                      | (114)                     | (7.09%)         |
| Other  | 761                        | 770                        | 9                         | 1.18%           |
| <b>Total net sales</b>                               | <b>34,131</b>              | <b>27,424</b>              | <b>(6,707)</b>            | <b>(19.65%)</b> |

ANY PLC had consolidated net sales of HUF 27,424 million on the 31<sup>st</sup> December 2020, which is HUF 6,707 million (20%) lower than the sales for the base period.



- 1 Security products and solutions
- 2 Card production and personalisation
- 3 Form production and personalisation, data processing
- 4 Traditional printing products
- 5 Other

| Sales categories                                     | FY 2020       | %          |
|--|---------------|------------|
| Security products and solutions                      | 6,950         | 25         |
| Card production and personalization                  | 7,900         | 29         |
| Form production and personalization, data processing | 10,309        | 38         |
| Traditional printing products                        | 1,495         | 5          |
| Other  | 770           | 3          |
| <b>Total net sales</b>                               | <b>27,424</b> | <b>100</b> |

### Export sales by categories

| Sales categories                                     | FY 2019 in HUF million | FY 2020 in HUF million | Change in HUF millions | Change %       |
|--|------------------------|------------------------|------------------------|----------------|
| Security products and solutions                      | 1,751                  | 1,017                  | (734)                  | (41.92%)       |
| Card production and personalization                  | 1,457                  | 815                    | (642)                  | (44.06%)       |
| Form production and personalization, data processing | 8,887                  | 9,169                  | 282                    | 3.17%          |
| Traditional printing products                        | 23                     | 9                      | (14)                   | (60.87%)       |
| Other  | 520                    | 649                    | 129                    | 24.81%         |
| <b>Total export sales</b>                            | <b>12.638</b>          | <b>11.659</b>          | <b>(979)</b>           | <b>(7.75%)</b> |
| <b>Export (%)</b>                                    | <b>37.03%</b>          | <b>42.48%</b>          |                        |                |

Export sales amounted to HUF 11,659 million as at December 31, 2020, which is lower by HUF 979 million compared to a year earlier, representing a 7.75% decrease in the 42% export sales ratio.

## Financial analysis

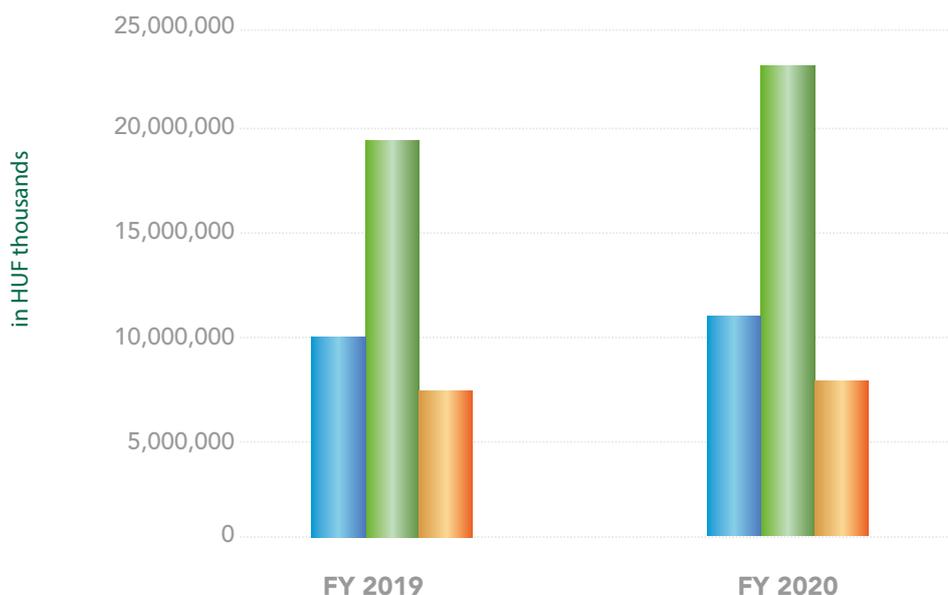
The table below presents the calculation of operating income according to the so-called "total cost accounting" method.

| Description                          | FY 2019 in HUF millions | FY 2020 in HUF millions | Change in HUF millions | Change %  |
|--------------------------------------|-------------------------|-------------------------|------------------------|-----------|
| Net sales                            | 34,131                  | 27,424                  | (6,707)                | (19.65%)  |
| Capitalized value of assets produced | 9                       | 740                     | 731                    | 8122.22%  |
| Material expenses                    | 22,848                  | 18,749                  | (4,099)                | (17.94%)  |
| Personnel expenses                   | 7,716                   | 6,876                   | (840)                  | (10.89%)  |
| Depreciation                         | 1,289                   | 1,498                   | 209                    | 16.21%    |
| Other expenses                       | 204                     | (457)                   | (661)                  | (324.02%) |
| Operating income                     | 2,083                   | 1,498                   | (585)                  | (28.08%)  |
| Net profit                           | 1,273                   | 785                     | (488)                  | (38.33%)  |
| EBITDA                               | 3,372                   | 2,996                   | (376)                  | (11.15%)  |
| EBITDA margin (%)                    | 9.88%                   | 10.92%                  |                        |           |

Net sales totalled HUF 27,424 million in 2020, which is HUF 6,707 (20%) million decrease compared to the figure for the same period of last year.

EBITDA amounted to HUF 2,996 million due to the change in operating income and depreciation, which represents a decrease of HUF 376 million compared to previous period's adjusted EBITDA. Therefore EBITDA margin is 11%. Net income came to HUF 785 million in 2020, a decrease of 38% compared to the adjusted profit of the previous year's similar period

## Financial situation of ANY Group in the years 2019 and 2020



|   |                    |            |            |
|---|--------------------|------------|------------|
|    | Non-current assets | 10,553,475 | 11,300,981 |
|    | Total assets       | 20,473,410 | 22,977,410 |
|  | Equity             | 7,298,530  | 8,490,282  |

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. The Company had non-current assets of HUF 11,301 million on 31 December 2020, which increased by HUF 748 million compared to the previous year-end.

### Changes in equity items (in HUF millions)

| In HUF millions          | Share capital | Capital reserve | Retained earnings | Treasury shares | Total        |
|--------------------------|---------------|-----------------|-------------------|-----------------|--------------|
| <b>January 1, 2019</b>   | <b>1,450</b>  | <b>251</b>      | <b>4,875</b>      | <b>(455)</b>    | <b>6,121</b> |
| Dividend                 | –             | –               | (1,161)           | –               | (1,161)      |
| Profit for the year      | –             | –               | 1,273             | –               | 1,273        |
| <b>December 31, 2019</b> | <b>1,450</b>  | <b>251</b>      | <b>4,988</b>      | <b>(455)</b>    | <b>6,233</b> |
| <b>January 1, 2020</b>   | <b>1,450</b>  | <b>251</b>      | <b>4,988</b>      | <b>(455)</b>    | <b>6,233</b> |
| Dividend                 | –             | –               | (7)               | –               | (7)          |
| Profit for the year      | –             | –               | 785               | –               | 785          |
| <b>December 31, 2020</b> | <b>1,450</b>  | <b>251</b>      | <b>5,766</b>      | <b>(455)</b>    | <b>7,011</b> |

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 2020

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# INDEPENDENT AUDITORS' REPORT



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Cg. 01-09-267553

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.

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.

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.

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

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

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

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

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

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

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

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

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

We also:

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

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

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

## 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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019

| In HUF thousands   | Notes | December 31,<br>2020 | December 31,<br>2019 |
|--|-------|----------------------|----------------------|
| <b>Current assets</b>  |       |                      |                      |
| 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<br>(without current tax receivable) | 6     | 937,780              | 553,032              |
| Current tax receivables  | 6     | 151,788              | 76,816               |
| <b>Total current assets</b>  |       | <b>11,676,429</b>    | <b>9,919,935</b>     |
| <b>Non-current assets</b>  |       |                      |                      |
| 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               |
| <b>Total non-current assets</b>  |       | <b>11,300,981</b>    | <b>10,553,475</b>    |
| <b>Total assets</b>  |       | <b>22,977,410</b>    | <b>20,473,410</b>    |
| <b>Current liabilities</b>   |       |                      |                      |
| Trade accounts payables  |       | 3,658,081            | 3,336,796            |
| Short term part of lease liabilities                                     | 23    | 463,025              | 513,035              |
| Other payables and accruals<br>(without current tax liabilities)         | 11    | 2,020,720            | 1,878,179            |
| Current tax liabilities  | 11    | 520,237              | 693,075              |
| Short term loans   | 12    | 2,507,501            | 4,895,692            |
| <b>Total current liabilities</b>   |       | <b>9,169,564</b>     | <b>11,316,777</b>    |
| <b>Long term liabilities</b>   |       |                      |                      |
| 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               |
| <b>Total long term liabilities</b>                                       |       | <b>5,317,564</b>     | <b>1,858,103</b>     |
| <b>Shareholders' equity</b>  |       |                      |                      |
| 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)             |
| <b>Total owners' equity</b>  |       | <b>7,133,974</b>     | <b>6,193,043</b>     |
| Non-controlling interest   | 15    | 1,356,308            | 1,105,487            |
| <b>Total shareholders' equity</b>  |       | <b>8,490,282</b>     | <b>7,298,530</b>     |
| <b>Total liabilities and shareholders' equity</b>                        |       | <b>22,977,410</b>    | <b>20,473,410</b>    |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019

| In HUF thousands  | Notes | FY 2020          | FY 2019          |
|---|-------|------------------|------------------|
| Net sales   | 16    | 27,424,022       | 34,130,672       |
| Cost of sales   | 18    | (20,287,271)     | (25,413,041)     |
| <b>Gross profit</b>   |       | <b>7,136,751</b> | <b>8,717,631</b> |
| 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)        |
| <b>Operating income</b>   |       | <b>1,497,713</b> | <b>2,082,750</b> |
| Interest income   |       | 4,252            | 17,094           |
| Interest expense  |       | (149,432)        | (118,743)        |
| <b>Profit before tax and non-controlling interest</b>               |       | <b>1,352,533</b> | <b>1,981,101</b> |
| Deferred tax income / (expense)                                     | 19    | (56,594)         | (4,410)          |
| Income tax expense  | 19    | (284,049)        | (454,568)        |
| <b>Total tax expense</b>  |       | <b>(340,643)</b> | <b>(458,978)</b> |
| <b>Profit after tax</b>   |       | <b>1,011,890</b> | <b>1,522,123</b> |
| 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)          |
| <b>Total comprehensive income for the year</b>                      |       | <b>1,270,901</b> | <b>1,524,401</b> |
| <i>Profit after tax attributable to</i>                             |       |                  |                  |
| <b>Shareholders of the Company</b>                                  |       | <b>784,778</b>   | <b>1,273,287</b> |
| <i>Non-controlling interests</i>                                    |       | <i>227,112</i>   | <i>248,836</i>   |
| <i>Other comprehensive income attributable to</i>                   |       |                  |                  |
| <b>Shareholders of the Company</b>                                  |       | <b>162,920</b>   | <b>(9,462)</b>   |
| <i>Non-controlling interests</i>                                    |       | <i>96,091</i>    | <i>11,740</i>    |
| <b>Earnings per share (EPS):</b>                                    |       |                  |                  |
| Basic (HUF per share)   | 21    | <b>55</b>        | <b>89</b>        |
| Fully diluted (HUF per share)                                       | 21    | <b>55</b>        | <b>89</b>        |
| <b>Dividend per share paid (DPS)</b>                                |       | <b>–</b>         | <b>92</b>        |

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019

|  | Issued<br>Capital | Capital<br>Reserve | Retained<br>Earnings | Treasury<br>Shares | Other<br>comprehensive<br>income | Non-<br>controlling<br>Interest | Total            |
|--|-------------------|--------------------|----------------------|--------------------|----------------------------------|---------------------------------|------------------|
| <b>2019. január 1.</b>   | <b>1,449,876</b>  | <b>250,686</b>     | <b>4,875,431</b>     | <b>(455,048)</b>   | <b>(30,631)</b>                  | <b>1,051,916</b>                | <b>7,142,230</b> |
| Dividend paid (after FY 2017)  | -                 | -                  | (1,161,096)          | -                  | -                                | -                               | (1,161,096)      |
| Dividend paid to minority share-<br>holders (after FY 2017 income)         | -                 | -                  | -                    | -                  | -                                | (207,004)                       | (207,004)        |
| Effect of revaluation based on<br>IAS 21                                   | -                 | -                  | -                    | -                  | -                                | 248,836                         | 248,836          |
| Profit after tax attributable to<br>non-controlling interests              | -                 | -                  | -                    | -                  | 17,896                           | 11,739                          | 29,635           |
| Other comprehensive income<br>attributable to non-controlling<br>interests | -                 | -                  | -                    | -                  | (9,989)                          | -                               | (9,989)          |
| Profit after tax attributable to<br>owners of the Company                  | -                 | -                  | 1,273,286            | -                  | -                                | -                               | 1,273,286        |
| Other comprehensive income<br>attributable to owners of the<br>Company     | -                 | -                  | -                    | -                  | (17,368)                         | -                               | (17,368)         |
| <b>December 31, 2019</b>   | <b>1,449,876</b>  | <b>250,686</b>     | <b>4,987,621</b>     | <b>(455,048)</b>   | <b>(40,092)</b>                  | <b>1,105,487</b>                | <b>7,298,530</b> |
| Dividend paid (after FY 2019)  | -                 | -                  | (6,766)              | -                  | -                                | -                               | (6,766)          |
| Dividend paid to minority share-<br>holders (after FY 2019 income)         | -                 | -                  | -                    | -                  | -                                | (72,383)                        | (72,383)         |
| Profit after tax attributable to<br>non-controlling interests              | -                 | -                  | -                    | -                  | -                                | 227,112                         | 227,112          |
| Effect of revaluation based on<br>IAS 21                                   | -                 | -                  | -                    | -                  | 107,418                          | 96,091                          | 203,509          |
| Deffered tax effect on capital<br>instruments                              | -                 | -                  | -                    | -                  | -                                | -                               | -                |
| Profit after tax attributable to<br>owners of the Company                  | -                 | -                  | 784,778              | -                  | -                                | -                               | 784,778          |
| Reserves of CF hedge<br>transaction  | -                 | -                  | -                    | -                  | 55,501                           | -                               | 55,501           |
| <b>December 31, 2020</b>   | <b>1,449,876</b>  | <b>250,686</b>     | <b>5,765,633</b>     | <b>(455,048)</b>   | <b>122,827</b>                   | <b>1,356,307</b>                | <b>8,490,282</b> |

# CONSOLIDATED STATEMENT OF CASH-FLOW AS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019

| In HUF thousands   | Notes | FY 2020            | FY 2019            |
|--|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                |       |                    |                    |
| 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)           |
| <b>Operating cash-flow before working capital changes:</b>                 |       | <b>3,130,630</b>   | <b>3,499,581</b>   |
| 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          |
| <b>Cash provided by operations</b>   |       | <b>2,600,784</b>   | <b>5,113,646</b>   |
| Interest income  |       | (145,795)          | (118,047)          |
| Interest expense   |       | (3,706)            | 7,699              |
| Taxes paid, net  | 20    | (293,667)          | (446,008)          |
| <b>Net cash provided by operating activities</b>                           |       | <b>2,157,616</b>   | <b>4,557,290</b>   |
| <b>Cash flows from investing activities</b>                                |       |                    |                    |
| 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)            |
| <b>Net cash flow used in investing activities</b>                          |       | <b>(2,181,475)</b> | <b>(2,811,654)</b> |
| <b>Cash flows from financing activities</b>                                |       |                    |                    |
| 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)        |
| <b>Net cash flow used in financing activities</b>                          |       | <b>1,067,528</b>   | <b>(1,479,286)</b> |
| <b>Changes in cash and cash equivalents</b>                                |       | <b>1,043,669</b>   | <b>266,349</b>     |
| <b>Cash and cash equivalents at beginning of period</b>                    |       | <b>1,286,667</b>   | <b>1,020,318</b>   |
| <b>Cash and cash equivalents at end of the period</b>                      | 3     | <b>2,330,336</b>   | <b>1,286,667</b>   |

# 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](http://www.any.hu).

The persons authorized to represent the Company, and to sign the annual report: Gábor Zsámboki, CEO (Address: 1028 Budapest, Csokonai utca 22). The person responsible for the accounting services registered in IFRS: Tamás Karakó, CFO (Address: 1112 Budapest, Órség u. 9/B). The auditor of the Company Ernst & Young Könyvvizsgáló Kft. (Address: 1132 Budapest, Váci út 20.), registered statutory auditor: Zsuzsanna Bartha (MKVK: 005268) (Address: 5900 Orosháza, Rákóczi út 25.). The audit fee in 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:

| Investor                         | FY 2019          |               | FY 2020          |               |
|----------------------------------|------------------|---------------|------------------|---------------|
|                                  | Voting right (%) | Ownership (%) | Voting right (%) | Ownership (%) |
| <b>Owners above 5% share</b>     |                  |               |                  |               |
| 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%         |
| <b>Owners below 5% share</b>     |                  |               |                  |               |
| 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.

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:

| Name of the Company                          | Equity          | FY 2019            |                           | FY 2020            |                           | Classification <sup>2</sup> |
|--|-----------------|--------------------|---------------------------|--------------------|---------------------------|-----------------------------|
|  |                 | Share of ownership | Voting right <sup>1</sup> | Share of ownership | Voting right <sup>1</sup> |                             |
| 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. <sup>3</sup> | HUF 50,000,000  | 100.00%            | 100.00%                   | 100.00%            | 100.00%                   | L                           |
| Techno-progress Kft.                         | HUF 5,000,000   |                    |                           |                    |                           |                             |
| 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                           |

<sup>1</sup> Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation.

<sup>2</sup> 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.

<sup>3</sup> ANYpay Fizetési Megoldások Zrt. was merged into Specimen Zrt. on 31 st August 2019

## 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 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 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% to 46% |
| Machinery and equipment | 14.5% to 33% |
| Vehicles                | 25.0% to 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

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.

## 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*

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 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 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.

## 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

- 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 for 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).

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.

The Company assessed on 31<sup>st</sup> 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 in the 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.

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.

### 3 Cash and bank

| In HUF thousands                       | December 31,<br>2020 | December 31,<br>2019 |
|--|----------------------|----------------------|
| Cash and cash equivalents              | 2,330,336            | 1,286,667            |
| <b>Total cash and cash equivalents</b> | <b>2,330,336</b>     | <b>1,286,667</b>     |

### 4 Accounts receivables

| In HUF thousands                    | December 31,<br>2020 | December 31,<br>2019 |
|-------------------------------------|----------------------|----------------------|
| Trade receivables                   | 4,251,087            | 5,046,516            |
| <i>Allowance for doubtful debts</i> | (2,902)              | (4,403)              |
| <b>Total</b>                        | <b>4,248,185</b>     | <b>5,042,113</b>     |

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:

| In HUF thousands                                   | December 31,<br>2020 | December 31,<br>2019 |
|--|----------------------|----------------------|
| <b>Balance at the beginning of the year</b>        | <b>4,403</b>         | <b>3,152</b>         |
| Impairment losses recognised on receivables        | 3,262                | 1,859                |
| Impairment losses reversed                         | (4,763)              | (608)                |
| Derecognition of receivables as uncollectable debt | –                    | –                    |
| <b>Balance at the end of the year</b>              | <b>2,902</b>         | <b>4,403</b>         |

### 5 Inventories

| In HUF thousands                               | December 31,<br>2020 | December 31,<br>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               |
| <i>Cumulated loss in value for inventories</i> | (310,149)            | (272,618)            |
| <b>Total</b>                                   | <b>4,008,340</b>     | <b>2,961,307</b>     |

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

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

| In HUF thousands                     | December 31,<br>2020 | December 31,<br>2019 |
|--------------------------------------|----------------------|----------------------|
| VAT receivable                       | 71,334               | 68,746               |
| Other taxes receivable               | 64,117               | 7,704                |
| Corporate income tax receivable      | 16,337               | 366                  |
| <b>Total current tax receivables</b> | <b>151,788</b>       | <b>76,816</b>        |

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%.

## 7 Property, Plant and Equipment

| In HUF thousands                 | Land and buildings | Machinery and equipment | Property rights | Vehicles and other equipments | Capital projects | Total             |
|----------------------------------|--------------------|-------------------------|-----------------|-------------------------------|------------------|-------------------|
| <b>Cost:</b>                     |                    |                         |                 |                               |                  |                   |
| <b>January 1, 2019</b>           | <b>4 666 123</b>   | <b>13,796,341</b>       | <b>30,933</b>   | <b>2,584,526</b>              | <b>692,452</b>   | <b>21,770,375</b> |
| Capitalization                   | 93,878             | 1,254,579               | 20,166          | 517,903                       | 2,645,075        | <b>4,531,601</b>  |
| Additions                        | –                  | 638,551                 | –               | 77,645                        | 1,374,816        | <b>2,091,012</b>  |
| Reclassification                 | –                  | 887,711                 | –               | –                             | –                | <b>887,711</b>    |
| Disposals                        | –                  | –                       | –               | –                             | –                | –                 |
| <b>December 31, 2019</b>         | <b>4,760,001</b>   | <b>13,524,658</b>       | <b>51,099</b>   | <b>3 024,784</b>              | <b>1,962,712</b> | <b>23,323,254</b> |
| <b>January 1, 2020</b>           | <b>4,760,001</b>   | <b>13,524,658</b>       | <b>51,099</b>   | <b>3 024,784</b>              | <b>1,962,712</b> | <b>23,323,254</b> |
| Capitalization                   | 2,566,487          | 1,522,603               | 20,166          | 482,414                       | 2,615,058        | <b>7,206,728</b>  |
| Additions                        | 2,616              | 770,560                 | 20,146          | 37,859                        | 4,065,267        | <b>4 896,448</b>  |
| Disposals                        | –                  | 315,714                 | –               | 30,290                        | 499,461          | <b>845,465</b>    |
| <b>December 31, 2020</b>         | <b>7,323,872</b>   | <b>14,848,698</b>       | <b>51,119</b>   | <b>3,439,049</b>              | <b>13,042</b>    | <b>24,788,069</b> |
| <b>Accumulated depreciation:</b> |                    |                         |                 |                               |                  |                   |
| <b>January 1, 2019</b>           | <b>1,521,095</b>   | <b>10,002,799</b>       | <b>10,767</b>   | <b>1,685,826</b>              | –                | <b>13,220,487</b> |
| Charge for year                  | 134,823            | 877,229                 | –               | 277,405                       | –                | <b>1,289,457</b>  |
| Impact of IAS 36 revaluation     | –                  | –                       | –               | –                             | –                | –                 |
| Reclassification                 | –                  | 241,339                 | –               | –                             | –                | <b>241,339</b>    |
| Disposals                        | –                  | 513,418                 | –               | 76,777                        | –                | <b>590,195</b>    |
| <b>December 31, 2019</b>         | <b>1,655,918</b>   | <b>10,607,949</b>       | <b>10,767</b>   | <b>1,886,454</b>              | –                | <b>14,161,088</b> |
| <b>January 1, 2020</b>           | <b>1,655,918</b>   | <b>10,607,949</b>       | <b>10,767</b>   | <b>1,886,454</b>              | –                | <b>14,161,088</b> |
| Charge for year                  | 202,606            | 934,299                 | –               | 344,544                       | –                | <b>1 481,449</b>  |
| Impact of IAS 36 revaluation     | –                  | –                       | –               | –                             | –                | –                 |
| Disposals                        | 22,575             | 531,307                 | 0               | 48,924                        | –                | <b>602,806</b>    |
| <b>December 31, 2020</b>         | <b>1,835,949</b>   | <b>11,010,941</b>       | <b>10,767</b>   | <b>2,182,074</b>              | –                | <b>15,039,731</b> |
| <b>Net book value:</b>           |                    |                         |                 |                               |                  |                   |
| <b>January 1, 2019</b>           | <b>3,145,028</b>   | <b>3,793,542</b>        | <b>20,166</b>   | <b>898,700</b>                | <b>692,452</b>   | <b>8,549,888</b>  |
| <b>December 31, 2019</b>         | <b>3,104,083</b>   | <b>2,916,709</b>        | <b>40,332</b>   | <b>1,138,330</b>              | <b>1,962,712</b> | <b>9,162,166</b>  |
| <b>December 31, 2020</b>         | <b>5,487,923</b>   | <b>4,079,123</b>        | <b>40,352</b>   | <b>1,256,975</b>              | <b>13,042</b>    | <b>9,748,338</b>  |

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.

## 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            |
|---|-----------------|-------------------------|-------------------------------|------------------|
| <b>Cost:</b>  |                 |                         |                               |                  |
| <b>January 1, 2019</b>                                    | <b>133,500</b>  | <b>867,307</b>          | <b>85,589</b>                 | <b>1,086,396</b> |
| Of which impact of IFRS 16                                | 133,500         | –                       | 85,589                        | 219,089          |
| Additions   | –               | 190,613                 | 169,664                       | 360,277          |
| Disposals   | –               | –                       | –                             | –                |
| <b>December 31, 2019</b>                                  | <b>133,500</b>  | <b>1,057,920</b>        | <b>255,253</b>                | <b>1,446,673</b> |
| <b>January 1, 2020</b>                                    | <b>133,500</b>  | <b>1,057,920</b>        | <b>255,253</b>                | <b>1,446,673</b> |
| Additions   | –               | 520,555                 | 69,320                        | 350,646          |
| Disposals   | –               | 22,302                  | –                             | 22,302           |
| <b>December 31, 2020</b>                                  | <b>133,500</b>  | <b>1,556,173</b>        | <b>324,573</b>                | <b>1,775,017</b> |
| <b>Accumulated depreciation:</b>                          |                 |                         |                               |                  |
| <b>January 1, 2019</b>                                    | <b>–</b>        | <b>–</b>                | <b>–</b>                      | <b>–</b>         |
| Charge for year   | 61,615          | 256,646                 | 96,754                        | 415,015          |
| Of which impact of IFRS 16                                | 61,615          | –                       | 96,754                        | 158,370          |
| <b>December 31, 2019</b>                                  | <b>61,615</b>   | <b>256,646</b>          | <b>96,754</b>                 | <b>415,015</b>   |
| <b>January 1, 2020</b>                                    | <b>61,615</b>   | <b>256,646</b>          | <b>96,754</b>                 | <b>415,015</b>   |
| Charge for year   | 61,616          | 248,155                 | 83,478                        | 393,249          |
| <b>December 31, 2020</b>                                  | <b>123,231</b>  | <b>504,801</b>          | <b>180,232</b>                | <b>808,264</b>   |
| <b>Net book value:</b>                                    |                 |                         |                               |                  |
| <b>January 1, 2020</b>                                    | <b>71,885</b>   | <b>801,274</b>          | <b>158,499</b>                | <b>1,031,658</b> |
| <b>December 31, 2020</b>                                  | <b>10,269</b>   | <b>1,051,372</b>        | <b>144,341</b>                | <b>1,205,983</b> |

## 9 Goodwill

| In HUF thousands        | December 31,<br>2020 | December 31,<br>2019 |
|-------------------------|----------------------|----------------------|
| Zipper Services SRL     | 276,231              | 276,231              |
| Gyomai Kner Nyomda Zrt. | 26,994               | 2,994                |
| Techno-Progress Kft.    | 20,509               | 20,509               |
| Specimen Zrt.           | 12,123               | 12,123               |
| <b>Goodwill</b>         | <b>335,857</b>       | <b>335,857</b>       |

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

### COST

| In HUF thousands                      | December 31,<br>2020 | December 31,<br>2019 |
|---------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year  | 335,857              | 335,857              |
| <b>Balance at the end of the year</b> | <b>335,857</b>       | <b>335,857</b>       |

### 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

| In HUF thousands                 | Research and development costs | Softwares | Total intangibles |
|----------------------------------|--------------------------------|-----------|-------------------|
| <i>Historical cost:</i>          |                                |           |                   |
| 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           |
| <i>Accumulated amortisation:</i> |                                |           |                   |
| 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           |
| <i>Net book value</i>            |                                |           |                   |
| January 1, 2019                  | 24,716                         | 100,544   | 125,260           |
| December 31, 2019                | 12,852                         | –         | 12,852            |
| December 31, 2020                | 989                            | –         | 989               |

## 11 Other payables and accruals

| In HUF thousands                   | December 31,<br>2020 | December 31,<br>2019 |
|------------------------------------|----------------------|----------------------|
| Accrued management bonuses         | –                    | 240,662              |
| Other accruals                     | 297,265              | 252,465              |
| <i>Of which: accrued creditors</i> | 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               |
| <b>Other payables and accruals</b> | <b>2,020,721</b>     | <b>1,878,179</b>     |

| In HUF thousands                     | December 31,<br>2020 | December 31,<br>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              |
| <b>Total current tax liabilities</b> | <b>520,237</b>       | <b>693,075</b>       |

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

| In HUF thousands                                    | December 31,<br>2019 | Increase         | Decrease         | December 31,<br>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          | 76,928           | 143,133              |
| <b>Total short term loans and overdrafts</b>        | <b>4,895,692</b>     | <b>2,701,157</b> | <b>5,089,348</b> | <b>2,507,501</b>     |
| Long term loan of Parent Company                    | –                    | 4,174,506        | –                | 4,174,506            |
| Long term loan of Parent Company                    | 1,045,670            | 294,934          | 1,037,207        | 303,397              |
| <b>Long term loan of subsidiary</b>                 | <b>1,045,670</b>     | <b>4,469,440</b> | <b>1,037,207</b> | <b>4,477,903</b>     |
| <b>Total loans and borrowings:</b>                  | <b>5,941,362</b>     | <b>7,170,597</b> | <b>6,126,555</b> | <b>6,985,404</b>     |

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 during the purchase of ANY Ingtatlanhasznosító 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:

| In HUF thousands  | December 31, 2020 |               | December 31, 2020 |               |
|-------------------|-------------------|---------------|-------------------|---------------|
|                   | Issued            | Treasury      | Issued            | Treasury      |
| Registered shares | 1,449,876         | 43,986        | 1,449,876         | 43,986        |
| <b>Total</b>      | <b>1,449,876</b>  | <b>43,986</b> | <b>1,449,876</b>  | <b>43,986</b> |

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 2020 is 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.

## 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 (in HUF thousands)              | FY 2020           | FY 2019           |
|---------------------------------------|-------------------|-------------------|
| Sales revenue from customer contracts | 27,424,022        | 34,130,672        |
| Revenue from other sources            | –                 | –                 |
| <b>Total sales</b>                    | <b>27,424,022</b> | <b>34,130,672</b> |

| Impairment of receivables (in HUF thousands)                   | FY 2020  | FY 2019  |
|--|----------|----------|
| Impairment recognized on trade receivables, contractual assets | –        | –        |
| Impairment from other contracts                                | –        | –        |
| <b>Total impairment</b>  | <b>–</b> | <b>–</b> |

| Sales segments (in HUF thousands)                    | FY 2020           | FY 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           |
| <b>Total net sales</b>                               | <b>27,424,022</b> | <b>34,130,672</b> |

Total revenue in 2020 by countries:

| Revenue by Countries (in HUF thousands) | FY 2020           | FY 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             |
| Total                                   | –                 | 4,665             |
| <b>Total</b>                            | <b>27,424,022</b> | <b>34,130,672</b> |

## 17 Other expenses, net

| In HUF thousands   | FY 2020        | FY 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           |
| <b>Total other incomes</b>                                   | <b>619,768</b> | <b>98,208</b>    |
| 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           |
| <b>Total other expenses</b>                                  | <b>274,571</b> | <b>306,126</b>   |
| <b>Total</b>   | <b>345,197</b> | <b>(207,918)</b> |

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

## 18 Cost of sales and selling general and administration costs

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

| In HUF thousands                         | FY 2020           | FY 2019           |
|--|-------------------|-------------------|
| 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)           |
| <b>Total cost and expenditures</b>       | <b>26,383,522</b> | <b>31,865,676</b> |
| 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  | <b>26,383,522</b> | <b>31,865,676</b> |

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

## 19 Taxation

| In HUF thousands                  | December 31,<br>2020 | December 31,<br>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               |
| <b>Current year tax expense</b>   | <b>284,049</b>       | <b>454,568</b>       |
| Deferred tax (income) / expense   | 57,764               | 4,410                |
| <b>Total tax expense</b>          | <b>341,813</b>       | <b>458,978</b>       |

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 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.

| In HUF thousands  | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| <b>Opening deferred tax liability</b>   | <b>360,953</b>       | <b>351,910</b>       |
| 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)                |
| <b>Closing deferred tax liability</b>   | <b>421,58</b>        | <b>360,953</b>       |

| In HUF thousands                              | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| <b>Opening deferred tax assets</b>            | <b>18,730</b>        | <b>24,086</b>        |
| Deferred tax asset on write-off for bad debts | 129                  | (110)                |
| Deferred tax asset on deferred yearly losses  | 3,910                | (5,247)              |
| <b>Closing deferred tax assets</b>            | <b>22,769</b>        | <b>18,730</b>        |

| In HUF thousands                          | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| <b>Opening deferred tax liability net</b> | <b>342,223</b>       | <b>327,824</b>       |
| <b>Closing deferred tax liability net</b> | <b>398,817</b>       | <b>342,223</b>       |

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

| In HUF thousands                                      | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| <b>Profit before tax and non-controlling interest</b> | <b>1,352,533</b>     | <b>1,981,100</b>     |
| Tax at statutory rate of 9% (*)                       | 121,728              | 178,299              |
| Impact of Government Decree 171/2020. (IV. 30) (**)   | (65,592)             | –                    |
| Other permanent differences (***)                     | 4,907                | (9,855)              |
| <b>Corporate income tax expense</b>                   | <b>61,043</b>        | <b>168,444</b>       |

(\*) 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  | December 31,<br>2020 | December 31,<br>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)              |
| <b>Total other comprehensive income for the year</b>   | <b>259,011</b>       | <b>2,278</b>         |

\* 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 with 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,<br>2020 | December 31,<br>2019 |
|--|----------------------|----------------------|
| Weighted average shares outstanding for:     | 14,345,808           | 14,345,808           |
| Net income used in the calculation           | 784,778              | 1,273,286            |
| <i>Basic and diluted earnings per share:</i> |                      |                      |
| Basic (HUF per share)                        | 55                   | 89                   |
| Fully diluted (HUF per share)                | 55                   | 89                   |

## 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  | 83,669                                  | 463,025        |
| Expired leasing liabilities in 20212           | –   | 222,174  | 59,174                                  | 281,348        |
| Expired leasing liabilities in 2023            | –   | 138,739  | 12,282                                  | 151,020        |
| Expired leasing liabilities in 2024            | –   | –  | –                                       | –              |
| <b>Total</b>                                   | <b>14,174</b>                               | <b>726,097</b>   | <b>155,123</b>                          | <b>895,393</b> |

| Leasing interest analysis (in thHUF) | Leasing liabilities related to real estates | Leasing liabilities related to machinery and equipment | Leasing liabilities related to vehicles | Total         |
|--------------------------------------|---|--|---|---------------|
| Leasing interest in 2020             | 832   | 8,503  | 3,766                                   | <b>13,101</b> |

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.

## 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 with 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 Tipó 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).

## 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  | Name                             | Position                                | Assignment started | Assignment ends | ANY shares owned (no.)** |
|---|----------------------------------|---|--------------------|-----------------|--------------------------|
| BD  | Dr. Ákos Erdős <sup>2</sup>      | Chairman of Board of Directors          | 1993*              | April 30, 2023  | 2,45,253                 |
| 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  | Dr. Gábor Kepecs                 | Member of Board of Directors            | May 31, 2019       | April 30, 2023  | –                        |
| BD  | Tamás Erdős <sup>3</sup>         | 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 <sup>4</sup> | 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    | –                        |
| <b>ANY részvény tulajdon (db) ÖSSZESEN:</b> |                                  |   |                    |                 | <b>4,075,880</b>         |

<sup>1</sup> Employee in a strategic position (SP), Board of Directors member (BD), Supervisory Board member (SB)

<sup>2</sup> Dr. Ákos Erdős controls ANY shares indirectly through EG Capital LLC and Fortunarum Kft.

<sup>3</sup> Tamás Erdős controls ANY shares indirectly through Digital Forest LLC.

<sup>4</sup> Dr. Istvánné Gömöri controls ANY shares indirectly through BELU S.A.R.L.

\* Re-elected by the Annual General Meeting held on 31st March, 2014

\*\* Gábor Zsámboki has been the deputy chairman of the Board of Directors since 11th August, 2014.

## 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.

## 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 |
|-------------------------------------|----------|-------------------|-------------------|
| <b>Foreign currency receivables</b> | 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)            |          | <b>2,647,216</b>  | <b>3,562,717</b>  |
| <b>Foreign currency cash</b>        | EUR      | 2,250,758         | 929,910           |
|                                     | USD      | 114,266           | 456,375           |
|                                     | GBP      | 676               | 731               |
|                                     | BGN      | 1,146,797         | 1,140,192         |
|                                     | RON      | 10,921,81         | 7,441,286         |
|                                     | MDL      | 9,169,509         | 3,056,254         |
|                                     | DKK      | –                 | –                 |
|                                     | SEK      | –                 | –                 |
| Total (in HUF thousands)            |          | <b>2,047,540</b>  | <b>1,201,351</b>  |
| <b>Foreign currency liabilities</b> | 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           |
| <b>Total (in HUF thousands)</b>     |          | <b>2,183,566</b>  | <b>1,957,562</b>  |

### Impact of a possible 1% foreign exchange rate decrease in each foreign currency (in HUF thousands)

|  | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| <b>Impact on foreign currency assets</b>                     | <b>46,948</b>     | <b>47,641</b>     |
| <b>Impact on foreign currency liabilities</b>                | <b>(21,836)</b>   | <b>(19,576)</b>   |
| <b>Total impact of possible foreign exchange rate change</b> | <b>25,112</b>     | <b>28,065</b>     |

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 thHUF)                  | 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           |
| <b>Total</b>                                  | <b>6,083,419</b> | <b>1,493,322</b> | <b>371,916</b>    | <b>1,313,630</b> | <b>4,813,693</b> | <b>14,075,980</b> |

| ANY Group FY 2019 (in thHUF)                   | 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           |
| <b>Total</b>                                   | <b>5,504,535</b> | <b>5,412,665</b> | <b>390,681</b>    | <b>1,422,805</b> | <b>–</b>     | <b>12,730,686</b> |

### 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 11<sup>th</sup> 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, 11<sup>th</sup> March 2021

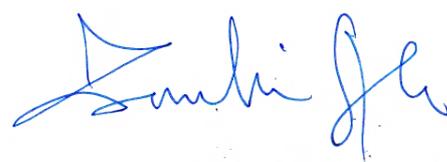


Chief Executive Officer

## STATEMENT OF RESPONSIBILITY

Gábor Zsámboki, as the CEO of ANY Security Printing Company Plc., I hereby declare that the consolidated annual report based on the applicable accounting rules and on our best knowledge gives a true and fair view about the assets, liabilities, financial position, profit and loss of the issuer and the legal entities involved into the consolidation, furthermore the consolidated management report gives a true and fair view about the position, development, and achievement of the issuer and the legal entities involved into the consolidation while reviewing the main risks and uncertainty factors.

Budapest, 29<sup>th</sup> April, 2021



Gábor Zsámboki  
Chief Executive Officer

## ANY SECURITY PRINTING COMPANY GROUP

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