4iG

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PLC.'S

CONSOLIDATED FINANCIAL STATEMENTS FOR H1 2019, COMPILED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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Executive Summary

OPERATIONAL EFFICIENCY

As a result of the transformations started in the 2018 business year, 4iG Plc. (“4iG” or “Company”) has set out on a new development trajectory in 2019. In addition to transforming its ownership structure and establishing new subsidiaries, the Company has made a great stride towards the improvement of its efficiency and towards increasing its contract portfolio in terms of orders received from both in the public and in the private business sectors.
As a result, on 30 June 2019, 4iG could conclude the most successful six months ever since its establishment. Despite the seasonality characterising the IT market, namely that companies realise the highest revenues in the second half of the financial year, calculated according to the IFRS method, in the first six months of 2019 the Company achieved consolidated sales revenues in the amount of HUF 14.5 billion in addition to an EBITDA exceeding HUF 1 billion and HUF 579 million profit after taxes. The Company’s sales revenues have increased by 133.58 per cent on a year earlier, while the EBITDA, a margin that measures a company’s business performance has increased about 40-fold in comparison to H1 2018.
The management expects 4iG to continue increase in 2019 H2. As a result of the projects in progress, the planned acquisitions, the business agreements in preparation and the tenders expected in the second half of the year, as at 31 December 2019, 4iG’s consolidated IFRS sales revenue and EBIDTA will exceed all previous expectations.

DISTRIBUTION OF INCOME

In H1 2019, the Company intensified its presence in nearly every segment of the economy. 4iG received its most significant orders were received in logistics, education, the pharmaceutical industry, healthcare, automation, passenger transport by air, banking and financial consultation, but it also made good profits on licences, on the purchase of assets, infrastructure operation and IT security. As a characteristic feature of the countries in this region, the overwhelming majority of revenues earned by ICT companies come from public sector orders. 4iG’s H1 2019 revenues developed in line with the market trends: 61 per cent of the Company’s consolidated IFRS sales revenue was obtained from the public sector and 39 per cent from large multinational corporations and orders placed by small and medium-sized businesses. 4iG’s Board of Directors has set the objective to increase the Companies’ operating revenues from the private business sector by an uninterrupted expansion of the services offered by the Company. Meanwhile, the management is continually looking for opportunities to also promote 4iG’s even more proactive participation in technological research.

CAPITAL MARKET PERFORMANCE

The average stock-market price of 4iG Plc.'s shares (HUF 731) for H1 2019 was ten times the average price recorded in H1 2018, and the HUF 1076 closing price as at 30 June 2019 was fourteen times the closing price recorded at the end of June 2018. On 30 June 2019, 4iG's market capitalisation was HUF 101.1 billion.
In addition to 4iG's business performance and the acquisitions announced by the Company, additional factors also contributed to the liquidity of 4iG shares.

a) Reclassification into the premium category
Based on Resolution no. 193/2019 of the chief executive officer of Budapesti Értéktőzsde Zrt., since 19 June 2019 the Company's shares have been classified into the premium category, and thus 4iG shares have officially become a target for investment funds.

b) Inclusion into Hungarian and international equity indices
In March 2019, based on the proposal of BÉT's Index Committee, the chief executive officer of Budapest Stock Exchange decided on the new composition of the BUX and BUMIX baskets. As a result, on 18 March 2019, 4iG was also admitted to Hungary's elite club, and its shares were included in the BUX basket.

Since 18 March 2019, 4iG's shares have also been admitted to several globally significant international equity indices. As a result of FTSE Russell's six-monthly review, the Company's shares will be included in the FTSE Micro Cap and FTSE Total Cap Emerging Europe indices within the "FTSE Global Equity Index – Emerging Europe" series.

c) Split
In its resolution no. 12/2019.(IV.25.), the Company's general meeting resolved to modify the structure of the total number of 18,800,000 Series A ordinary shares representing the Company's share capital and having a nominal value of HUF 100 each. As a result, the nominal value of the ordinary shares were split into one-fifth and at present the Company's share capital comprises shares with the nominal value of HUF 20 each ("Split"). The first day of trading with 4iG's (new) Series A ordinary shares representing a nominal value of HUF 20 was 17 June 2019.

CHANGES IN THE COMPANY MANAGEMENT AND OWNERSHIP STRUCTURE

As from 18 March 2019, the Board of Directors appointed Mr Gellért Jászai, Chairman of the Board of Directors, to act as the Company's chief executive officer and to attend to the tasks of operative management. On 17 June 2019, Mr Gellért Jászai reported that through over-the-counter transactions and by the acquisition of KZF Vagyonkezelő Kft., in the aggregate he obtained 32.01 per cent ownership in 4iG, and in compliance with the relevant statutory regulations, he would make a mandatory takeover bid to the Company's shareholders in order to increase his share in the Company to 40.2 per cent. By these transactions the president and chief executive officer of 4iG obtained controlling interest in the Company and became 4iG's principal shareholder.

PROSPECTS AND VISION

For the year 2019, the Board of Directors continue to consider shareholder value creation as their fundamental objective, and to this end, uninterrupted increase in the Company's market prevalence and market share. In addition to retaining its current partners, 4iG endeavours to penetrate new market segments and reinforce its market positions. The Board of Directors have set the strategic goal to make the Company the predominant business in Hungary's ICT market and one of the leading information technological service providers in the region.

From building information technological infrastructure to individual, even customised, developments requiring knowledge with high added value, our Company can meet all customer demands. Today 4iG's partners require complex solutions to support their successful operation. Offering a broad range of solutions by its staff of well-equipped experts, ample references and ever increasing capacities, the Company is ready to fully satisfy the increased and diverse market demand.

4iG's Board of Directors also supports corporate growth by regular acquisitions, including a preliminary agreement of outstanding significance, which was concluded with Magyar Telekom Plc. after closing of the first half of the year. Pursuant to this agreement, after a full-scale screening of the project company, 4iG will purchase T-Systems Magyarország Zrt. Once this transaction has been brokered successfully, Magyar Telekom and 4iG will also enter into a partnership in the sale of telecommunication services to the large corporate and public sectors. With this step, 4iG may rise to the level of the largest IT company in Hungarian hands still before the end of this year.

Description	H1 2019	H1 2018	Change +/- as a percentage
Net sales revenue	**14,539,021**	**6,224,556**	**133.58**
Earnings before interest, tax and amortisation (EBITDA)	**1,009,306**	**25,450**	**3865.84**
Operating profit and loss (EBIT)	715,196	(181,092)	n.a.
P/L after taxes (PAT)	579,242	(245,957)	n.a.
Total comprehensive income	**579,242**	**(245,957)**	**n.a.**
Headcount*	441	353	24.93
Net sales revenue per capita****	36,257	16,688	117.27
Average staff headcount	401	373	7.51
Stock-exchange indicators			
Stock-exchange closing share price* (HUF)	1076	70	1445.98
Mean stock-exchange share price (HUF)	731	64	1049.54
4iG Plc.'s market capitalisation (HUF billion)	101.1	6.5	1445.98
Earnings per share			
EBITDA**	11	0.3	3865.84
Net earnings per share (EPS)**	6	(3)	n.a.
Diluted EPS**	6	(3)	n.a.
Equity**	35	25	36.74

*At the end of the period
**HUF
***Relative to the average headcount

The following table shows quarterly changes in the Company Group's efficiency:

Consolidated comprehensive income (P/L) statement

Description	H1 2019	H1 2018	Change +/- %	2019 Q2	2018 Q2	Változás +/- %
Revenues	**14,687,138**	**6.480.821**	126,62	9.754.966	3.289.669	**196,53**
- of this: Net sales revenue	14.539.021	6.224.556	133,58	9.688.735	3.118.086	210,73
Cost of goods sold + mediated services	10.985.150	4.230.735	159,65	7.789.120	2.110.343	269,09
Operating expenses	672.134	722.004	(6,91)	335.251	402.724	(16,75)
Staff costs	2.000.023	1.480.298	35,11	1.087.352	773.784	40,52
Other expenses	20.525	22.334	(8,10)	17.013	3.956	330,06
Earnings before interest, tax and amortisation (EBITDA)	**1.009.306**	**25.450**	**3.865,84**	**526.230**	**(1.138)**	**n.a.**
Depreciation	294.110	206.542	42,40	164.742	101.435	62,41
P/L before on financial transactions and earnings before interest and taxes (EBIT)	**715.196**	**(181.092)**	**n.a.**	**361.488**	**(102.573)**	**n.a.**
Income from financial operations	71.048	38.616	83,99	30.113	20.581	46,31
Financial expenses	83.857	62.267	34,67	49.125	34.263	43,38
P/L before taxes (PBT)	**702.387**	**(204.743)**	**n.a.**	**342.476**	**(116.255)**	**n.a.**
Profit taxes	123.145	41.214	198,79	43.763	23.410	86,94
Net P/L	**579.242**	**(245.957)**	**n.a.**	**298.713**	**(139.665)**	**n.a.**
Other comprehensive income	0	0	n.a.	0	0	n.a.
Total comprehensive income	**579.242**	**(245.957)**	**n.a.**	**298.713**	**(139.665)**	**n.a.**
Of this: P/L on discontinued activity	*0*	*0*		*0*	*0*	

Earnings per share (EPS)	**2019.06.30**	**2018.06.30**
Earnings per share, basic value (EPS)	6	(3)
Earnings per share, diluted value	6	(3)
Of the net P/L:	**2019.06.30**	**2018.06.30**
Parent company's share	579.242	(245.957)
Non-controlling participations' share	-	-
Of the total comprehensive income:	**2019.06.30**	**2018.06.30**
Due to the parent company's owners	579.242	(245.957)
Non-controlling participations' share	-	-

1. The issuer's general data

Company name:	4iG Nyilvánosan Működő Részvénytársaság (4iG Public Limited Company, previously: FreeSoft Plc., previously: Fríz 68 Szolgáltató és Kereskedelmi Rt.)
Legal status:	Public limited company
Registered office:	H-1037 Budapest, Montevideo u. 8.
Branch office:	H-8000 Székesfehérvár, Seregélyesi út 96. H-6782 MÓRAHALOM, Röszkei út 43.
Company registration number:	01-10-044993
Tax number:	12011069-2-41
Statistical code:	12011069-6209-114-01
Registered capital:	HUF 1,880,000,000
Date of incorporation:	8 January, 1995
Date of transformation:	2 April 2004

Date of adoption for stock-exchange listing:22 September 2004

2. Share information

Share types:	registered shares, dematerialised
Nominal value of the shares:	HUF 20 per share
Number of shares:	94,000,000
ISIN code of the shares:	HU 0000167788
Share series:	"A"
Serial numbers of the shares:	0000001 – 94000000
Own shares repurchased:	2,250,000

Other information relating to the shares:

- Each share represents the same rights and each share carries 1 vote.
- The shares are traded in the PREMIUM category at the Budapest Stock Exchange, and represent the total registered capital, i.e. no other participation in 4iG Plc. has been issued.
- Sale of the shares is not restricted, no pre-emption right has been stipulated, but the shares can only be transferred by debit or credit to the relevant securities account. When a share is transferred, the shareholder may only exercise his right vis-a-vis the Company if the new owner's name has been registered in the share shareholders' register.
- The register of the Company's shareholders is maintained by KELER Zrt.
- Special control rights have not been stipulated.
- We are not aware of any shareholder's agreement related to control rights.
- The Company does not have an employee share scheme.
- The voting rights are not restricted, and only repurchased own shares do not carry votes. As at 30 June 2019, there were 2,250,000 repurchased own shares.
- Minority rights: The shareholders representing at least 1 percent of the votes may at any time request the convention of the Company's general meeting, giving reasons and specifying its purpose.

- According to the Statutes, the general meeting elects officers with a simple majority of the votes.
- The Company's operative management is performed by the Board of Directors.
- Increase in the share capital is resolved by the general meeting on the basis of the Board of Directors' proposal. The general meeting is not required to adopt a resolution only in the case the Statutes assigns share capital increase to the competence of the Board of Directors. During the compilation of the Business Report, the Board of Directors are not authorised to issue new shares.
- The Company's general meeting held on 17 January 2018 authorised the Board of Directors, for a period of 18 months from the adoption of the resolution by the general meeting, i.e. up to 17 July 2019, to purchase maximum 470,000 or 4,700,000 dematerialised Series A shares of the Company's own shares, each carrying the nominal value of HUF 1000 or HUF HUF 100, respectively. Purchase is primarily allowed in the framework of stock exchange trade, at a price no less than HUF 1000 or HUF 100 and no more than HUF 5000 or HUF 500. The Board of Directors can only purchase the Company's own shares over the counter if the share price is at least 20 per cent less than the current stock exchange rate. At the next general meeting the Board of Directors must justify and describe the nature of purchasing the Company's own shares, specify the number and total nominal value of shares acquired, the ratio of these shares to the Company's share capital and the consideration paid.
- There is no agreement that would enter into force, be amended or terminate as a result of a change in the business's management after a takeover bid.
- No agreement between the Company and its executive officer or employee requires compensation if such executive officer resigns or employee quits work, or if the employment of the executive officer or employee is terminated unlawfully, or if such employment is terminated due to a takeover bid.
- On 14/06/2019, President and CEO of 4iG Plc. Gellért Jászai purchased 100 per cent of the business shared in KZF Vagyonkezelő Kft. By the share transactions performed on the same day, KZF Vagyonkezelő Kft., and consequently, Gellért Jászai, obtained a title to 32.01 per cent in 4iG Plc. It made a compulsory takeover bid for the other shares, and the bid period ends on 28 August 2019.
- The Company's general meeting held on 26 July 2018 resolved to split the shares, which resulted in a change of the nominal value of each share to HUF 100.
  From 5 October 2018, 4iG Plc.'s shares were traded at a nominal value of HUF 100 per share in the standard section of the Budapest Stock Exchange.
  The Company's general meeting held on 25 April 2019 resolved on another split of the shares, which resulted in a change of the nominal value of each share to HUF 20.
  Since 17 June 2019, 4iG Plc.'s shares have been traded at a nominal value of HUF 20 per share on the Budapest Stock Exchange.
- On 19 June 2019, the CEO of the Budapest Stock Exchange reclassified 4iG shares into the Premium category.

3. Ownership structure

	30 June 2019	30 June 2018
KZF Vagyonkezelő Kft.	32.01%	n.a.
OPUS GLOBAL Plc	9.95%	9.95%
KONZUM PE MAGÁNTÕKEALAP	19.82%	22.75%
István Fehér	n.a.	5.85%
HS Board Kft.	n.a.	5.67%
Béla Zsolt Tóth	n.a.	5.71%
Own shares held by the 4iG group	2.39%	2.59%
Ratio of publicly held shares	35.83%	49.37%
Total	**100.00%**	**100.00%**

*1.89 per cent of the shares held by Béla Zsolt Tóth as at 30/06/2018 represented indirect ownership through HS Board Kft., and as such, the ratio of publicly held shares should be adjusted for it (it has been added).

4. Executive officers

In the period between 01/01/2019 and 30/06/2019, 4iG Plc.'s executive officers were the following:

4.1 Company management

Board of Directors: Gellért Jászai, Chairman of the Board of Directors, Chief Executive Officer
Aladin Linczényi, Member of the Board of Directors
Béla Zsolt Tóth, Member of the Board of Directors
Béla Zibriczki, Member of the Board of Directors
Márk Hetényi, Member of the Board of Directors (01/01/2019-13/03/2019)

Supervisory Board: Zoltán Simon, Chairman of the Supervisory Board
Zsuzsanna Ódorné Angyal, Member
János Tima, member

Audit Committee: Zoltán Simon, Chairman of the Audit Committee
Zsuzsanna Ódorné Angyal, Member
János Tima, member

4.2 Remuneration of the executives

In this period the members of the Company's Board of Directors, Supervisory Board and Audit Committee were remunerated as follows.
In its resolution no. 37./2014(10.27), the general meeting decided that each member of the Board of Directors were entitled to HUF 175,000 per month, and the Chairman of the Board of Directors was entitled to HUF 200.000 per month as a honorarium.

In its resolution no. 42./2014(10.27), the general meeting decided that each member of the Supervisory Board were entitled to HUF 155,000 per month, and the Chairman of the Supervisory Board was entitled to HUF 175.000 per month as a honorarium.
The members of the Audit Committee are not separately remunerated for their work performed in the Audit Committee.

4.3 4iG shares in the ownership of executive officers

Executive officer		Number of shares on 30/06/2019			Ownership ratio %)
Name	Position	Direct ownership	Direct ownership	Direct and indirect	Dir.+ Indir.
Gellért Zoltán Jászaii	Chief executive Officer	0	30 093 050	30 093 050	32,01%
Béla Zsolt Tóth	Member of the Board of Directors	1 052 200	0	1 052 200	1,12%

4.4 Signatories of the Report

Pursuant to the resolution adopted by the general meeting of the Company held on 21 January 2013, the persons authorised to sign for the company are either the Chairman of the Board of Directors separately, or any two members of the Board of Directors jointly.

4.5 Election and relieving of office-holders

The general meeting is authorised to elect and relieve the Company's executive officers.

4.6 Executive competences

The Company's executive officers are not authorised to issue or purchase shares. Occasionally, the general meeting may authorise the Board of Directors to issue or repurchase the Company's shares.

5. Report and Statement on Responsible Corporate Governance

The Company has a Report and Statement on Responsible Corporate Governance, and reviews and, if required, amends its corporate governance annually. The changes are approved at the annual general meeting and publishes them under the title "Statement of Responsible Corporate Governance" after the general meeting.
The "Report and Statement on Responsible Corporate Governance" is accessible on the websites www.4ig.hu, www.bet.hu and www.kozzetetelek.hu.

- The Company compiles its report and statement on its responsible corporate governance on the basis of the Recommendations for Responsible Corporate Governance, published by Budapesti Értéktőzsde Zrt.
- The Company applies the mandatorily required rules of corporate governance.
- Based on the Supervisory Board's proposal, the Board of Directors consents to and the general meeting approves the Report and Statement on Responsible Corporate Governance. The Report and Statement on Responsible Corporate Governance includes BÉT's recommendations and gives details and reasons for any deviation from them.
- The Report and Statement on Responsible Corporate Governance includes BÉT's recommendations and gives details and reasons for any deviation from them. During the compilation of the Executive Report, the Board of Directors attends to the

Company’s operative management, and before third parties the Board of Directors is represented by the Chairman of the Board of Directors.

- Nobody has been authorised for the purposes set out in the Statutes and in the Report and Statement on Responsible Corporate Governance.
- It is ensured by the control built-in the Company’s internal control procedure and by the regular audit performed by the controlling department. Risks are eliminated at weekly executive meetings.

6. Modification of the Statutes

Only the general meeting is authorised to amend the Company’s Statutes.

7. Subsidiaries

Name of the subsidiary	Registered office	Ownership share 2019	Ownership share 2018
HUMANsoft Kft.	H-1037 Budapest, Montevideo u. 8.	up to 31/01/2019	100.00%
Axis Rendszerház Kft.	H-1037 Budapest, Montevideo u. 8.	up to 31/01/2019	100.00%
HUMANsoft Kft.’s subsidiary:			
Mensor 3D Kft.	H-1037 Budapest, Montevideo u. 8.	up to 31/01/2019	100.00%
Humansoft Szerviz Kft.	H-1037 Budapest, Montevideo u. 8.	100.00%	n.a.

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8. The most important events of the period (in a chronological order)

8.1 The merger of subsidiaries into 4iG Plc

In its ruling no. 01-10-044993/158 adopted on 29 January 2019 to update the register (hereinafter: “Ruling”), the Companies Court of Court of Budapest registered the fact that the Company’s subsidiaries, i.e. Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság registered office: H-1037 Budapest, Montevideo u. 8., company registration number: 01-09-199169); Mensor3D Korlátolt Felelősségű Társaság (registered office: H-1037 Budapest, Montevideo u. 8., company registration number: 01-09-328695), and HUMANsoft Elektronikai Korlátolt Felelősségű Társaság (registered office: H-1037 Budapest, Montevideo u. 8., company registration number: 01-09-062054) fused with 4iG Plc by merger.

8.2 Conclusion of a high-value contract (12/02/2019)

4iG Plc. concluded a contract with DXC Technology Magyarország Kft. (H-1114 Budapest, Bartók Béla Road 43-47.; reg. no.: 01-09-075933) as a result of an open public procurement procedure for the implementation of a “Planning and command system for the rolling stock and human resources” and a “Data warehouse and reporting system” under the INKA2 Project of MÁV (the Hungarian Railways).
The project is financed from European Union funds.
The purpose of the project is to ensure more efficient operation of MÁV and to consolidate its IT applications.
The value of the contract is HUF 900,000,000 + VAT.

8.3 Change of ownership (13/02/2019)

In the framework of an over-the-counter transaction, KZF Vagyonkezelő Korlátolt Felelősségű Társaság (registered office: H-1062 Budapest, Andrássy út 59., company registration number:01-09-294248; hereinafter: “KZF Vagyonkezelő Kft.”), in the ownership of Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: H-1062 Budapest, Andrássy út 59., company registration number: 01-10-045654, tax number: 13960904-2-42, hereinafter: “Fund Manager”) obtained a share package consisting of 4,242,610, i.e. four million two hundred and forty-two thousand six hundred and ten 4iG Plc. shares representing the nominal value of HUF 100 each, issued by the Company and owned by REPRO I. Invest Korlátolt Felelősségű Társaság (registered office: H-1062 Budapest, Andrássy út 59., company registration number: 01-09-326193; hereinafter: “REPRO I. Invest Kft.”), a company in the ownership of REPRO I Magántőkealap (REPRO I Private Equity Fund, registration number: 6122-57), also managed by the Fund Manager.

8.4 4iG Plc.’s shares will be included in the FTSE Micro-Cap and FTSE Total Cap indexes within the “FTSE Global Equity Index – Emerging Europe” series.

As a result of FTSE Russell’s six-monthly review, the Company’s shares will be included in the FTSE Micro Cap and FTSE Total Cap indexes within the “FTSE Global Equity Index – Emerging Europe” series.
The above changes took effect after the 15 March 2019 stock exchange closing, on 18 March 2019.

8.5 Award of a high-value tender (26/02/2019)

In two centralized public procurement procedures initiated by the Government Information Technology Development Agency (KIFÜ) for the delivery of active network devices and related services by restarting the bidding procedure, 4iG Plc.’s bids were awarded.
In relation to the digital transformation of public education, vocational training, higher education and adult education systems and the implementation of the Digital Education Strategy of Hungary, the purposes of the project are:
1 to support the development of connections between public educational institutions' sites by supplying and installing CPE routers;
2 to expand the KIFÜ's central backbone network with active network devices and expansion modules, including on-site installation and system integration.
The aggregate value of these two procedures is HUF 2,353,060,000 + VAT.

8.6 Staff changes

The Board of Directors of the Company elected the Company's Chairman of the Board of Directors Gellért Jászai to act as the Company's Chief Executive Officer for an indefinite period with effect from 18/03/2019.

8.7 Inclusion into Hungarian equity index

In March 2019, based on the proposal of BÉT's Index Committee, the chief executive officer of Budapest Stock Exchange decided on the new composition of the BUX and BUMIX baskets. As a result, on 18 March 2019, 4iG was also admitted to Hungary's elite club, and its shares were included in the BUX basket.

8.8 Sale of own shares

On 19/03/2019, the Company sold 37,120 of its dematerialised, series A shares from its treasury stock on the Budapest Stock Exchange for a price of HUF 4,980 each with the assistance of Equilor Zrt., acting as an investment service provider ("Transaction").

As a result of the Transaction, the number of shares in the Company's ownership dropped from 487.120 to 450.000. The Company's own (treasury) shares represent a total of 2.39 per cent.

8.9 Signature of a high-value contract (25/03/2019)

ND Nemzeti Dohánykereskedelmi Nonprofit Zrt. (registered office: H-1136 Budapest, Pannónia u. 40., company registratyion number: 01 10 047581, hereinafter: "ND") awarded the open public procurement tender invited "for the procurement of services for the development and operation of DAKIR - Information System for the Identification of Tobacco Products to implement Articles 15 and 16 of Directive 2014/40/EU of the European Parliament and of the Council and Commission Implementing Regulation 2018/574" to a consortium including 4iG Plc. as a member.

The contract moratorium expired on 24 March 2019. The contracting process has begun, and 4iG Plc. wishes to conclude a contract with ND for the procurement of services for the development and operation of DAKIR - Information System for the Identification of Tobacco Products to implement Articles 15 and 16 of Directive 2014/40/EU of the European Parliament and of the Council and Commission Implementing Regulation 2018/574.

The prospective contract will be valid for a fixed term of 61 months. The estimated value of the procurement for the duration of the contract is HUF four (4) billion net. The tobacco products manufactured after 20 May 2019 must display the codes generated by the DAKIR system. 4iG Plc. has prepared for system live start on deadline.

8.10 Signature of a high-value contract (27/03/2019)

Two high-value contracts were concluded by the Company and the Government Information Technology Development Agency (registered office: H-1027 Budapest, Csalogány utca 9-11., registration number: 598316; hereinafter: KIFÜ).

Based on the framework contract (hereinafter: FC) concluded as a result of a centralised public procurement with a framework contract and conducted by the Közbeszerzési és Ellátási Főigazgatóság (KEF [Public Procurement and Supply Directorate], hereinafter: Procurement Agency) for institutions subject to or voluntarily joining centralised public procurement for the “Purchase of active network devices and the delivery of related services - 2018” under no. TED 2018/S 025-052837, KIFÜ ordered products and services from 4iG Plc. as a result of the re-opened tender.

In relation to the digital transformation of public education, vocational training, higher education and adult education systems and the implementation of the Digital Education Strategy of Hungary, the purposes of the projects specified in the two contracts are:

1 to support the development of connections between public educational institutions' sites by supplying and installing CPE routers;

2 to expand the KIFÜ's central backbone network with active network devices and expansion modules, including on-site installation and system integration.

The total amount of the contracts under Sections 1 and 2 above is: HUF 2,353,060,000 + VAT

8.11 Establishment of a subsidiary

On 5 April 2019, the Company established a fully owned subsidiary with a share capital of HUF 3 million under the name “Humansoft Szerviz Korlátolt Felelősségű Társaság”, which was registered by the Companies Court on 17/04/2019 under no. 01-09-340476.

Registered office of the Company: H-1037 Budapest, Montevideo u. 8.

Core activity: 9511 ’08 Repair of computers and peripheral equipment

8.12 The Company’s annual general meeting held on 25/04/2019

On 25 April 2019, the Company held its regular annual general meeting.

The Company published the minutes of the general meeting on the same day.

The general meeting has resolved to approve – with an unchanged content:

- the Board of Directors’ proposal in respect of the 2018 financial statements, balance sheet and income statement, and the 2018 profit;
- the Board of Directors’ report on the Company’s 2018 business operations;
- a report by the Company’s auditor on the audit of the 2018 annual financial statements and the auditor’s opinion described above;
- a report by the Audit Committee about the 2018 financial statements;
- a report by the Supervisory Board on the 2018 financial statements;
- the Board of Directors’ report on the Company’s management, the Company’s financial position and business policy.

By its resolution, the general meeting has also approved the Company’s annual report for 2018, compiled in accordance with the IFRS (International Financial Reporting Standards) with the following key data:

- HUF 3,793,547,000 assets/capital and liabilities, total
- HUF 2,628,152,000 equity
- HUF 25,600,000 profit after taxes

By this resolution, the general meeting has also approved the Company’s consolidated annual report for 2018, compiled in accordance with the IFRS (International Financial Reporting Standards) with the following key data:

- HUF 8,395,003,000 assets/capital and liabilities, total
- HUF 2,719,556,000 equity
- HUF 101,922,000 total comprehensive profit after taxes

By its resolution the general meeting has also approved the annual reports of the subsidiaries merged into the Company with effect from 31/01/2019 (HUMANsoft Elektronikai Korlátolt

Felelősségű Társaság [company registration number: 01-09-062054], Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695] and Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság [company registration number: 01-09-199169]) for 2018 with the following key data:

<u>HUMANsoft Elektronikai Korlátolt Felelősségű Társaság</u>

- HUF 5,718,730,000 assets/capital and liabilities, total
- HUF 992,444,000 equity
- HUF 24,269,000 total comprehensive profit after taxes

<u>Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695]</u>

- HUF 161,457,000 assets/capital and liabilities, total
- HUF 144,982,000 equity
- HUF 20,563,000 total comprehensive profit after taxes

<u>Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság</u>

- HUF 778,684,000 assets/capital and liabilities, total
- HUF 361,893,000 equity
- HUF 69,466,000 total comprehensive profit after taxes

In addition, with due consideration, among others, to the reports of the Supervisory Board and the Audit Committee and to the Board of Directors' proposal, the general meeting has resolved not to pay dividend on the Company's 2018 profit.

The general meeting has approved 4iG Plc.'s business report for the (business) year 2017, published in the form of a proposal to the general meeting and describing the management, business policy and financial position of 4iG Plc.

The general meeting has approved 4iG Plc.'s Responsible Corporate Governance Report and Disclaimer for the (business) year 2017, published in the form of a proposal to the general meeting.

The general meeting has resolved that with a view to the contract concluded on the 18/07/2018 by the Company and INTERAUDITOR Neuner, Henzl, Honti Tanácsadó Korlátolt Felelősségű Társaság (registered office: H-1074 Budapest, Vörösmarty utca 16-18. A. ép. fszt. 1/F; company registration number: 01-09-063211; tax number: 10272172-2-42; personally accountable for the performance of audit: Zsuzsanna Freiszberger, [mother's maiden name: Rózsa Mária Böczkös, residential address: H-2440 Százhalombatta, Rózsa utca 7.; number of registration with Chamber of Hungarian Accountants: 007229] "INTERAUDITOR Kft." or "Auditor") for audit (contract for service), the Company's books will also be audited by INTERAUDITOR Kft. in the business year 2019.

Based on preliminary consultations with the Auditor, the general meeting has resolved to set the fees due and payable to the Auditor's in 2019 at HUF 4,350,000 + VAT, i.e. four million five hundred and fifty thousand Hungarian forints + VAT (i.e. five million five hundred and twenty four thousand five hundred Hungarian forints gross) for the separate IAS-IFRS annual report, and at HUF 2,000,000 + VAT, i.e. two million Hungarian forints + VAT (i.e. two million five hundred and forty thousand Hungarian forints gross) for the Company's consolidated annual report.

The general meeting has evaluated the executive officers' work performed in 2018, and has issued discharges for them.

The general meeting has resolved to approve the final statements of assets and liabilities and the final inventories of assets and liabilities of the subsidiaries (legal predecessors entities), i.e. HUMANsoft Elektronikai Korlátolt Felelősségű Társaság [company registration number:

01-09-062054], Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695] and Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság [company registration number: 01-09-199169]), incorporated into the Company by merger, with unchanged contents compiled by ESSEL Audit Kft., acting as an independent auditor contributing to transformation in accordance with the relevant provisions of the Act on Company Transformation and in addition to the Company's auditor, by the day of transformation (merger) under the provisions of the Act on Company Transformation, i.e. 31/01/2019.

The key data of the final statements of assets and liabilities and the final inventories of assets and liabilities, compiled by ESSEL Audit Kft., acting as an independent auditor contributing to transformation, by the day of transformation (merger), i.e. 31/01/2019, include the following:

<u>HUMANsoft Elektronikai Korlátolt Felelősségű Társaság</u>

- HUF 6,243,109,000 assets/capital and liabilities, total
- HUF 953,600,000 shareholder's equity
- HUF 38,844,000 total comprehensive profit after taxes

<u>Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695]</u>

- HUF 142,644,000 assets/capital and liabilities, total
- HUF 139,538,000 shareholders' equity
- HUF 5,444,000 total comprehensive profit after taxes

<u>Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság</u>

- HUF 744,163,000 assets/capital and liabilities, total
- HUF 355,744,000 shareholders' equity
- HUF 6,148,000 total comprehensive profit after taxes

The general meeting has resolved to approve the final statements of assets and liabilities and the final inventories of assets and liabilities of the recipient (legal successor) entity, with contents identical to those included in the proposal compiled by ESSEL Audit Kft., acting as an independent auditor contributing to transformation in accordance with the relevant provisions of the Act on Company Transformation and in addition to the Company's auditor, by the day of transformation (merger) under the provisions of the Act on Company Transformation, i.e. 31/01/2019.

The key data of the final statements of assets and liabilities and the final inventories of assets and liabilities, compiled by ESSEL Audit Kft., acting as an independent auditor contributing to transformation, by the day of transformation (merger), i.e. 31/01/2019, include the following:

In respect of the Company acting as the recipient company ("Recipient Entity") in the course of transformation (merger):

- HUF 4,126,659,000 assets/capital and liabilities, total
- HUF 2,534,033,000 shareholders' equity

In respect of the Company acting as the recipient company ("Newly Established Entity") in the course of transformation (merger):

- HUF 8,654,325,000 assets/capital and liabilities, total
- HUF 2,321,283,000 shareholders' equity

The general meeting acknowledged the resignation of Márk Hetényi (mother's maiden name: Judit Varsányi, place and date of birth: Budapest, 19 October, 1974; residential address: H-1055 Budapest, Wesselényi u. 17. 3. em. 6.a; tax number: 8393725445), member of the Company's Board of Directors (executive officer) from his Board membership with effect from 13/03/2019.

The general meeting has resolved not to elect a new member in the Board of Directors in the place of its resigning Board member, with a view to the fact that the Company's Board of Directors is capable of continuing its operation in compliance with the relevant statutory regulations and with the Company's Statutes with only 4 (four) Board members.

The general meeting has resolved to continue the operation of the branch office located at H-6782 Mórahalom, Röszkei út 43. and belonging to HUMANsoft Elektronikai Korlátolt Felelősségű Társaság (company registration number: 01-09-062054), a subsidiary incorporated in the company by merger, as the Company's branch office.

With due consideration to the rise in the prices of the shares issued by the Company since the last share split performed on 05/10/2018, the general meeting has resolved to modify the current structure of the Company's share capital comprising a total of 18,800,000, i.e. eighteen million eight hundred thousand series A ordinary shares representing a nominal value of HUF 100 each, i.e. one hundred Hungarian forints, by splitting the nominal value of the ordinary shares issued by the Company to 1/5, i.e. one-fifth, in order that after the modification the Company's share capital (left unchanged) comprise 94,000,000, i.e. one hundred and fifty million four hundred thousand ordinary shares representing the nominal value of HUF 20, i.e. twenty Hungarian forints each.

As a result of transformation, 1 ordinary share with the nominal value of HUF 100, i.e. a hundred Hungarian forints will be replaced by 5, i.e. five ordinary shares with a value of HUF 20, i.e. twelve point five Hungarian forints, each. The transformation does not change the total amount of the Company's share capital or the other rights carried by series A shares, the total nominal value of series A shares remains unchanged, and the related amendment of the Statutes ensures that the ratio of voting rights on the shares remains unchanged after the transformation.

The general meeting has resolved to change the Company's current core activity, being 6209'08 "Other information technology and computer service activities", and to specify 6201'08 "Computer programming" as the Company's core activity, with a view to the fact that as a result of the transformation (merger) performed by the Company, which included the merger of its subsidiaries into the Company (HUMANsoft Elektronikai Korlátolt Felelősségű Társaság [company registration number: 01-09-062054], Mensor3D Korlátolt Felelősségű Társaság [company registration number: 01-09-328695] and Axis Rendszerház Informatikai Fejlesztő és Tanácsadó Korlátolt Felelősségű Társaság [company registration number: 01-09-199169]), computer programming has become the activity ensuring the highest added value.

With due consideration to the fact that as a result of the transformation (merger) performed at the Company, the activities included in the Company's Statutes currently in force have been expanded, the Company includes the following activities among its business activities:

- 4110 '08 Development of building projects
- 4312 '08 Site preparation
- 5819 '08 Other publishing
- 5911 '08 Motion picture, video and television programme production activities
- 6202 '08 Information technological consultation
- 6820 '08 Rental and operating of own or leased real estate
- 7112 '08 Engineering activities and technical consultancy
- 7120 '08 Technical testing and analysis
- 7311 '08 Advertising agencies
- 7733'08 Renting of office machinery (including: computers)

- 8230 ‘08 Organisation of conventions and trade shows
- 9499 ‘08 Other community and social activity n.e.c.

The general meeting has approved the amendments to the Statutes and the consolidated Statutes.

8.13 Award of a high-value tender to the Company (02/05/2019)

The National Healthcare Centre (registered office: H-1125 Budapest, Diós árok 3., tax number: 15324683-2-43, hereinafter: NHC) awarded the re-opened centralised public procurement tender invited for the “Purchase of small- and large-size servers in the framework of the Healthy Budapest project” to 4iG Plc.

The purpose of procurement is to set up and commission infrastructure for the individual branch offices of the participants in the Healthy Budapest Project, including system integration services and training. The performance deadline is 60 days following contract conclusion.

The value of the tender is HUF 689,997,476 + VAT.

The contract moratorium expired on 09/05/2019.

8.14 Award of a high-value tender to the Company (08/05/2019)

As a result of a re-opened centralised public procurement tender, Magyar Export-Import Bank Zártkörűen Működő Részvénytársaság (registered office: H-1065 Budapest, Nagymező u. 46-48.) awarded the tender “Development consultancy related to the implementation of software development projects financed from funds made available by the European Union under the 2014-2020 programming period” to 4iG Plc. - Part 1: HUF 315,246,400 net for duties related to “Specialist support to duties related to development, application support and operation” under a framework contract for “Development consultancy based on the Microsoft .Net framework and the Microsoft Business Intelligence”;

and “Development consultancy related to the implementation of software development projects financed from funds made available by the European Union under the 2014-2020 programming period” - Part 2: HUF 372,985,920 net for duties related to “Specialist support to project implementation tasks” under a framework contract for “Development consultancy to Java or Microsoft Business Intelligence-based development environment”.

The two contracts represent a total of HUF 688,232,320 net.

The contract moratorium expired on 16 May 2019.

8.15 Award of a high-value tender to the Company (08/05/2019)

4iG Plc. was awarded the tender invited by the Klebelsberg Centre for the “Purchase of interactive panels and the provision of e-learning training services in the framework of the EFOP-3.2.4-16-2016-00001 project entitled ‘Improvement of digital competence’”.

The purpose of the project is to supply, mount and commission 3005 interactive panels and wallboards or mobile boards for schools maintained by the Klebelsberg Centre and by the school district centres of the convergence region, to provide on-site training on their use, and to ensure accredited e-learning training related to the methodology of handling and using interactive panels.

The value of the tender is HUF 4,390,500,000 + VAT.

8.16 Publication of information on business management in Q1 2019 (17/05/2019)
On 17 May 2019, the Company published its executive report including the data of its Q1 2019 business management.

8.17 Conclusion of a high-value contract by the Company (21/05/2019)
4iG Plc. and NISZ Nemzeti Infókommunikációs Szolgáltató Zrt. signed a high-value contract on 21 May 2019.

NISZ Nemzeti Infókommunikációs Szolgáltató Zrt. awarded the public procurement tender *"Purchase of ORACLE licences and the manufacturer's product support - Phase 2*" to the joint application submitted by LicensePort Zrt., 4iG Plc., CompuTREND Zrt., Delta Systems Kft., Grepton Zrt., EXE Magyarország Zrt. and TRACO Zrt.

The procurement procedure was arranged by re-opening the competition on the basis of the 2nd part of framework agreement no. KM0101-05SLIC17, concluded with KEF. The purpose of the procurement is the purchase of the Oracle licences used by NISZ and its related institutions, and the provision of the manufacturer's product support. Among the members of the winning consortium, 4iG Plc. is the supplier.
The value of the contract is HUF 1,297,000,000 + VAT.

8.18 Modification of the structure of 4iG Plc.'s ordinary shares (split)
In resolution no. 12/2019.(IV.25.) of the general meeting, the Company resolved to modify the current structure of the Company's share capital, comprising a total of 18,800,000, i.e. eighteen million eight hundred thousand Series A ordinary shares, each representing a nominal value of HUF 100, i.e. one hundred Hungarian forints, by splitting the nominal value of the ordinary shares issued by the Company to 1/5, i.e. one-fifth, in order that henceforth the Company's share capital should comprise 94,000,000, i.e. ninety-four million ordinary shares, each representing a nominal value of HUF 20, i.e. twelve point five Hungarian forints (hereinafter: ***"Split"***) and performed this modification on consultation with KELER Zrt. according to the following time schedule:

- the last day of trading with 4iG Plc.'s (old) Series A ordinary shares, each with a nominal value of HUF 100 (ISIN: HU0000161518) at the Budapest Stock Exchange was: 14/06/2019; the first day of trading with 4iG's (new)
- Series A ordinary shares with the nominal value of HUF 20 (ISIN: HU0000167788) was: 17/06/2019;
- value date of the Split: 19/06/2019;

8.19 Significant change in 4iG Plc.'s ownership structure (14/06/2019)
President and CEO of 4iG Plc. Gellért Jászai purchased 100 per cent of the business shared in KZF Vagyonkezelő Kft. By the share transactions performed on the same day, KZF Vagyonkezelő Kft., and consequently, Gellért Jászai, obtained a title to 32.01 per cent in 4iG Plc.

8.20 Submission of a compulsory bid to MNB

Acting as joint bidders, private person **Gellért Jászai, iKON Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság** (registered office: H-1037 Budapest, Montevideo u. 8., company registration number: 01-10-140332), and **KZF Vagyonkezelő Korlátolt Felelősségű Társaság** (registered office: H-1062 Budapest, Andrássy út 59, company registration number: 01-09-294248), submitted a mandatory takeover bid on 17 June 2019 to all the shareholders of the Company through the National Bank of Hungary (**"Supervisory Authority"**) for the purchase of the registered ordinary shares, each carrying the nominal value of HUF 20, i.e. twenty Hungarian forints (ISIN ID: HU0000167788), issued by the Company, pursuant to Section 68 (3) of Act CXX of 2001 on the Capital Market (**"Capital Market Act"**).

8.21 Reclassification of 4iG shares into the premium category

Based on Resolution no. 193/2019 of the chief executive officer of Budapesti Értéktőzsde Zrt., since 19 June 2019 the Company's shares have been classified as premium shares.

8.22 Conclusion of a high-value contract by the Company (19/06/2019)

4iG Plc. and Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zrt. (registered office: H-1027 Budapest, Kacsa utca 15-23.) signed a high-value contract on 19 June 2019.
Based on the KEF framework agreement, the public procurement procedure for the "Development of the digital tools of a mobile tourism application" was conducted by re-opening competition and awarded to 4iG Plc., and it was followed by the conclusion of the relevant contract. In addition to the development of a mobile tourism application, the purpose of the project is to ensure the development capacity for the handover of a system that is also accessible as a web surface.
The value of the contract is HUF 649,887,000 + VAT.

8.23 Award of a high-value tender to the Company (26/06/2019)

The public procurement tender invited by MVMI Informatika Zártkörűen Működő Részvénytársaság (registered office: H-7030 Paks, Vasút utca 1.) for the conclusion of a *"Framework agreement for the purchase and servicing of IT tools"* was awarded to 4iG Plc.
The contract was concluded for a definite period of 2 years following its execution.
The net limit set out in the framework agreement is HUF 2,679,000,000.

8.24 Signature of a high-value contract (14/08/2019)

Budapest Bank Zrt (registered office: H-1138 Budapest, Váci út 193.) and 4iG Plc. entered into a framework agreement for the "development of banking business application and related systems", and the parties also signed the first individual order under the framework agreement.
The first individual order under the framework agreement represents a value of:
HUF 1,192,000,000 + VAT.

8.25 Change of ownership (02/09/2019)

The number of the Company's voting shares in the direct ownership of Gellért Jászai (hereinafter: 4iG Share) increased to 37,798,850 thirty seven million seven hundred and

ninety-eight million eight hundred and fifty shares, and thus the ratio of his voting right in the Company increased to 41.2 per cent; his influence to 40.21 per cent).
As a result of the over-the-counter transactions performed on 30/08/2019 and 02/09/2019, the number of voting 4iG Shares in the direct ownership of KONZUM PE Magántőkealap (registration number: 6122-44), a private fund managed by OPUS Global Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: H-1062 Budapest, Andrássy út 59.; company registration number: Cg. 01-10-045654) dropped by 7,705,800, i.e. seven million seven hundred and five thousand eight hundred to 10.928.850, i.e. ten million nine hundred and twenty-eight thousand eight hundred and fifty, thus its ratio of voting shares in the Company declined to 11.91 per cent and its influence to 11.63 per cent.

8.26 4iG Plc. has been included in the CECE stock market index of the Austrian Wiener Börse (05/09/2019)

4iG Plc. will have 0.14 per cent in the Index after the re-weighting due on 20/09/2019. The new Index will enter into force as at 23/09/2019.

8.27 4iG Plc.'s special general meeting (05/09/2019)

The most important resolutions adopted by 4iG Plc.'s special general meeting held on 5 September 2019 include the following:

- For a period of five (5) years, the general meeting authorised the Board of Directors to increase the Company's share capital, including cases of conditional share capital increase, with the proviso that the Board of Directors is entitled to increase the share capital by any method(s) allowed in law and at any frequency up to a total of HUF 3,000,000,000, i.e. three billion Hungarian forints, and is entitled to set an issue price other than the nominal value. This authorisation includes decision-making in all related issues and resolutions otherwise falling within the competence of the general meeting, thus including especially but not limited to the required amendments of the Company's Statutes.
- In order to promote the Company's rapid development and the attraction of investors, the general meeting authorises the Board of Directors to have the Company issue corporate bonds up to a total of HUF 30,000,000,000, i.e. thirty billion Hungarian forints. The issued bonds may be traded publicly or privately. This authorisation includes decision-making in all related issues and resolutions otherwise falling within the competence of the general meeting.
- For a period of eighteen (18) months the general meeting authorises the Board of Directors to order the Company to acquire the ordinary shares, issued by the Company and representing HUF 20, i.e. twenty Hungarian forints each, as its own shares, through the Budapest Stock Exchange or over the counter, in a number not exceeding twenty-five per cent (25%) of the Company's share capital at any time, with the proviso that in the case of an onerous acquisition, the value of the consideration may not be less than the closing price quoted by the Budapest Stock Exchange Ltd on the day immediately preceding the date of contract conclusion, less thirty (30) per cent, and may not exceed the closing price quoted by the Budapest Stock Exchange Ltd on the day immediately preceding the date of contract conclusion, increased by thirty (30) per cent. This authorisation includes decision-making in all related issues and resolutions otherwise falling within the competence of the general meeting.

- The general meeting elected Zoltán Simon (mother's maiden name: Julianna Kiss; date of birth: 27/06/1978; residential address: H-1033 Budapest, Huszti út 21. 5. em. 45; tax number: 8407191698) to act as a new Member of the Company's Board of Directors with joint signatory right as from 06/09/2019 for an indefinite period of time, and simultaneously acknowledged Supervisory Board and Audit Committee member Zoltán Simon's resignation from his membership in the Supervisory Board and in the Audit Committee as of the date of the general meeting, i.e. 05/09/2019.
- The general meeting elected the following persons to act as new members in the Company's Supervisory Board and Audit Committee as from 06/09/2019 for an indefinite period of time:
  - Gábor Tomcsányi (mother's maiden name: Dr Krisztina Timár; residential address: H-1124 Budapest, Mártonhegyi út 50/F. 1.);
  - András Kunosi (mother's maiden name: Mária Erzsébet Nagy; residential address: H-2030 Érd, Kont utca 38.).

- The general meeting resolved to operate the property located at H-6722 Szeged, Tisza Lajos körút 41. as one of its branch offices and to have it registered as its branch office in the Company's Statutes.

If and where the provisions of the above-referenced general meeting resolutions affect the Company's Statutes, the Company's Statutes have been modified.

8.28 Company acquisition (10/09/2019)

On 10 September 2019 4iG Plc. acquired 100 per cent of the shares in Veritas Consulting Kft. (registered office: H-1118 Budapest, Schweidel utca 11., company registration number: 01 09 328642), thus becoming its sole owner. Veritas Consulting Kft. has a SAP PartnerEdge status.

CONSOLIDATED FINANCIAL STATEMENTS

COMPILED ACCORDING TO THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS

30 June 2019

II. FINANCIAL REPORT

Consolidated statement of comprehensive income

HUF '000' unless otherwise stated
The figures in brackets represent negative values.

	Annex	2019 H1	2018 H1
Net sales revenue	3	14,539,021	6,224,556
Other operating income	3	148,117	256,265
Total revenues		**14,687,138**	**6,480,821**
Goods and services sold	4	10,985,150	4,230,735
Operating expenditure	5	672,134	722,004
Staff costs	6	2,000,023	1,480,298
Other expenditures	7	20,525	22,334
Operating costs		**13,677,832**	**6,455,371**
Earnings before interest, tax and amortisation (EBITDA)		**1,009,306**	**25,450**
Depreciation and impairment	8	294,110	206,542
Profit or loss on financial transactions and earnings before interest and taxes (EBIT).		**715,196**	**(181,092)**
Financial income	9	71,048	38,616
Financial expenses	9	83,857	62,267
P/L before taxes		**702,387**	**(204,743)**
Income taxes	10	123,145	41,214
P/L after taxes	11	**579,242**	**(245,957)**
Other comprehensive income		**-**	**-**
Total comprehensive income	12	**579,242**	**(245,957)**
Of this: Outcome of discontinuing operation		*0*	*0*
Earnings per share (HUF)			
Base	13	6	(3)
Diluted	13	6	(3)
Of the P/L after taxes:			
Parent company's share		**579,242**	**(245,957)**
External owner's share		**0**	**0**
Of the total comprehensive income:			
Parent company's share		**579,242**	**(245,957)**
External owner's share		**0**	**0**

The annexes on pages 48-79 constitute inseparable parts of the consolidated report.

Consolidated Balance Sheet

HUF '000' unless otherwise stated
The figures in brackets represent negative values.

	Annex	30/06/2019	31/12/2018
ASSETS			
Long-term assets			
Tangible assets	14	241,025	140,157
Intangible assets	15	1,230,265	568,824
Deferred tax assets	16	66,560	75,929
Goodwill	17	411,243	651,703
Other investments	18	127,254	133,946
Long-term assets, total		**2,076,347**	**1,570,559**
Current assets			
Cash and cash equivalents	19	3,546,646	175,570
Trade receivables	20	7,116,138	4,305,683
Other receivables, prepaid expenses and accrued income	21	2,657,801	1,626,385
Effective receivables from income taxes	22	0	32,094
Securities	23	442,600	442,600
Inventories	24	2,292,271	242,112
Current assets total		**16,055,456**	**6,824,444**
Assets, total		**18,131,803**	**8,395,003**
LIABILITIES			
Equity			
Subscribed capital	25	1,880,000	1,880,000
Own shares repurchased	26	(92,251)	(101,740)
Capital reserve	27	816,750	816,750
Retained earnings	28	638,512	124,546
Equity allocated to the parent company, total		**3,243,011**	**2,719,556**
Non-controlling participation		-	-
Equity, total:		**3,243,011**	**2,719,556**
Long-term liabilities			
Provisions	29	6950	18,197
Financial lease liabilities	30	359,997	0
Deferred tax liabilities	16	0	0
Long-term liabilities, total		**366,947**	**18,197**
Current liabilities			
Liabilities to creditors	31	9,885,823	2,219,684
Short-term loans and advances	32	1,500,000	1,758,056
Other short-term liabilities, accrued expenses and deferred income	33	2,729,731	1,674,520
Dividend payment liability to the owners	34	0	0
Financial lease liabilities	30	406,291	4990
Current liabilities, total		**14,521,845**	**5,657,250**
Liabilities and equity, total		**18,131,803**	**8,395,003**

The annexes on pages 48-79 constitute inseparable parts of the consolidated report.

Consolidated statement of changes in equity

	Annex	Subscribed capital	Own shares	Capital reserve	Profit reserve	Equity allocated to the parent company, total	Non-controlling participation	Equity, total
Balance as at 1 January 2018		**1,880,000**	**(101,741)**	**1,074,500**	**(235,126)**	**2,617,634**	**0**	**2,617,634**
Book transfer to retained earnings		0	0	(257,750)	257,750	0	0	0
Total comprehensive income	12	0	0	0	(245,957)	(245,957)	0	(245,957)
Rounding		0	0	0	1	1	0	1
Balance as at 30 June 2018		**1,880,000**	**(101,741)**	**816,750**	**(223,332)**	**2,371,678**	**0**	**2,371,678**
Balance as at 1 January 2019		**1,880,000**	**(101,741)**	**816,750**	**124,547**	**2,719,556**	**0**	**2,719,556**
Derecognition of subsidiaries' goodwill		**0**	0	0	(240,460)	(240,460)	0	(240,460)
Sale of own shares		0	9490	0	175,183	184,673	0	184,673
Total comprehensive income	12	0	0	0	579,242	579,242	0	579,242
Balance as at 30 June 2019		**1,880,000**	**(92,251)**	**816,750**	**638,512**	**3,243,011**	**0**	**3,243,011**

The annexes on pages 48-79 constitute inseparable parts of the consolidated report.

Consolidated cash-flow statement

HUF '000' unless otherwise stated
The figures in brackets represent negative values.

	Annexes	30/06/2019	30/06/2018
Cash-flow from business activity			
P/L after taxes	11	579,242	(245,957)
Adjustments:			
Depreciation and impairment in the reporting year	8	294,110	206,542
Impairment	8	0	(16,000)
Provisions	29	(11,247)	(8,124)
Deferred taxes	16	9369	(3423)
Interest	35	7820	5339
Change in the working capital			
Changes in trade receivables	20	(2,810,456)	1,715,152
Change in inventories	24	(2,050,159)	(55,634)
Change in accounts payable	31	7,666,140	(1,102,807)
Change in financial lease	30	401,301	(6009)
Change in other receivables and liabilities	21;33	55,889	(719,002)
Net cash-flow from business activity		***4,142,009***	***(229,924)***
Cash-flow from investment activity			
Sale (purchase) of tangible assets	14	(162,665)	(127,054)
Purchase of intangible assets	15	(893,755)	70,585
Purchase of securities	23	0	0
Additional amounts paid into project companies	36	0	0
Long-term receivables	37	6393	(3000)
Acquisition of participations	18	300	(380)
Dividend and interests received from investments	38	0	0
Net cash-flow from investment activity		***(1,049,727)***	***(59,850)***
Cash flow from financing activity			
Impairment of short-term loans	32	0	0
Borrowing from/(repayment to) banks	32	(258,056)	328,524
Taking out (repayment of) financial lease	30	359.996	(4378)
Own shares repurchased	26	9490	0
Credit and loan rates	35	(7820)	(5339)
Profit on the sale of own shares	34	175,183	0
Net cash-flow from financing activity		***278,793***	***318,806***
Net change in cash and cash equivalents	19	3,371,075	29,032
Balance of cash and cash equivalents at the beginning of the year	19	175,570	323,394
End-of-period balance of cash and cash equivalents		**3,546,646**	**352,426**

The annexes on pages 48-79 constitute inseparable parts of the consolidated report.

1. General information

1.1 Description of the company

4iG Nyilvánosan Működő Részvénytársaság is a company registered in Hungary, which performs its activity in accordance with the provisions of Hungarian statutory regulations, maintains its accounting and financial records according to the international financial reporting standards, and has shares traded on the Budapest Stock Exchange (Budapesti Értéktőzsde Zrt., BÉT) in the "Premium" category.

No other company has independent control over the 4iG company group.

The principal business activities of the 4iG Company Group - hereinafter "Company" or "Company Group" – include cross-platform, individual software design and development, the design and implementation of full-scale large corporate IT solutions, IT operation and support, servicing, the operation of ERP (complex corporate management) systems, full-scale support to reporting data to banks, and the development of document management and administrative systems.

1.2 Basis of balance sheet compilation

i) Approval and statement

The Board of Directors approved the consolidated financial statements on 12/09/2019. The consolidated financial statements are prepared on the basis of the Financial Reporting Standards promulgated and filed in the form of a regulation in the Official Journal of the European Union (EU). IFRS comprises standards and interpretations worded by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Unless otherwise indicated, the consolidated financial statements are presented in Hungarian forint, rounded to the thousand. The figures in brackets represent negative values.
The statements have not been audited by an auditor.

ii) Basis of preparing the report (Certificate of Conformance)

The consolidated financial statements are prepared on the basis of the Financial Reporting Standards promulgated and filed in the form of a regulation in the Official Journal of the European Union (EU). IFRS comprises standards and interpretations worded by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been compiled on the basis of the direct cost principle, with the exception of the cases where IFRS requires the application of a different method of measurement, as described in the accounting policy. The financial year corresponds to the calendar year.

iii) Basis of measurement

In the case of the consolidated financial statements, the basis of measurement is the direct cost, with the exception of the assets and liabilities recognized at fair value, which are financial instruments measured at fair value to the profit or loss (FVTPL) or to the other comprehensive income (FVTOCI).

During the compilation of the financial statements compliant with the IFRS standards the management needs to apply professional judgment, estimates and assumptions that have an impact on the applied accounting policies and on the sum total of the assets and liabilities, revenues and costs recognized in the report. The estimates and related assumptions are based on past experiences and numerous other factors, which can be considered as reasonable under the given conditions, and which have a result that lays the ground for the estimate of the book value of the assets and liabilities that cannot otherwise be clearly specified from other sources. The actual results may differ from these estimates.

Estimates and basic assumptions are regularly reviewed. Modifications of the accounting estimates are disclosed in the period when the estimate is modified if the modification only affects the given year, and in the period of modification as well as in future periods if the modification affects both the current and the future years.

2. Accounting policy

The most important accounting policy principles applied during the preparation of the consolidated financial statements are described below. The accounting policies have been applied consistently for the periods reported in these consolidated financial statements.

Each member of the Company Group maintains its records and reconciliations in the Microsoft Dynamics AX system, using a uniform chart of accounts. As from 1 January 2016, the Company Group has been using version AX-2012.

The most important accounting principles applied in the course of compiling the financial report include the following:

2.1 Key components of the accounting policy

2.1.1 **Basis of consolidation**

Subsidiaries

The consolidated annual report presents the data of 4iG Plc and the subsidiaries under its control. Control usually means that the Group has direct or indirect possession of more than 50 per cent of the company’s voting rights and through its influence on the company’s financial or operative activity, its enjoys benefits from its activity.

Based on its ownership share, the Company Group has a decisive influence on another company within the Company Group, and the data of the subsidiary have been fully consolidated in accordance with the relevant requirements.
HUMANsoft Kft., Axis Rendszerház Kft.and Mensor 3D Kft. merged into 4iG Plc. on 31 January 2019. Their H1 2019 P/L data are included in the consolidated income statement.

Name of the subsidiary	Registered office	Ownership share	
		2019	2018
HUMANsoft Kft.	H-1037 Budapest, Montevideo u. 8.	100.00%	100.00%
Axis Rendszerház Kft.	H-1037 Budapest, Montevideo u. 8.	100.00%	100.00%
Mensor3D Kft.*	H-1037 Budapest, Montevideo u.	100.00%	100.00%
Humansoft Szerviz Kft.**	H-1037 Budapest, Montevideo u.	100.00%	100.00%

** Mensor3D Kft. is fully owned by HUMANsoft Kft., a company in a 4iG Plc.'s 100 per cent ownership.*

*** Humansoft Szerviz Kft. was established by 4iG Plc. on 17 April 2019 with 100 per cent title to its shares.*

Acquisition accounting applies to the acquired business shares on the basis of the values at the time of the acquisition taking account of the market value valid on the acquisition of the assets and liabilities, i.e. on the day of obtaining control. The acquisition cost is the sum total of the consideration and the ratio of non-controlling interests in the acquired share. The companies acquired or sold during the year are represented in the consolidated financial statements from the date of the transaction or up to the date of the transaction.

The transactions between the companies included in the consolidation, their balances and results, and any unrealized profits or losses are adjusted for, unless such losses refer to impairment in the underlying assets. During the compilation of the consolidated annual report, similar transactions and events are recorded in accordance with uniform accounting principles.

In the balance sheet and in the income statement, the equity and the P/L applicable to non-controlling owners are recognized in separate lines. In relation to business combinations, non-controlling interests are specified at the fair value of non-controlling interests or at the value that is held by non-controlling shareholders of the total fair value of the net assets of the acquired company. The valuation method is selected individually for each business combination. Following acquisition, non-controlling owners' share is the originally recorded value modified by the amount of changes in the acquired company's capital relative to non-controlling owners. The holders of non-controlling shares also have a share in the total comprehensive income of the period even if this results in a negative balance for their share.

The changes in the Group's participations in its current subsidiaries that do not result in a loss of control are recognized as capital transactions. The non-controlling participations of the Company Group and of the owners are modified to have them reflect the changes in the participations of the latter in the subsidiaries. The difference between any amount modifying the owners' non-controlling participations and the consideration received or paid are recognized in the capital as values due to the Company's owners.

2.1.2 **Reporting currency and foreign exchange balances**

With a view to the content and circumstances of the underlying business events, the parent company's functional currency and the Group's reporting currency is the Hungarian forint.

The foreign exchange transactions performed in a currency other than HUF were initially recognised at the exchange rate valid on the day of performing such transactions. Foreign currency receivables and liabilities are converted at the foreign exchange selling rate (T+2 days) quoted by Raiffeisen Bank valid on the balance-sheet cut-off date. The arising exchange rate differences are included in the income statement among financial revenues and expenses.

In the financial statements data are specified in Hungarian forint (HUF), rounded to the closest thousand, unless otherwise provided. In the consolidated financial statements data were also given in Hungarian forint, as it is the Company Group's presentation currency.

The transactions performed in a foreign currency are recognized in the functional currency - the foreign currency amount considered at the exchange rate between the reporting currency and the foreign currency valid on the transaction date. In the comprehensive income statement, the exchange rate differences arising during the arrangement of monetary items, on the initial presentation of the period or from the use of an exchange rate other than the exchange rate applied in the previous financial statements, are recognized as revenues or expenditures in the period when they are generated. The monetary instruments and liabilities denominated in foreign currency are converted at the exchange rate valid at the end of the reporting period. The items valuated at fair value and denominated in foreign currency are converted at the exchange rate valid on the date of determining the fair value. The differences between trade receivables and loans are recognised in the line of revenues from or expenditures on financial operations.

2.1.3 **Sales revenue**

The Company Group recognises its sales revenue in accordance with the IFRS 15 standard (published by IASB in May 2014; applicable for business years starting on or after 1 January 2018. The EU has adopted this standard.)

This new standard adopted the fundamental policy that a sales revenue can only be recognised when the goods or services have been handed over to the customer at the agreed price. Any separable related goods or services must be recognised separately and every allowance must be assigned to the appropriate elements of the contract. When the consideration changes, the minimum value may only be recognised if the likelihood of reimbursement does not include a significant risk. The costs incurred while obtaining a customer contract must be capitalised and amortised during the contractual term in a way that the Company should obtain the related benefits.

The net sales revenue comprises the amounts invoiced on the basis of the goods supplied or services provided during the year. The net sales revenue can only be accounted when the amount of the revenue becomes clear and the Company Group is likely to be able to realise the consideration. The sales revenue includes the invoiced amounts less value added tax and discounts.

The Company Group recognises revenues from the sale of services time proportionately (provided that the contract allows) during the given term, unless the relevant contracts and agreements contain milestones. In these cases the sales revenue can be recognised when the individual miles have been achieved.

The Company Group accounts the incidental costs incurred in relation to the conclusion of customer contracts if it expects their reimbursement.

In the case of deferred incomes, the sales revenue is recognised by discounting.

2.1.4 **Property, plant and equipment**

Intangible assets are recognized at direct cost reduced by accumulated depreciation. Accumulated depreciation includes the recognized costs of non-accelerated depreciation incurred in relation to the continuous use and operation of the asset and of accelerated depreciation required by the significant damage or injury to the asset due to an unexpected, extraordinary event.

The direct cost of tangible assets include the cost of purchasing the asset, and in the case of a capital investment project implemented by the business on its own, the material and staff costs as well as other direct costs incurred. The interest accounted on a loan taken for a tangible asset investment project increases the direct cost of the asset until the asset is brought to the condition corresponding to its intended purpose.

The book value of tangibles assets is revised at specified intervals in order to establish if the book value exceeds the fair market value of the asset, and if it does, accelerated depreciation is required to the fair market value of the asset. The fair market value of the asset is the higher of the sales price or the use value of the asset. Use value is the discounted value of future fund flows generated by the asset.

A discount rate includes the interest rate before corporate taxes, with a view to the time value of money and the effects of other risk factors related to the asset. If no future cash flow can be assigned to the asset independently, the cash flow of the unit that includes the asset must be taken as a basis. The impairment and accelerated depreciation determined by this method are recognized in the income statement.

The repair and maintenance cost of tangible assets and the costs of replacing spare parts are accounted to the debit of maintenance expenses. Value-increasing investments and renovations are capitalised and the direct costs and accumulated depreciation of assets sold, written off to zero or put out of service are derecognized. Any profit or loss made in this way is part of the P/L for the reporting year.

The value of the Group’s assets is written off by the linear method during the useful life of the assets. Life in a breakdown of asset groups is as follows:

Property:	The Company Group does not have real property in its ownership;
Plant and equipment:	less than 3-7 years;
Motor vehicles:	less than 5 years
Assets with an individual value of HUF 200,000:	prompt write-off.

Tangible assets and software used in the framework of R&D activity are depreciated in 2 to 10 years.

In the opinion of the management of the Company Group if the useful life exceeds the above-specified periods, the depreciation rate is determined accordingly, on a case-by-case basis.

The Company Group does not have any assets with an indefinite period of useful life.

Useful lives and depreciation methods are revised at least once every year on the basis of the actual economic benefit provided by the given asset. If required, the modification is offset against the profit of the reporting year.

2.1.5 **Intangible assets**

Individually obtained intangible assets are recognized at cost, while the intangible assets acquired in the course of business combinations are disclosed at fair value at the time of the acquisition. An asset may be included in the books if its use can be proven to result in the future inflow of business benefits and its cost can be clearly established.

Following acquisition, the direct cost method applies to the intangible assets. The lives of these assets is either limited or cannot be determined. Assets with limited lives are depreciated with the linear method based on the best estimate of their lives. The period and method of amortization are revised annually, at the end of each financial year. With the exception of development costs, self-manufactured intangible assets are not capitalized but are offset against the P/L in the year when they are incurred. Intangible assets are revised annually for impairment, either separately or at the level of the income-generating unit.

Intellectual property developed by the Company Group on its own are written off within 2 to 10 years.

The costs of goods and software falling within the scope of brand names, licences and industrial property rights are capitalized and linearly derecognized during their useful life:

Intellectual products (software)   less than 2-7 years.

2.1.6 **Goodwill**

Goodwill is the positive difference between the identifiable cost and the fair value of the net assets of the acquired subsidiary, affiliated company or jointly controlled company on the day of acquisition. Goodwill is not depreciated, but the Group examines every year if there are any indications suggesting that the book value is unlikely to be recovered. Goodwill is recognized at direct cost less any impairment.

2.1.7 **Impairment**

At the end of each reporting period the Company Group assesses whether any change suggesting impairment has happened to any asset. If such a change has taken place, the Company Group estimates the value of the expected return on the asset. The expected return on an asset or cash-generating unit is the higher of the fair value less sales costs or the use value. The Group recognizes impairment to the debit of the profit if the expected return on the asset is less than its book value. The Company Group performs the required calculations on the basis of an appropriate discounting method for long-term future cash-flow plans.

Every year the Company Group tests whether the goodwill has been impaired.

Return on cash-generating units is determined on the basis of use value calculation. Estimates are indispensable for such calculations. In order to determine goodwill impairment, estimates are needed for the use value of the cash-generating units to which the goodwill was assigned. For the calculation of the use value it is indispensable for the management to estimate the expected future cash-flow of the cash generating unit and the adequate discount rate, as these are the input factors for the calculation of the present value.

If customers are unable to pay, the Company Group accounts impairment on irrecoverable and doubtful receivables and for the coverage of any losses arising from them. Impairment on irrecoverable and doubtful receivables must also be recognised in the balance sheet and such receivables are specified on a case-by-case basis. The estimates used for measuring the conformance of impairment recognised on irrecoverable and doubtful receivables are based on the aging of receivables, customer rating, changes in the customer's payment habits, and other information disclosed to the Company (e.g. liquidation, bankruptcy etc.).

2.1.8 **Inventories**

Inventories are recognized at direct cost less impairment for unnecessary or obsolete stocks or at their net realizable value, whichever is lower.

2.1.9 **Receivables**

Liabilities are recognized in the statements at a nominal value reduced by the appropriate impairment generated for estimated losses. Based on the complete supervision of the receivables outstanding at the end of the year, an estimate is made about doubtful claims.

2.1.10 **Financial assets**

The financial assets falling within the scope of the IFRS 9 standard can be classified into three measurement categories: assets measured at amortised cost after acquisition; assets measured at fair value through other comprehensive income after acquisition (FVOCI) and assets measured at fair value through profit or loss after acquisition.

After initial recognition, assets "held for trading" are measured at fair value through the profit or loss (FVPL). Any unrealised exchange rate gain or loss made on securities held for trading is recognised as other income (or expenditure).

Other long-term investments that qualify as held to maturity, e.g. certain bonds, are recognized at amortised direct cost after the first recognition. The amortised direct cost is calculated in the period to maturity, at a discount or premium valid at the time of acquisition. In the case of investments recognized at amortised cost, any profit or loss made when the investment is derecognized or impaired or during the amortisation period is accounted as revenue.

In the case of investments included in stock market trade, the market value is specified on the basis of the official price announced on the balance-sheet cut-off date. In the case of non-listed or non-traded securities, the market value is the market value of any comparable/substitute financial investment, and if this method cannot be used, the market value must be determined on the basis of the estimated future cash-flow of the asset related to the investment.

On every cut-off date the Group analyses if impairment needs to be recognized for a particular financial asset or for a group of assets. If in the case of assets recognised at amortized cost, a condition requires impairment, the latter is the difference between the carrying value of the asset and its amount discounted by the original effective interest rate of the future cash flows of the asset. Impairment is recognized in the income statement. If any time later the amount of the accounted impairment decreases, it is reversed to the extent that prevents the carrying value of the asset from exceeding its amortized value valid on the cut-off date.

Investments into securities are valuated at the price valid on the day of performance and initially at cost. Short-term investments containing securities held for trading purposes are recognized at fair market value valid on the day of the next report, and their value is calculated at the publicly quoted price valid on the balance-sheet cut-off date. Unrealized profits and losses are included in the income statement.

2.1.11 **Financial liabilities**

The Group's statement of the consolidated financial position includes the following financial liabilities: accounts payable and other short-term liabilities, loans, advances, bank overdrafts, forward and futures transactions. Their recognition and valuation are included in the relevant parts of the Notes to the consolidated financial statements as follows:

The Group valuates each financial liability at its fair value valid at the time of its initial recognition. In the case of loans account is taken of the transactions costs directly attributable to the acquisition of the financial liability.

The financial liabilities subject to the IFRS 9 standard can be classified into three measurement categories: liabilities measured at amortised cost after acquisition; liabilities measured at fair value through other comprehensive income after acquisition (FVOCI) and liabilities measured at fair value through profit or loss after acquisition. The Group determines the classification of the individual financial liabilities when they are acquired.

Financial liabilities valuated at fair value through the profit or loss are liabilities acquired by the Group for trading purposes or qualified on their initial presentation at fair value through the profit or loss. Financial liabilities held for trading purposes include liabilities purchased by the Group primarily for the profit expected of short-term price fluctuations. This class also includes futures transactions not considered as efficient hedging instruments.

Loans and advances are recognized in the statements of the financial position at the amortised cost calculated by the effective interest rate method. The profits and losses related to loans and advances are recognized in the income statement during the calculation of depreciation by the effective interest rate method and when the financial liability is deregulated. Depreciation is accounted as financial expenditure in the statement on income.

2.1.12 **Provisions**

The Group recognizes provisions for (legal or assumed) commitments incurred as a result of past events the Group is probably required to pay, provided that the amount of the commitment is reliably measurable.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking the risks and uncertainties characteristic of the obligation into account. If a provision is measured using the cash flow probably required for the payment of the existing commitment, the book value of the provision is the present value of such cash flows.

If some or all of the expenditures required to settle a provision is expected to be reimbursed by another party, such a receivable is recognized as an asset if it is virtually certain that the entity will receive the reimbursement and the amount receivable is reliably measureable.

Existing obligations arising from onerous contracts are recognized as provisions. The Group considers a contract onerous if the unavoidable costs of meeting the obligations undertaken in the contract exceed the economic benefits expected to be received from the contract.

A restructuring provision is recognized if the Group has prepared a detailed formal restructuring plan and when the implementation of the plan is started or the main features of the plan are announced to the stakeholders, expectations are triggered in the stakeholders regarding the implementation of the transformation. The reorganization only includes direct expenditures incurred in relation to reorganization and are indispensable for reorganization, and do not relate to the business entity’s activity continued as a going concern.

2.1.13 **Corporate income tax**

The amount payable as corporate tax is based on the act on dividend tax and on tax payment liability specified by the act on local business taxes, and is modified by the deferred tax. The corporate income tax liability includes tax components due in the reporting year and deferred taxes. The Company Group classifies the amount paid for spectator sports in the 'corporate tax' line since on the basis of its content it is considered as an income tax.

The tax payable for the current year is determined on the basis of the taxable profit of the reporting year. The taxable profit differs from the profit before taxes recognized in the consolidated report, due to profits and losses not constituting a tax base and to items that are recognized in the taxable profits of other years. The Group's current tax payment liability is determined on the basis of the tax rate in force or announced (provided that announcement is equivalent to entry into force) up to the balance-sheet cut-off date. Deferred tax is calculated by the liability method.

Deferred tax liability is incurred when there is a temporary difference between the recognition of an item in the annual report and its reconciliation according to the Act on Taxation. Deferred tax assets and tax liabilities are established using the tax rates applicable to the taxable revenues in years when recovery of the difference is expected due to the time displacement. The amount of deferred tax liabilities and tax assets reflect the Group's estimate on the method of realizing tax assets and tax liabilities on the balance-sheet cut-off date.

Deferred tax assets are only included in the balance sheet with reference to deductible temporal differences, transferable tax benefits and a negative tax base, if in the course of its future activity the Group presumably realizes profit serving as a tax base and the deferred tax asset can be offset against it.

On every balance-sheet date the Group takes account of the deferred tax assets not recognized in the balance sheet and the book value of the recognized tax assets. It inventorizes the receivables not previously included in the balance sheet on which recovery is expected as a reduction in the future income tax. In contrast, the Group's deferred tax assets must be reduced by any amount not expected to be covered by any available taxable profit.
The tax due in the reporting year and deferred tax are offset against the equity if they refer to items also offset against the equity in the same or in another period, including any amendments in the opening values of reserves due to retroactive changes in the accounting policy.

Deferred tax assets may be offset against deferred tax liabilities if the company is authorized by law to offset its actual tax assets and tax liabilities due from and to the same tax authority, and the Group intends to recognize these assets and liabilities on a net basis.

2.1.14 **Leasing**

On 13 January 2016, IASB published a new standard in relation to leasing transactions under the number IFRS 16. The application of the new leasing standard will be mandatory for the companies that adopt the IFRS in respect of the reporting periods beginning on or after 1 January 2019. The new standard has replaced the current regulations set out in IAS 17 on leasing, and have fundamentally changed the previous practice of accounting operative leasing.

The evaluation of the scope and financial impact of the IFRS 16 standard began in 2018. The significant financial impact relates to office rentals. A significant change took place in the Company's recognition of its consolidated financial position and in the consolidated income statement.

According to the IFRS 16 standard on leases, the lessee must simultaneously account and quantify a right to use among assets and a related financial liability among liabilities.

The right-to-use asset is measured similarly to other non-financial assets and depreciation is also recognised accordingly. Initially, lease liabilities are measured at present value during the lease term, and this present value is calculated with the help of the implicit interest rate if such an interest rate can be accurately specified. If this interest rate is difficult or impossible to determine, the lessee may use the incremental borrowing rate for discounting purposes.

According to the IFRS 16 standard, similarly to its predecessor (IAS 17), the lessor is required to analyse whether a lease is to be classified as an operating lease or as a finance lease.

A lease transaction is a financial lease if the lessor essentially transfers all the risks and benefits involved in the ownership of the underlying asset to the lessee. Otherwise the particular transaction is considered as an operating lease. The lessor must recognise finance income over the lease term of a finance lease in a manner to result in a constant periodic rate of return on the lessor's net lease investment.

The lessor must recognise the operating lease payments on a straight-line basis or by another systematic method. The lessor should apply another systematic method if it is more representative of the pattern in which benefit from use of the underlying asset is diminished. The Company has been applying the IFRS 16 standard since 1 January 2019.

2.1.15 **Earnings per share (EPS)**

The return on a share is determined with a view to the Group's profit and shares reduced by the average portfolio of own shares repurchased in the period reviewed.

The diluted earnings per share is calculated similarly to the earnings per share. However, during calculation all the outstanding shares suitable for dilution are taken into account, increasing the return payable on ordinary shares by the dividend and return on the convertible shares that can be taken into account in the given period, modified by any additional revenues and expenditure arising from conversion, increasing the weighted average number of outstanding shares by the weighted average number of those shares that would be outstanding if all the convertible shares were converted. On 30 June 2019, 4iG Plc. had 2,250,000 shares of its own, which had a minimum diluting effect on the EPS ratio.

2.1.16 **Off-balance sheet items**

Off-balance sheet liabilities are not included either in the balance sheet or in the income statement comprising the consolidated annual report, unless they have been obtained in the course of business combinations. They are presented in the Notes, unless the outflow of funds representing economic benefit is a remote option of a very slight probability. Off-balance sheet items are not included in the balance sheet and in the income statement included in the consolidated annual report, but if business benefits are likely to flow in, they are presented in the Notes.

2.1.17 Own shares repurchased

The purchase value of repurchased own shares is accounted in the balance sheet, in a separate line among capital components, carrying a minus sign. As at 30 June 2019, 4iG Plc. had 2,250,000 repurchased own shares in its possession.

2.1.18 Dividend

The Company accounts for dividend in the year it is approved by the owners.
The Company's general meeting held on 25 April 2019 did not decide on dividend payment.

2.1.19 P/L on financial operations

The financial P/L includes interest and dividend incomes, interest and other financial expenditures, the profit and loss on the fair valuation of financial instruments, and any realised or non-realised exchange rate differences.

2.1.20 State aid

State aids can be recognized if the aid is likely to be recovered and the conditions of reimbursement have been fulfilled. If the aid serves the purpose offsetting a cost, it must be recognized to the credit of the income statement in the period when the cost to be offset is incurred (among other revenues). If an aid is linked to asset acquisition, it is recognized as deferred income and during the related useful life of the underlying asset it is recognised annually in equal amounts credited to the P/L.

2.1.21 Events after the balance-sheet cut-off date

The events that took place after the end of the reporting period and provide additional information about the circumstances prevailing at the end of the Group's reporting period (amending items) are included in the report. The events that took place after the reporting period and do not require modification of the reporting data but are important are presented in the Notes.

2.2 Changes in the accounting policy

The Company Group compiled its financial statements in accordance with the provisions of all the standards and interpretations that entered into force on 1 January 2019.

The Company Group's accounting policies – other than the financial instruments and revenues from customer contracts – are identical with those applied in previous years. During the year the Company Group applied the following new and modified IFRS standards and IFRIC interpretations. In addition to the following descriptions, their application did not have a significant impact on the Company Group's financial statements, however, it resulted in additional disclosure requirements.

IFRS 9 Financial instruments: recognition and measurement (effective as from 1 January 2018)
This standard adopted new requirements related to the classification, measurement and impairment of financial assets and financial liabilities. The application of the IFRS 9 standard had an impact on the rating and measurement of the Group's financial assets, but did not influence the rating and evaluation of its financial liabilities.
The application of the new standard has not caused major changes in the Company's financial statements. The Group already applied the standard to 2018.

IFRS 10, Consolidated financial statements and IAS 28 Investments in associates and joint ventures
IASB published amendments to the IFRS 10 and IAS 28 standards: The amendments target the sale or contribution of assets between an investor and its associate or joint Venture. The main consequence of the amendments is that the total profit or loss can be recognised if the transaction includes a business activity (irrespectively of whether or not it is performed by the subsidiary). Part of the profit or loss can be recognised if the subject of the transaction is an asset that does not represent a business activity, even if this asset belongs to the subsidiary. In the case of the IAS 28 standards, based on the regulation adopted by the European Union on 7 February 2018, the amendments are applicable in statements of reporting periods beginning on or after 1 January 2018. The adoption of the amendments of the standards do not have a significant impact on the Company Group's financial statements. The date of the entry into force of the IFRS 10 standard has been postponed indefinitely until the research project arrives at a conclusion on the capital method.

IFRS 15 Revenue from Contracts with Customers (mandatorily applicable as from 1 January 2018)
The IFRS 15 standard entitled "Revenue from contracts with customers" supersedes all the previous IFRS requirements related to the recognition of revenues. The purpose of the new revenue recognition standard is to eliminate the inconsistencies found in the previous standards about incomes and to lay down a stable foundation for revenue recognition. The IFRS 15 standard establishes a 5-step model that helps the business entity to identify the content of the contract it has concluded and the method of recognising revenues on this basis. In addition, it defines the disclosures required to be made in the Notes in relation to the revenues.

IFRS 16 Leasing (effective as from 1 January 2019)
On 13 January 2016, IASB published a new standard in relation to leasing transactions under the number IFRS 16. The application of the new leasing standard will be mandatory for the companies that adopt the IFRS in respect of the reporting periods beginning on or after 1 January 2019, which has fundamentally changed the previous requirements on the recognition of operating leases [IAS 17]. In accordance with the IFRS 16 standard, 4iG Plc. has changed its records and since 1 January 2019, it has been maintaining and recognising leases in compliance with the requirements of the standard.

IAS 1 Presentation of Financial Statements (amended)
IASB published the amended IAS 1 in December 2014. The purpose of the amendment is to encourage companies to decide on the information they wish to publish in their statements on a professional basis. The amendment clarifies that the threshold of criticality applies to the financial statements in full, and that the disclosure of irrelevant information may prevent the usefulness of the report. Moreover, the amendment also clarifies that the companies should adopt professional decisions on where and in what order to present their disclosures in their financial statements. The amendment is applicable to financial statements made of periods beginning on or after 1 January 2016. The application of the amended standard does not change the Group's financial statements. Based on the European Commission's Regulation of 7 February 2018, the amendments are applicable in statements of reporting periods beginning on or after 1 January 2018.

Amendments to the IAS 40 standard on "Investment Property" – Reclassification of investment property (published on 8 December 2016, effective from 1 January 2018 and applicable in statements of reporting periods beginning on or after 1 January 2018). As the Company Group does not have such property, it does not apply the amendments thereto.

IFRS 2 Share-based Payment – An amendment required to clarify the classification and measurement of share-based payments. It is irrelevant for the Group.

IFRS 4 Insurance Contracts – Amendment required to create agreement between the IFRS 4 and the IFRS 9 standards. It is irrelevant for the Group.

IFRIC 22 interpretation "Foreign Currency Transactions and Advance Consideration" (applicable to reporting periods beginning on or after 1 January 2018)
This interpretation describes how to determine the date relevant for the exchange rate in the case of transactions in relation to which non-monetary assets or non-monetary liabilities arising from the payment or receipt of advance consideration denominated in a foreign currency is derecognised during the initial recognition of (part or whole) of the related asset, expense or income. Pursuant to IAS 21, the performance date that determines the exchange rate applicable during the initial capitalisation of the asset, expense or income will be identical to the date of capitalising the non-monetary assets or non-monetary liabilities financially settled in advance. If its payment is made in several instalments, the business entity must establish the dates of the financial performances of the individual parts separately. The IFRIC 22 provisions are only applicable if the business entity's non-monetary assets or non-monetary liabilities have arisen from a previous financial performance. The IFRIC 22 does not include any guidance on the definition of monetary and non-monetary items. A fund paid or received in advance may give rise to the inclusion of either monetary or non-monetary assets. Companies are required to decide if the individual items are monetary or non-monetary in nature. The Company Group evaluated the new interpretation, which is expected to have a moderate impact on the financial statements.

IAS 16 Property, Plant and Equipment (amended) and IAS 38 Intangible assets (amended)
In May 2014, IASB published the amendments of the standards IAS 16 and IAS 38. Both standards consider the expected future materialization of economic benefits of the asset as a basis of depreciation write-off. IASB clarifies that the calculation of depreciation based on

revenues is inappropriate, because revenues from an activity for which the asset is not used usually also reflects factors other than the economic benefits materializing in the asset. IASB also clarified that revenues usually provide an inappropriate basis for measuring the materialization of economic benefits in intangible assets. The amendments are applicable to financial statements made about periods beginning on or after 1 January 2019. The application of the amended standards does not change the Group's financial statements, as it applies linear depreciation.

In 2018 the Group applied all the IFRS standards, amendments and interpretations effective as from 1 January 2018 and relevant for the operation of the Group.

Amendments and interpretations of the existing standards, and new standards not yet in force or not applied by the Company Group before they enter into force.

The **IFRS 17 "Insurance contracts**" standard (will enter into force on 1 January 2021 and will apply to reporting periods starting on or after that date).

IFRS 14 Regulatory Deferral Accounts (issued in January 2014, based on the European Commission's decision, the interim standard did not need to be adopted).

Annual improvement of the 2015-2017 IFRS standards in relation to the IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017, the EU has not adopted the amendments yet).

Other new/amended standards or interpretations are not expected to have any significant impact on the Group's financial statements.

2.3 Uncertainty factors

When the accounting policy described in Section 2.1 is applied, estimates and assumptions not clearly definable from other sources need to be used for the determination of the values of the individual assets and liabilities at the given moment of time. The estimation procedure includes the decisions adopted on the basis of the available information and the relevant factors. These significant estimates and assumptions influence the value of the assets and liabilities, revenues and expenditures recognized in the financial statements, as well as the presentation of contingent assets and liabilities in the Notes. The actual results may differ from the estimated data.

The estimates are updated on a regular basis. If a change only affects one given period, it must be recognized in the period of change in accounting estimates, and if the change affects both the period of change and future periods, it must be recognised in both periods.

The main areas of the critical decisions made on the uncertainty of estimation and on the accounting policy, which have the most significant impact on the consolidated financial statements include the following:

2.3.1 Impairment of goodwill

In accordance with the provisions of Section 2.1.7 of the significant accounting policies, every year the Company Group tests whether the goodwill has been impaired. Return on cash-generating units is determined on the basis of use value calculation. Estimates are indispensable for such calculations. In order to determine goodwill impairment, estimates are needed for the use value of the cash-generating units to which the goodwill was assigned. For the calculation of the use value it is indispensable for the management to estimate the expected future cash-flow of the cash generating unit and the adequate discount rate, as these are the input factors for the calculation of the present value.

2.3.2 Impairment of irrecoverable and doubtful receivables

The Company Group accounts impairment on irrecoverable and doubtful receivables and for the coverage of any losses arising from them, If customers are unable to pay. The estimates used for measuring the conformance of impairment recognised on irrecoverable and doubtful receivables are based on the aging of receivables, customer rating, changes in the customer’s payment habits. Impairment was recognised on irrecoverable and doubtful receivables in the consolidated balance sheet in the amount of HUF 48,263,000 on 30 June 2019 as against HUF 49,199,000 on 31 December 2018.

2.3.3 Depreciation

Property, plant and equipment and intangible assets are accounted at direct cost, and are written of linearly during their useful lives. The Company Group recognised HUF 294,110,000 as depreciation and amortisation expense as for H1 2019. The useful lives of assets are determined on the basis of pervious experiences with similar assets and of changes that take place in the expected technological development and the wider economic or sectoral factors. The estimated useful lives are supervised annually.

3. Sales revenues and other operating income

	H1 2019	2018 H1
Net sales revenue	14,539,021	6,224,556
Capitalised own performance	0	0
Other revenues	148,117	256,265
Total	**14,687,138**	**6,480,821**

The sales revenue included export sales revenues in the amount of HUF 351,560,000 in H1 2019 and HUF 379,906,000 in H1 2018. The total amount of the export sales revenue was received from various Member States of the European Union.
The Company Group's sales revenues show cyclicality within the year. Arising from the nature of the activity, sales revenues are lower in Q1 and Q3, more significant in Q2, and 40 per cent of the total annual sales revenue is realised in Q4.

The composition of the other operating revenues is as follows:

	H1 2019	2018 H1
State aid	106,783	195,544
Reversal of provisions	2050	0
Fines, penalties, late payment interests, indemnities	954	1426
Revenues from intangible and tangible assets sold	0	454
Reimbursement of the costs of servicing by the manufacturer	27,731	41,732
Impairment reversed	936	0
Employee reimbursements	7137	6460
Reimbursement received for loan losses	0	95
Other	2526	10,554
Total	**148,117**	**256,265**

HUF 7,023,000 of the government subsidies was the amount spent on asset purchase in the framework of tender no. GOP-2011-1.1.1 for the "Development of a complex system suitable for rating and deep-freezing fish sperms and for the classification of cold-stored fish sperms", less depreciation for H1 2019.
HUF 30,000,000 is an income deferred on the basis of staff costs support intensity recognised in the reporting period for the R&D tender entitled "National innovation onco-genomic and precision oncological therapy programme".
HUF 24,760,000 government support is the amount recognised from the NKFI Fund entitled "MEHASCAN5D - Development of universal quality control solutions for automotive and machine industrial technologies".
HUF 40,000,000 recognised subsidy arose from the project entitled "Development of a complex system of sensors suitable for the detection of UAV tools".

The Company recognised HUF 5,000,000 for the project entitled “The application of networked technologies in the field of designing, manufacturing, installatrion, maintenance of steel structures and related services”.
The recognised revenue is a part of the costs incurred proportionate to support intensity.
In 2019 the Company Group did not have any capitalized own performance.
Sales revenues in the amount of HUF 13,093,000 were invoiced between the members of the Company Group in H1 2019, but the consolidated data were adjusted for this amount.

4. Goods and services sold

	H1 2019	H1 2018
Cost of goods sold	9,436,698	3,231,842
Costs of services sold	1,548,452	998,893
Total	**10,985,150**	**4,230,735**

5. Operating expenditure

	H1 2019	2018 H1
Material costs	48,485	43,388
Value of services used	595,678	655,379
Cost of other services	27,971	23,237
Changes in own-manufactured inventories	-	-
Total	**672,134**	**722,004**

6. Staff costs

	H1 2019	H1 2018
Wage cost	1,535,437	1,128,597
Other payments to staff	123.102	102.132
Wage taxes	341,484	249,569
Total	**2,000,023**	**1,480,298**
General statistical headcount	401	373

Headcount increase relates to the increase in tasks.

7. Other operating expenditure

	H1 2019	H1 2018
Donation to foundations	3000	1100
Fines, penalties, late payment interests, indemnities	2841	2266
Intangible and tangible assets	0	280
Taxes, duties, contributions	2810	1958
Rejection and impairment of inventories	0	632
Irrecoverable receivables	11,824	98
Impairment of receivables	0	16,000
Provisions	-	-
Losses on insurance claims	-	-
Other	50	-
Total	**20,525**	**22,334**

Change in impairment, 2019

	Opening	Increase	Reversal	Closing
Loans granted to the project company	9622	-	932	8690
Interest on loans granted	7827	-	4	7823
Accounts receivable	31,750	0	-	31,750
Total	**49,199**	**0**	**936**	**48,263**

8. Depreciation and impairment

The Company Group's activity is basically not asset-intensive. In the previous years the Company Group purchased tangible assets and software for several hundred million Hungarian forints in relation to research and development. In this period the member companies continued the replacement of obsolete assets. Instead of this line, the impairment of receivables are included among other operating expenses.

	H1 2019	H1 2018
Depreciation	294,110	206,542
Impairment on goodwill	0	0
Total	**294,110**	**206,542**

9. Income from and expenses of financial operations

Financial income	H1 2019	H1 2018
Interest received	166	72
Gain on traded prices	70,882	38,544
Total	**71,048**	**38,616**

The exchange rate gain was obtained from HUF 24,496,000 reclassification, HUF 46,200,000 exchange rate difference between accounts receivable and payable, and HUF 186,000 other exchange rate gains.

Financial expenses	H1 2019	H1 2018
Interest paid	7589	5411
Exchange rate loss	76,268	53,955
Other	0	2901
Total	**83,857**	**62,267**

The exchange rate loss was due to HUF 21,549,000 reclassification, HUF 54,158,000 exchange rate difference between accounts receivable and payable, and HUF 561,000 from the sale of financial investments.

10. Income taxes

The expenditures related to income taxes include the following:

	H1 2019	H1 2018
Corporate income tax	35,449	2337
Deferred tax	9370	(3423)
Business tax	68,154	33,152
Contribution to innovation	10,172	9148
Total	**123,145**	**41,214**

The consolidated annual corporate income tax was determined on the basis of the general principles in 2019 and the income minimum in 2018. The corporate tax rate is 9 per cent.

Tax is calculated as follows:

	H1 2019	H1 2018
P/L before taxes	702,387	(204,743)
Tax payment liability calculated on the basis of the current tax rate 9%	63,215	0
Business tax	68,154	33,152
Contribution to innovation	9370	9148
Permanent differences	(17,594)	(1086)
Income taxes total	**123,145**	**41,214**

The companies included in consolidation (in January 2019) are liable to pay taxes on account of the minimum income requirement. This corporate tax and the deferred tax are recognised in the line for permanent differences.

11. P/L after taxes

	H1 2019	2018 H1
P/L after taxes	579,242	(245,957)

12. Total comprehensive income

	H1 2019	2018 H1
Total comprehensive income	579,242	(245,957)

As no other comprehensive income was recognised, the total amount of other comprehensive income is identical with the profit after taxes.

13. Earnings per share

For the purposes of calculating the fund’s earnings per share, the profit after taxes available for allocation to the shareholders and the average number of ordinary shares issued in the period must be taken into account, excluding the Company’s own shares. The 2018 data were re-calculated with the nominal value of HUF 20 per share resulting from the 2019 share split.

	30/06/2019	30/06/2018
P/L after taxes	579,242	(245,957)
Weighted average number of issued ordinary shares	94,000,000	94,000,000
Weighted average of voting shares	91,671,043	91,564,400
Diluted EPS	**6**	**(3)**
Earnings per share (base, HUF)	**6**	**(3)**

The Company Group had 2,250,000 own shares on 30 June 2019 as against 48,712 on 30 June 2018 (which corresponds to 2,435,600 shares if calculated at the HUF 20 new price per share) in its ownership.

14. Tangible assets

HUF '000'	Machinery and equipment	Other equipment	Land, buildings and rights to immovables	Assets in the course of construction	Total
Gross value					
as at 1 January 2018	**260,499**	**610,124**	**42,195**	**0**	**912,818**
Increase and reclassification	0	69.500	0	120,222	189,722
Decrease and reclassification	(2160)	(36,023)	0	(117,704)	(155,887)
as at 31 December 2018	**258,339**	**643,601**	**42,195**	**2518**	**946,653**
Increase and reclassification	0	140,941	0	164,656	305,597
Decrease and reclassification	0	0	0	(142,932)	(142,932)
On 30 June 2019	**258,339**	**784,542**	**42,195**	**24,242**	**1,109,318**
Accumulated depreciation					
as at 1 January 2018	**212,240**	**501,288**	**12,511**	**0**	**726,039**
Annual write-off	35,888	79,770	2568	0	118,226
Decrease	(2053)	(35,716)	0	0	(37,769)
as at 31 December 2018	**246,075**	**545,342**	**15,079**	**0**	**806,496**
Annual write-off	12,218	48,303	1275	0	61,796
Decrease	0	0	0	0	0
Rounding	0	1	0	0	1
On 30 June 2019	**258,293**	**593,646**	**16,354**	**0**	**868,293**
Net book value					
as at 1 January 2018	**48,259**	**108,836**	**29,684**	**0**	**186,779**
as at 31 December 2018	**12,264**	**98,259**	**27,116**	**2518**	**140,157**
as at 30 June 2019	**46**	**190,896**	**25,841**	**24,242**	**241,025**

Increase in tangible assets results from acquisitions. No rejection was performed.

15. Intangible assets

HUF '000'	IFRS16 Leases	Concessions, licences and similar rights	Intellectual property	Total
Gross value				
as at 1 January 2018	**0**	**218,746**	**1,680,912**	**1,899,658**
Increase and reclassification	0	57	48,061	48,118
Decrease and reclassification	0	0	(13,745)	(13,745)
Rounding			1	1
as at 31 December 2018	**0**	**218,803**	**1,715,228**	**1,934,031**
Increase and reclassification	878,952	0	14,803	893,755
Decrease and reclassification	0	0	0	0
Rounding				
as at 30 June 2019	**878,952**	**218,803**	**1,730,031**	**2,827,786**
Accumulated depreciation				
as at 1 January 2018	**0**	**160,662**	**838,365**	**999,027**
Annual write-off	0	46,373	333,553	379,926
Decrease	0	0	(13,745)	(13,745)
Rounding	0	0	(1)	(1)
as at 31 December 2018	**0**	**207,035**	**1,158,172**	**1,365,207**
Annual write-off	113,297	9358	109,659	232,314
Decrease	0	0	0	0
Rounding	0	0	0	0
as at 30 June 2019	**113,297**	**216,393**	**1,267,831**	**1,597,521**
Net book value				
as at 1 January 2018	**0**	**58,084**	**842,247**	**900,631**
as at 31 December 2018	**0**	**11,768**	**557,057**	**568,825**
as at 30 June 2019	**765,655**	**2410**	**462,200**	**1,230,265**

The application of the provisions of the IFRS 16 standard resulted in an increase by HUF 878,952,000 in the Company's assets, and by the end of the period the net value of lease rights had amounted to HUF 765,655,000.

Increase in the intellectual property was due to purchases.

Individually significant intangible assets:

HUF '000'

Description	Book value	Depreciation period	Final date of depreciation
Contentum (KIR) system of programs	300,373	10 years	31/12/2024
as at 30 June 2019	**300,373**		

At the end of each year the Company performs net present-value tests for intellectual property representing significant values. The last such test was conducted on 31 December 2018, discounted at the 5-year reference rate of Government Debt Management Agency (2.21%).

Calculated with the revenues and costs achieved through their use in 2018 and expected in the next few years, the test findings showed the following present value:

	Present value
Contentum (KIR) system of programs	359,105
Total:	**359,105**

16. Deferred tax assets

When deferred taxes are calculated, the Group compares the value that can be considered for taxation to the book value per asset and per liability. If the difference is temporary, i.e. if in the foreseeable future the difference is levelled off, the deferred tax liability or asset is recognized with a negative or positive amount. When an asset is posted, the Group assesses return separately.

The Company Group calculates deferred tax at a 9 per cent rate.

The following differences giving rise to deductible and taxable tax differences were identified:

	31 December 2018	Increase	Use	30 June 2019
Impairment of receivables	4428	0	(85)	4343
Property, plant and equipment	(32,477)	0	(2605)	(35,082)
Provisions	1637	0	(1012)	625
Losses carried forward	102,341	0	(5667)	96,674
Deferred tax asset, total	**75,929**	**0**	**(9369)**	**66,560**

	31 December 2017	Increase	Use	31 December 2018
Impairment on trade receivables	4823	0	(395)	4428
Property, plant and equipment	(44,885)	12,408	0	(32,477)
Provisions	731	1637	(731)	1637
Losses carried forward	115,308	0	(12,967)	102,341
Deferred tax assets, total	**75,977**	**14,045**	**(14,293)**	**75,929**

17. Goodwill

The company recognised goodwill for the following subsidiaries:

Name of the subsidiary	30 June 2019	31 December 2018
previously FreeSoft Kft.	411,243	411,243
HUMANsoft Kft.	0	73,394
Axis Rendszerház Kft.	0	167,066
Goodwill, total	**411,243**	**651,703**

Impairment can be recognised on goodwill annually, at the end of the year, on the basis of the present value of future net cash flows. Goodwill is allocated to the appropriate business lines on the basis of the activity ratios prevailing at the time of generation. Accordingly, on 30 June 2019, HUF 411,243,000 was allocated for IT service provision.

Recovery ratios are calculated by the discounted cash-flow formula. The management computed the expected recovery ratio on the basis of past empirical data and the expected market trends. The planned cash-flow was planned for five years. The 2018 year-end goodwill was measured on the basis of the following basic data.

BASIC DATA AND PREMISES	Unit of measure	2019	2020	2021	2022	2023
Risk-free interest rate (ÁKK reference yield for 10 years)	%	2.83	2.83	2.83	2.83	2.83
Risk factor		7,31	7,31	7,31	7,31	7,31
Expected market yield		10,14	10,14	10,14	10,14	10,14
BUBOR		0,50	0,50	0,50	0,50	0,50
Interest premium (weighted average as per contract)		2,00	2,00	2,00	2,00	2,00
Loan rate		2,50	2,50	2,50	2,50	2,50
Equity-to-total liabilities		94,52	94,52	94,52	94,52	94,52
Debt-to-equity ratio		5,48	5,48	5,48	5,48	5,48
Beta		1,10	1,10	1,10	1,10	1,10
WACC (weighted average capital cost)		10,39	10,39	10,39	10,39	10,39
Discount rate		1,00	0,91	0,82	0,74	0,67

Based on the calculations, in 2018 the Company recognised HUF 103,000,000 impairment on the FreeSoft goodwill.

In compliance with the relevant IFRS regulations, simultaneously with the 31 January 2019 merger of 4iG Plc.'s subsidiaries (HUMANsoft Kft., Axis Rendszerház Kft. and Mensor3D Kft.) into the parent company, the Company derecognised the goodwill of subsidiaries through the profit reserve in the amount of HUF 240,460,000.

Based on the 2018 measurement, based on the DCF calculation, the recovery value of the remaining goodwill is:

	Equity on activity	Goodwill	Total	DCF
FreeSoft goodwill	3,210,373	411,243	3,621,616	3,621,410
Total	**3,210,373**	**411,243**	**3,621,616**	**3,621,410**

18. Other investments

In this line the Company accounts its non-decisive business shares in minor limited liability companies (typically project companies) and the amount of cash contributions made to them. Its aggregate value is insignificant: it remains below 0.1 per cent of the net asset value.
Investments measured at fair value
Investments are consolidated by the "investment value" method. As the business shares do not have a genuine market, measurement is performed on the basis of 3rd-level inputs, i.e. the analysis of the companies equity.

HUF '000'

Company name	Investment in the ordinary share capital	Voting ratio as a percentage	Additional cash contributions	Investments, total
Alliance Klaszter Menedzsment Kft.	350	11.11	0	350
Ökopolisz Kft.	430	14.28	0	430
iCollWare Kft.	700	19.80	86,436	87,136
MMATT Kft.	500	19.90	10,956	11,455
SziMe3D Kft.	570	19.00	18,312	18,882
as at 31 December 2018	**2550**	**-**	**115,704**	**118,254**

Based on the recovery valued according to the DCF, impairment does not need to be recognised for any of the investments.
In addition, the line for other investments includes a bank guarantee deposit in the amount of HUF 9,000,000, as long-term time deposit held by the bank.

19. Cash and cash equivalents

	30 June 2019	31 December 2018
Cash on hand	8664	6020
Bank	3,537,982	169,550
Total	**3,546,646**	**175,570**

On 30 June 2019, the Company Group had access to cash worth HUF 174,412,000 in EUR and HUF 193,820,000 in USD.

20. Trade receivables

	30 June 2019	31 December 2018
Trade receivables	7,147,888	4,337,433
Impairment on trade receivables	(31,750)	(31,750)
Total	**7,116,138**	**4,305,683**

21. Other receivables and prepaid expenses and accrued income

	30 June 2019	31 December 2018
Other receivables	482,610	449,691
Prepayments and accrued income	2,175,191	1,176,694
Total	**2,657,801**	**1,626,385**

Other accounts receivable include the following:

	30 June 2019	31 December 2018
Advances paid	404,810	394,852
Short-term loans	3604	1109
Downpayment on rental fee	62,173	36,331
Bank guarantees provided	12,003	17,362
Other short-term receivables	20	37
Total	**482,610**	**449,691**

The loans granted for a short period of time include loans lent to the Company Group's employees.

As at 30 June 2019, the companies included in the Company Group did not have any outstanding accounts receivable from one another.

Composition of prepayments and accrued income:

	30 June 2019	31 December 2018
Prepaid and accrued income	2,129,717	1,044,726
Prepaid and accrued costs and expenses	45,474	131,968
Total	**2,175,191**	**1,176,694**

Prepaid and accrued income includes revenues that have been invoiced after the balance-sheet cut-off date, performed and evidenced by certificates in H1 2019 but due to be invoiced only in H2 2019 under the IFRS 15 standard.

Prepaid and accrued costs and expenses include the costs and expenses invoiced before the balance-sheet cut-off date but incurred in H2 2019. When project costs are accrued, the value to be accrued and deferred is determined on the basis of the stage of completion. Regarding other costs, the performance date indicated in the invoice is applicable.

22. Effective receivables from income taxes

	30 June 2019	31 December 2018
Corporate tax and dividend tax	(19,562)	13,358
Local business tax	(6617)	17,907
Contribution to innovation	(5857)	829
Total	**(32,036)**	**32,094**

23. Securities

	30 June 2019	31 December 2018
Equities	331,600	331,600
Business shares	111,000	111,000
Total	**442,600**	**442,600**

The Company Group's securities portfolio includes non-stock exchange traded short-term shares worth HUF 331,600,000, intended for financial investment, and HUF 111 million in non-defining shares representing less than 20 per cent of ownership and voting rights, as short-term investment in limited liability companies. As the Company does not have open-market information, these financial instruments are valuated at fair value corresponding to the 3rd level. The IFRS classifies them as short-term financial instruments at fair value through other profit or loss.

24. Inventories

	30 June 2019	31 December 2018
Finished product	-	-
Goods	2,289,758	244,904
Materials	62,563	57,258
Impairment of inventories	(60,050)	(60,050)
Total	**2,292,271**	**242,112**

Inventories are reclassified at market value at the end of each year. HUF 60,050,000 was recognised as impairment of the inventory on 30 June 2019.

25. Subscribed capital

The Company's registered capital is HUF 1,880,000,000; and the Company's share capital comprises 94,000,000 registered ordinary shares, issued in a dematerialised form and each carrying the nominal value of HUF 20. Each share carries 1 vote. There are no preferential shares or shares vesting other special privileges. Repurchased own shares do not carry votes.

The shares are traded in the Standard category on the Budapest Stock Exchange, under the ISIN code: HU0000167788

Since 19 June 2019, the 4iG shares have been traded in the Premium category of the Budapest Stock Exchange.

26. Own shares repurchased

The following table shows changes in (the number of) the (own) shares of 4iG, a company in the ownership of the Company Group (converted to HUF 20 per share according to the split):

	30 June 2019	31 December 2018
4iG Plc	2,250,000	2,297,500
HUMANsoft Kft.	0	102,250
Axis Rendszerház Kft.	0	35,850
Total	**2,250,000**	**2,435,600**

The repurchase value of treasury shares is HUF 92,261,000; their average price being HUF 41 per share. In this period the closing stock exchange market price and the average price were HUF 1076 and HUF 731 per share, respectively.

27. Capital reserve

At the time of share issue, the difference between the nominal value and the issue price is recognised in 4iG Plc.'s capital reserve in the amount of HUF 1,074,500,000. The general meeting held on 26/04/2018 ordered the topping up of 4iG Plc.'s negative profit reserve (retained earnings) by HUF 257,750,000 to the debit of its capital reserve. Consequently, the amount of the capital reserve was HUF 816,750,000 on 30/06/2019.

28. Retained earnings

In the retained earnings line the retained earnings accumulated during the previous years and the profit generated in the reporting period are recognised in aggregate.

	30 June 2019	31 December 2018
Retained earnings	638,512	124,546

29. Provisions

	31 December 2018	Increase	Use	30 June 2019
For severance paid to transferred employees (based on contract)	0	0	0	0
Provision for unused holidays	9197	0	(9197)	0
For expected losses	9000	0	(2050)	6950
Guarantee liabilities	0	0	0	0
Total	**18,197**	**0**	**(11,247)**	**6950**

	31 December 2017	Increase	Use	31 December 2018
For severance paid to transferred employees (based on contract)	0	0	0	0
Provision for unused holidays	8124	9197	(8124)	9197
For expected losses	0	9000	0	9000
Guarantee liabilities	0	0	0	0
Total	**8124**	**18,197**	**(8124)**	**18,197**

As at 31/12/2018, the Company Group’s provisions included HUF 9,197,000 earmarked to cover payments due for unused 2018 holidays in the Company Group. This provision was reversed in 2019.
HUF 2,050,000 of the provision for expected losses was reversed, as this cost is unlikely to be incurred.

30. Financial lease liabilities

In accordance with the IFRS 16 standard, which entered into force on 1 January 2019, the concept of leasing has been considerably expanded. Since that date the lease rights fulfilling the requirements set out in the standard must be included among assets as a right representing assets.
In line with the classical concept of leasing, the leasing liabilities recognised in the balance sheet apply to a single group of assets, namely computer printers.
The lease agreements do not impose any limitation on dividends, additional loans and additional leases.
The leases cannot be terminated. We concluded sublease contracts with our customers for the leased printers, and these cannot be terminated either.

On 30/06/2019 the net book value of these leased assets was: HUF 721,000

Leasing payments repaid in 2019: HUF 4,269,000

The leasing liabilities expanded according to the IFRS 16 standard are as follows:

	30 June 2019	**31 December 2018**
Tangible assets – financial leasing liabilities	0	0
Concessions, licences and similar rights – lease payment liability (IFRS 16)	359,997	0
Financial lease liabilities (long-term)	**359,997**	**0**

	30 June 2019	**31 December 2018**
Tangible assets – financial leasing liabilities	721	4990
Concessions, licences and similar rights – lease payment liability (IFRS 16)	405,550	0
Financial lease liabilities (short-term)	**406,271**	**4990**

31. Change in accounts payable

	30 June 2019	**2018 31 December**
Liabilities to creditors	9,885,823	2,219,684
Total	**9,885,823**	**2,219,684**

32. Short-term loans and advances

	30 June 2019	31 December 2018
Raiffeisen BANK revolving credit facility	1,500,000	1,500,000
Raiffeisen overdraft facility	0	105,571
Loans granted	0	152,485
Total	**1,500,000**	**1,758,056**

4iG Plc. concluded a revolving credit facility with Raiffeisen Bank Zrt. for a limit of HUF 1,500,000,000. The monthly payable loan rate is the 1-month BUBOR (Budapest Inter-bank Offered Rate) + 0.55 per cent increased by 0.3 per cent commitment fee.
Specified accounts payable in the amount of HUF 700,000,000 and unspecified accounts payable in the amount of HUF 700,000,000 were determined as loan collateral.

In addition to the above-referenced revolving credit facility, an overdraft credit facility is available for the Company in the amount of HUF 250,000,000 up to 31 January 2020, with specified amounts in HUF and EUR. In the case of a drawdown, 1-month BUBOR + 0.9 per cent or 1-month EURIBOR + 1.75 per cent is plus 0.5 per cent commitment fee is payable for the loan. Accounts payable in the amount of HUF 500,000,000 was determined as loan collateral.

In addition, a bank guarantee limit is also available for 4iG Plc. in the amount of HUF 250,000,000.

In May 2019, 4iG Plc. repaid the securities loan taken from HOLD Alapkezelő Zrt.

33. Other short-term liabilities, accrued expenses and deferred income

	30 June 2019	31 December 2018
Tax liabilities and contributions payable	177,410	447,962
Corporate income tax liabilities	32,036	0
Wage transfer obligations	195,601	0
Advance payments from buyers	811,123	659,809
Prepayments from the central budget	295,200	428,868
Other liabilities	948	8399
Accrued and deferred income	31,587	40,082
Accrued and deferred costs	1,185,338	81,890
Support received and deferred income	488	7510
Total	**2,729,731**	**1,674,520**

Company Group's other tax liabilities do not include any overdue and unpaid debt, and every company is included in the positive taxpayers' database.
Accrued revenues are included in the support fees invoiced for the next periods.
4iG Plc. received prepayment from the National Research, Development and Innovation Office in the amount of 60,443,000 on the support granted for the R&D project of the ID no. NVKP-16-2016-0005, entitled "Launching the national innovation onco-genomic and precision onco-therapy programme and the integrated development of the related technologies".
It received prepayment from the NKFI Fund's support for "MEHASCAN5D - Development of universal quality control solutions for automotive and machine industrial technologies" in the amount of HUF 17,944,000.
The prepayment received for the project entitled "Development of a complex system of sensors suitable for the detection of UAV tools" implemented with 4iG Plc.'s participation is HUF 157,727,000.
HUF 59,087,000 was granted as prepayment for the project entitled "The application of networked technologies in the field of designing, manufacturing, installation, maintenance of steel structures and related services".

34. Dividend payment liabilities to the owners

On 30 June 2019, the Company was not required to pay dividend to the owners.

35. Impact of interests paid or received on the cash flow

In 2018 the Company Group only had interest earnings and interest expenses in relation to its financing activity.

	30 June 2019	**31 December 2018**
Interest received	167	478
Interest paid	7987	(11,701)
Interest margin	**(7820)**	**(11,223)**

The interest earnings and interest expenses did not have a significant impact on the Company Group's cash flow.

36. Additional payments to project companies

In 2019 the Company Group performed additional payments in the amount of HUF 900,000.

37. Long-term receivables

Long-term receivables include the Company Group members' mandatorily fixed, long-term bank deposits provided as coverage for the bank guarantee.

	30 June 2019	31 December 2018
4iG Plc	9000	3000
Axis Rendszerház Kft.	-	1,500
Total	**9000**	**4500**

38. Dividend and interests received from investments

The Company Group did not have such incomes in 2019.

39. Information on business lines

As the strategic decisions on the Group's operation are adopted by the Board of Directors, for the definition of the various business lines during the compilation of the financial statements, the management relied on the statements made for them.

4iG Group's activity comprises two main lines: IT trading (hardware and software resale) and IT services. Below is a presentation of the efficiency of the two business lines up to the level of direct costs that can be allocated to the activities. The line assets have been divided in proportion to the depreciation recognised for the activities and the sales revenue generated by the particular business line. No activity or re-invoicing was performed between the business lines.

For H1 2019:

Description	IT services	Commerce	Other activities	Total
Net sales revenue	2,577,346	11,866,550	95,125	14,539,021
Cost of goods sold	-	(9,436,698)	-	(9,436,698)
Intermediated services	(946,364)	(507,628)	(94,460)	(1,548,452)
Other revenues	27,731	(41,637)	78,749	148,117
Collateral 1	**1,658,713**	**1,963,861**	**79,414**	**3,701,988**
Direct costs	(1,705,501)	(632,027)	-	(2,337,528)
Collateral 2	**(46,788)**	**1,331,834**	**79,414**	**1,364,460**
Costs and expenses not directly allocable to business lines				(649,264)
Profit or loss from operations (EBIT)				**715,196**
Profit on financial operations				(12,809)
P/L before taxes				**702,387**
Business line assets	**2,268,695**	**10,301,715**	**162,978**	**12,733,388**
Assets that cannot be allocated to business lines				5,398,415
Assets, total				**18,131,803**

For H1 2018:

Description	IT services	Commerce	Other activities	Total
Net sales revenue	2,470,253	3,738,867	15.436	6,224,556
Cost of goods sold	-	(3,231,724)	(118)	(3,231,842)
Intermediated services	(981,046)	-	(17,847)	(998,893)
Other revenues	92,750	88,490	75,025	256,265
Collateral 1	**1,581,957**	**595,633**	**72,496**	**2,250,086**
Direct costs	(1,404,659)	(427,087)	-	(1,831,746)
Collateral 2	**177,298**	**168,546**	**72,496**	**418,340**
Costs and expenses not directly allocable to business lines				(599,432)
Profit or loss from operations (EBIT)				**(181,092)**
Profit on financial operations				(23,651)
P/L before taxes				**(204,743)**
Business line assets	**2,882,107**	**2,935,299**	**9575**	**5,826,981**
Assets that cannot be allocated to business lines				1,151,093
Assets, total				**6,978,074**

40. Risk management

The Group's assets include cash and cash equivalents, securities, receivables from customers and other receivables and other assets – with the exception of taxes. Company Group liabilities include loans and advances, liabilities to customers and other liabilities, disregarding taxes and the gains and losses on the revaluation of financial liabilities at fair value.

The Group is exposed to the following financial risks:

- credit risk;
- liquidity risk
- market risk

This section describes the above-described risks the Group is exposed to, the Group's objectives and policies, the measurement of procedures and risk management, and the Group's management capital. The Board of Directors have general responsibility for the Group's establishment, supervision and risk management.

The purpose of the Group's risk management policy is to filter out and investigate the risks the Group may face, to set up adequate controls and to monitor risks. The risk management policy and system will be revised from time to time in order to reflect the changed market conditions and the Group's activities.

Capital management

The Company Group's policy is to retain the share capital in an amount sufficient for ensuring that the investors' and creditors' confidence ensures the Company Group's future development. Based on the benefits and security ensured by the Company's massive capital position, the Board of Directors makes efforts at maintaining the policy of only assuming higher exposure from lending if yield is higher.

The Group's capital structure comprises net debt and the Group's equity (the latter includes the subscribed capital, reserves and the participations of non-controlling owners).

In the course of capital management, the Group makes efforts at ensuring that the Group members can continue their activities and simultaneously maximize return for the owners by an optimum equilibrium between the loan principal and the equity, and by maintaining an optimum capital structure in order to reduce capital costs. The Group also monitors if its member companies' capital structure meets the local statutory requirements.

Similarly to 2018, in 2019 the Company's capital risk was insignificant, as it typically finances its activity from its own funds.

Credit risk

Credit risk is the risk that reflects if the debtor or the partner fails to fulfil his contractual obligations and this causes financial loss for the Group. Financial assets exposed to credit risks may include long- or short-term allocations, cash and cash equivalents, and receivables from customers and other claims.

The book values of financial assets show the maximum risk exposure. The following table shows the Company Group's maximum credit exposure on 30 June 2019 and 31 December 2018.

	30 June 2019	**31 December 2018**
Trade receivables	7,116,138	4,305,683
Other accounts receivable and prepaid expenses and accrued income	2,657,801	1,626,385
Securities	442,600	442,600
Cash and cash equivalents	3,546,646	175,570
Total	**13,763,185**	**6,550,238**

As at 30, June 2019, the accounts receivable from customers were aged as follows:

	Outstanding	**Impairment**	**Total**
Not yet due	6,251,438		6,251,438
Overdue by 30 days	411,055		411,055
Overdue by 30-90 days	324,389		324,389
Overdue by 90-180 days	116,657		116,657
Overdue by 180-360 days	11,001		11,001
Overdue by more than 360 days	33,348	(31,750)	1598
Total	**7,147,888**	**(31,750)**	**7,116,138**

Customers are rated continuously. Initially, they are only served if they pay in cash and in advance. After a longer relationship, payment by transfer with an 8, 15, 30 or 60 days' deadline may be granted. Our receivables that are not yet due carry a minimum risk of recovery.

The risk on overdue claims is mitigated by continuous monitoring and the recognition of impairment. Defaulting accounts receivable from customers need to be analysed together with defaulting accounts payable to suppliers, since according to the agreements if the customer fails to pay, the related suppliers cannot be paid either. Thus loss on lending is limited to the margin and the collateral.

Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations when they are due. The Company Group's liquidity management approach is to reveal the extent to which adequate liquidity can be provided for the performance of its liabilities on the due dates, under both usual and stressed conditions, without incurring unacceptable losses or jeopardizing the Company Group's good reputation.

As at 30 June 2019, the aging of accounts payable to suppliers was the following:

	Receivables outstanding
Not yet due	9,199,864
Overdue by 30 days	441,958
Overdue by 30-90 days	241,093
Overdue by 90-180 days	396
Overdue by 180-360 days	2
Overdue by more than 360 days	2510
Total	**9,885,823**

Our accounts payable predominantly relate to customers, as we pay overdue liabilities arising from agreements after the customer has paid. If customers fail to pay, suppliers are not paid either, and thus risk is very low.

Loan maturity analysis (HUF '000'):

Loans granted to the Company Group
30/06/2019

Company	Creditor bank	Loan type	Credit limit	Unused limit	Credit maturity	Credit collateral
4iG Plc.	Raiffeisen Bank Zrt.	Overdraft	250,000	105.571	31/01/2020	accounts receivable
4iG Plc.	Raiffeisen Bank Zrt.	Revolving	1,500,000	1,271,016	25/10/2019	accounts receivable

With the bank that granted the loan we have been in a credit relationship for several decades. We have always repaid loans by deadline, and the loans were generally renewed annually. For this reason the Company management does not perceive any credit risk. No risk is perceived even if the banks that have granted the loans are terminated or leave the country, as various other banks regularly contact the Company Group with proposals offering similar conditions.

Analysis of bank guarantees (HUF):

4iG Plc. bangaranciái 2019.06.30

Beneficiary	Guarantor	Type of guarantee	Amount	Maturity
National Medical Service	Raiffeisen Bank	Retention	12 508 300	2020.01.30
Public Procurement and Supply Directorate	Raiffeisen Bank	Performance	10 000 000	2020.09.30
Public Procurement and Supply Directorate	Raiffeisen Bank	Performance	10 000 000	2020.09.30
Public Procurement and Supply Directorate	Raiffeisen Bank	Performance	3 000 000	2019.10.24
Getronics Zrt.	Raiffeisen Bank	Performance	10 000 000	2020.12.07
KTI Közlekedéstudományi Intézet	Raiffeisen Bank	Bid	30 000 000	2019.09.16
Public Procurement and Supply Directorate	CIB Bank	Data reporting	3 000 000	2020.08.31
Public Procurement and Supply Directorate	CIB Bank	Data reporting	3 000 000	2021.12.30
Public Procurement and Supply Directorate	CIB Bank	Data reporting	3 000 000	2021.12.30
Bank guarantees, total:			**84 508 300**	

4iG Plc. has a bank guarantee limit of HUF 250,000,000, generally left unused. The maturity dates of the contract display the opportunity to draw down guarantee limits. Similarly to loans, guarantee limits are regularly renewed. Pursuant to the contract, if the issued (drawn down) bank guarantees expire after the contract expiry date, they remain valid.

Market risk

Market risk is the risk that market prices, exchange rates, interest rates and the prices of investments or their changes will have an impact on the Group's profit or the value of the investment embodied in the financial instruments. The purpose of managing market risk is to manage and control exposures to market risks among acceptable limits with simultaneous profit optimization.

Sensitivity analysis

The Group has established that its profit depends basically and in essence on two key factors: the exchange rate risk and the interest rate risk. It performed sensitivity tests for these key variables. The Group makes efforts at reducing interest rate risks primarily by committing disposable cash.

As at 30 June 2019, the Company Group's FX exposure was as follows:

	HUF	EUR	USD	Total
Trade receivables	4,879,515	2,160,210	76,413	7,116,138
Liabilities to creditors	8,286,911	1,252,968	345,944	9,885,823
Cash and cash equivalents	3,178,414	174,412	193,820	3,546,646
Loans	1,500,000	0	0	1,500,000

The Company Group is exposed to a considerable foreign exchange risk, as we invoice a significant part of our customers in foreign currencies, and therefore we conclude FX hedging transactions to handle the exchange rate risk. The Company does not apply the rules of hedge accounting.

Interest sensitivity test

During interest rate rise

Profit before taxes (less interest)	710,207
Net interest expenses	(7820)
P/L before taxes	**702,387**
Assets, total	**18,131,803**

1%	
Profit before taxes (less interest)	710,207
Net interest expenses	(7898)
P/L before taxes	**702,309**
Change in profit before taxation	***(78)***
Change in profit before taxation (%)	***(0.011%)***
Assets, total	***18,131,725***
Change in total assets	***(78)***
Change in total assets (%)	***(0.000%)***

5%	
Profit before taxes (less interest)	710,207
Net interest expenses	(8211)
P/L before taxes	**701,996**
Change in profit before taxation	***(391)***
Change in profit before taxation (%)	***(0.056%)***
Assets, total	***18,131,412***
Change in total assets	***(391)***
Change in total assets (%)	***(0.002%)***

10%	
Profit before taxes (less interest)	710,207
Net interest expenses	(8602)
P/L before taxes	**701,605**
Change in profit before taxation	***(782)***
Change in profit before taxation (%)	***(0.111%)***
Assets, total	***18,131,021***
Change in total assets	***(782)***
Change in total assets (%)	***(0.004%)***

In the event of an interest rate decrease

-1%

Profit before taxes (less interest)	710,207
Net interest expenses	(7742)
P/L before taxes	**702,465**
Change in profit before taxation	***78***
Change in profit before taxation (%)	***0.011%***
Assets, total	***18,131,881***
Change in total assets	***78***
Change in total assets (%)	***0.000%***

-5%

Profit before taxes (less interest)	710,207
Net interest expenses	(7429)
P/L before taxes	**702,778**
Change in profit before taxation	***391***
Change in profit before taxation (%)	***0.056%***
Assets, total	***18,132,194***
Change in total assets	***391***
Change in total assets (%)	***0.002%***

-10%

Profit before taxes (less interest)	710,207
Net interest expenses	(7038)
P/L before taxes	**703,169**
Change in profit before taxation	***782***
Change in profit before taxation (%)	***0.111%***
Assets, total	***18,132,585***
Change in total assets	***782***
Change in total assets (%)	***0.004%***

Exchange rate sensitivity test

Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,604,855
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,598,912
Net asset portfolio	**3,243,011**
P/L before taxes	**702,387**

During exchange rate rise

1%	
Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,630,903
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,614,902
Net asset portfolio	**3,253,071**
Change in the net assets	***10,059***
Change in the net asset portfolio (%)	***0.310%***
P/L before tax	***712,446***
Change in profit before taxation	***10,059***
Change in profit before taxation (%)	***1.432%***

5%	
Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,735,098
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,678,858
Net asset portfolio	**3,293,308**
Change in the net assets	***50.297***
Change in the net asset portfolio (%)	***1.551%***
P/L before tax	**752,684**
Change in profit before taxation	***50.297***
Change in profit before taxation (%)	**7.161%**

10%	
Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,865,340
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,758,804
Net asset portfolio	**3,343,605**
Change in the net assets	***100,594***
Change in the net asset portfolio (%)	***3.102%***
P/L before tax	***802,981***
Change in profit before taxation	***100,594***
Change in profit before taxation (%)	***14.322%***

In the event of an exchange rate decrease

-1%

Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,578,806
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,582,923
Net asset portfolio	**3,232,952**
Change in the net assets	***(10,059)***
Change in the net asset portfolio (%)	***(0.310)%***
P/L before tax	***692,327***
Change in profit before taxation	***(10,059)***
Change in profit before taxation (%)	***(1.432)%***

-5%

Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,474,612
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,518,967
Net asset portfolio	**3,192,714**
Change in the net assets	***(50,297)***
Change in the net asset portfolio (%)	***(1.551)%***
P/L before tax	**652,090**
Change in profit before taxation	***(50,297)***
Change in profit before taxation (%)	**(7.161)%**

-10%

Non-monetary assets and assets denominated in HUF	15,526,948
Foreign exchange assets	2,344,369
Liabilities denominated in HUF	13,289,879
Foreign exchange liabilities	1,439,021
Net asset portfolio	**3,142,417**
Change in the net assets	***(100,594)***
Change in the net asset portfolio (%)	***(3.102)%***
P/L before tax	***601,793***
Change in profit before taxation	***(100,594)***
Change in profit before taxation (%)	***(14.322)%***

41. Financial instruments

Financial instruments include invested financial assets; accounts receivable (from among current assets), loans granted, prepayments given, bank deposits, securities and cash, as well as loans and advances taken, accounts payable, prepayments received and other financial liabilities. The Company Group measures financial instruments in accordance with the provisions of the IFRS 9 standard, and recognises them in its books accordingly, at the end of the period.

30/06/2019		Through P/L at fair value FVTPL	Derivatives included in hedge accounting	Loans, advances and liabilities at amortised cost	Through other comprehensive P/L at fair value FVTOCI*	Book value total
Book value of financial instruments						
Financial assets						
Other financial investments	Capital instruments	2.550	-	-	-	2.550
	Loans granted	-	-	-	-	-
	Deposits	-	-	9.000	-	9.000
	Financial lease liabilities	-	-	-	-	-
	Other	-	-	115.704	-	115.704
Financial investments total		**2.550**	**-**	**124.704**	-	**127.254**
Trade and other debtors		-	-	7.116.138	-	7.116.138
Receivables from financial leases		-	-	-	-	-
Cash and cash equivalents		-	-	3.546.646	-	3.546.646
Debt securities		442.600	-	-	-	442.600
Other short-term financial assets	Loans granted	-	-	3.604	-	3.604
	Advances granted	-	-	404.810	-	404.810
	Lease fee, downpayment	-	-	62.173	-	62.173
	Other	-	-	12.023	-	12.023
Short-term financial assets, total		**442.600**	**-**	**11.145.394**		**11.587.994**
Financial assets, total		**445.150**	**-**	**11.270.098**		**11.715.248**
Financial liabilities						
Loans (long-term credits)		-	-	-	-	**-**
Financial lease liabilities		-	-	359.997	-	359.997
Other long-term financial liabilities		-	-	-	-	-
Long-term financial liabilities total		-	-	**359.997**	-	**359.997**
Trade and other accounts payable		-	-	9.885.823	-	9.885.823
Loans (short-term credits)		-	-	1.500.000	-	1.500.000
Prepayments from customers		-	-	811.123		811.123
Prepayments from the central budget		-	-	295.200		295.200
Financial lease liabilities		-	-	406.291	-	406.291
Other short-term financial liabilities		-	-	405.986	-	405.986
Short-term financial liabilities, total		**-**	**-**	**13.304.423**	**-**	**13.304.423**
Financial liabilities, total		-	-	**13.664.420**	-	**13.664.420**

31.12.2018		Fair value through profit and loss	Hedge accounting of derivatives involved in hedge acc.	Loans, receivables and payables at amortised cost	Fair value through other comprehensive income FVTOCI*	Total b
Book value of financial instruments Financial instruments						
Other invested financial assets	Capital instruments	2,850	-	-	-	
	Loans given	-	-	-	-	
	Deposits	-	-	4,500	-	
	Finance lease receivables	-	-	-	-	
	Other	-	-	126,596	-	
Total invested financial assets		**2,850**	**-**	**131,096**	**-**	
Trade and other receivables		-	-	4,337,777	-	
Finance lease receivables		-	-	-	-	
Cash and cash equivalents		-	-	175,570	-	
Debt securities		442,600	-	-	-	
Other short-term financial instruments	Loans given	-	-	1,109	-	
	Advance payments	-	-	394,852	-	
	Security deposit for rental fees	-	-	36,331	-	
	Other	-	-	17,399	-	
Total short-term financial instruments		**442,600**	**-**	**4,963,038**	**-**	
Total financial assets		**445,450**	**-**	**5,094,134**	**-**	
Financial Liabilities						
Loans (long-term credits)		-	-	-	-	
Finance lease liabilities		-	-	-	-	
Other long-term financial liabilities		-	-	-	-	
Total long-term financial liabilities		**-**	**-**	**-**	**-**	
Trade and other payables		-	-	2,667,647	-	
Loans (short-term credits)		-	-	1,758,056	-	
Advance payments from customers		-	-	659,809	-	
Advance payments from the public budget		-	-	428,868	-	
Finance lease liabilities		-	-	4,990	-	
Other short-term financial liabilities		-	-	8,398	-	
Total short-term financial liabilities		**-**	**-**	**5,527,768**	**-**	
Total financial liabilities		**-**	**-**	**5,527,768**	**-**	

Fair value hierarchy

	30 June 2019				**31 December 2018**			
	Level 1 Unmodified prices quoted on active markets	Level 2 Measurement methods based on available and monitorable data	Level 3 Measurement methods based on unavailable and non-monitorable data	Fair value total	Level 1 Unmodified prices quoted on active markets	Level 2 Measurement methods based on available and monitorable data	Level 3 Measurement methods based on unavailable and non-monitorable data	Fair value total
Financial assets								
Capital instruments	-	-	2.550	2.550	-	-	3.449	3.449
Debt securities	-	-	442.600	442.600	-	-	442.600	442.600
Derivative transactions	-	-	-	-	-	-	-	-
Financial assets, total	**-**	**-**	**445.150**	**445.150**	**-**	**-**	**446.049**	**446.049**
Financial liabilities	-	-	-	-	-	-	-	-
Derivative transactions	-	-	-	-	-	-	-	-
Financial liabilities, total	-	-	-	-	-	-	-	-

42. Transactions with related parties

In H1 2019, no transaction was conducted with related parties.
The sales revenues raised from the transactions conducted within the Company Group amounted to HUF 13,093,000; and the consolidated data were adjusted for them.

43. Remuneration for the Board of Directors and the Supervisory Board

The members of the Company's Board of Directors, Supervisory Board and Audit Committee were remunerated as follows.

In H1 2019, the members of the Board of Directors were paid a total of HUF 38,664,000 as wages, HUF 4,350,000 as honoraria and HUF 16,000,000 as retainer fees. The members of the Supervisory Board were paid honoraria in the total amount of HUF 2,790,000.

44. Contingent assets and contingent liabilities

As at 30/06/2019 4iG Plc. had the following unclosed legal transactions and court actions inherited by legal succession from its subsidiary HUMANsoft Kft:

Type		Description	Expected recovery/cost	Date	Company
Lawsuit - as plaintiff	Accounts receivable	Litigation won	HUF 37,750,000	uncertain	Infocom-Innovátor Ltd.
Lawsuit - as defendant	Liabilities	in progress	HUF 29,354,000	years	TEDEJ Plc.
Liquidation	Accounts receivable	in progress	HUF 0 From HUF 300,000	years	BAKO Hungaria Ltd. "under liquidation"
Liquidation	Accounts receivable	in progress	HUF 200,000-300,000 from HUF 1,524,000	years	Synergon Integrator Ltd. "und bankruptcy"
Liquidation	Accounts receivable	in progress	HUF 0 from HUF 6,863,000	years	JEANS Club Ltd. "under liquidation"
Liquidation	Accounts receivable	in progress	HUF 0 from HUF 3,375,000	years	MALÉV Ltd. "under liquidatior
Liquidation	Accounts receivable	in progress	HUF 0 from HUF 241,000	years	Auto Finish Ltd. "under liquidation"
Liquidation	Accounts receivable	in progress	HUF 2,664,000 doubtful	years	NET194 Ltd. "under liquidatio
Enforcement	Accounts receivable	in progress	HUF 1,057,000 to be recovered	years	private individual
Enforcement	Accounts receivable	in progress	HUF 2,000,000 may be recovered	years	Private individual
Composition	Accounts receivable	in progress	EUR 6,483.2	years	VPP International Plc.

45. Events after the balance sheet cut-off date

45.1 Conclusion of a contract for the transfer of specialists (01/07/2019)

4iG Plc. took over more than thirty experts from the Hungarian operation of Océ Holding, a company in the ownership of Canon, a leading manufacturer of printers and photo cameras.

Since July 2019, Océ Software Research Hungary Kft.'s former employees have already been representing the Hungarian large corporation. Under a separate agreement 4iG Plc. provides technical services to Canon Europe's team specialised in digital services. The parties have signed the agreements.

45.2 Signature of a high-value contract (01/07/2019)

4iG Plc. and Sys IT Services Szolgáltató Korlátolt Felelősségű Társaság (registered office: H-1123 Budapest, Alkotás utca 55-61 C. ép. 5. emelet) concluded a high-value contract on 1 July 2019.
The Company, acting as the specified subcontractor for the winning applicant Sys IT Services Szolgáltató Korlátolt Felelősségű Társaság (registered office> H-1123 Budapest, Alkotás utca 55-61 C. ép. 5. emelet), was awarded the tender opened by Budapesti Közlekedési Zártkörűen Működő Részvénytársaság (registered office: H-1980 Budapest, Akácfa utca 15.) for "Information technological operation and development" in a public procurement procedure aimed at the conclusion of a framework agreement for the provision of services. The framework agreement was concluded for a definite period of 5+5 years following its execution.
The net limit of the framework agreement is HUF 3,808,000,000 per annum.

45.3 Establishment of a business association (03/07/2019)

4iG Plc. established a business association with the name *"DOTO Systems Zártkörűen Működő Részvénytársaság".* László Péter Galambos was appointed to act as the chief executive officer of the subsidiary in 4iG's 60 per cent ownership.

45.4 Signature of an agreement about the purchase of T-Systems Magyarország Zrt. (09/07/2019)

4iG Plc. signed an agreement with Magyar Telekom Plc. (registered office: H-1097 Budapest, Könyves Kálmán körút 36., hereinafter: Magyar Telekom) for the purchase of T-Systems Magyarország Zrt (registered office: H-1097 Budapest, Könyves Kálmán körút 36., hereinafter: T-Systems Magyarország).
Pursuant to the agreement, 4iG Plc. will purchase T-Systems Magyarország Zrt.'s shares on closing the transaction. Prior to transaction closing, T-Systems Magyarország Zrt.'s SME sales business was separated as it is not included in the subject-matter of the transaction.
In the signed preliminary agreement, the parties agreed in the purchase price and in the main conditions, however, the complete system of conditions, including the preliminary agreement, will become mandatory when the final purchase and sale contract is signed, depending on the screening of T-Systems Magyarország Zrt. and on additional negotiations between the parties.
Based on the agreement, on closing the transaction, the parties will conclude a long-term strategic cooperation agreement, which requires T-Systems Magyarország Zrt. will continue to sell the telecommunication services provided by Magyar Telekom in the large corporate and public sectors.
In addition, 4iG Plc. will also be entitled to use the brand name T-Systems in Hungary for a term of three years according to the conditions of the agreement.
The implementation and closing of the transaction depend on the screening procedure, on developments in the negotiations between the parties, on the contractual conditions, on the signature of the legal documents, and on obtaining the required official authorisation(s). The transaction is expected to be closed in 2019.

45.5 Award of a high-value tender (15/07/2019)

4iG Plc.'s application was awarded the tender invited by Nemzeti Szakképzési és Felnőttképzési Hivatal (Hungarian Bureau of Specialised and Adult Education, registered office: H-1089 Budapest, Kálvária tér 7.) for the "Purchase of remote training licences" in the framework of a public procurement procedure conducted according to the rules adopted by the EU.
The purpose of the project is to purchase licences for the closed-chain remote training management and teaching material editing system.
These licences allow the use of the system for two circles of users:
1. the provision of licences for 500 internal users (system administrators, training administrators, teaching material editors, proofreaders) with the opportunity of 150 concurrent user authorisations.
2. the provision of licences for 500 external user licences (for teachers and students) with unlimited training time and 10,000 concurrent user authorisations.
The value of the tender is HUF 1,895,600,000 + VAT.

45.6 Award of a high-value tender (22/07/2019)

4iG Plc. was awarded the tender invited by MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság (registered office: H-1087 Budapest, Könyves Kálmán krt. 54-60.) for a "Framework agreement for the installation, operation, maintenance and repair of MÁV Zrt.'s property protection systems" in the framework of a public procurement procedure conducted according to the rules adopted by the EU.

Purpose of the project:
The establishment of security technological, surveillance, intruder alarm and access systems and the periodic and regular maintenance and troubleshooting of the existing systems in order to ensure MÁV's country coverage.
The installation of card access systems at the specified access points, to configure and integrate other systems in the existing onsite, regional and central systems to facilitate building the uniform card access planned by MÁV Zrt. If required, the installation of a separate network infrastructure and its connection to the MÁV intranet network without interference with the existing systems and security equipment.
The framework agreement was concluded for 36 months, renewable for additional 12 months if the limit is not used during the 36-month period.
The value of the proposal is: HUF 900,000,000 + VAT.

45.7 Award of a high-value tender (25/07/2019)

In the Community public procurement procedure opened by KTI Közlekedéstudományi Intézet Nonprofit Kft. (registered office: H-1119 Budapest, Than Károly u. 3-5.) for the "Implementation of an Information System for Long-Distance Public Transport (ISLT) in the framework of a contract for services", the tender was awarded to the consortium comprising 4iG Plc. and T-Systems Magyarország Zrt.
Purpose of the project:
The purpose of the project is to deliver elements for the central and background infrastructure, the system components facilitating the operation of the Main Dispatcher system and the Contact Centre, and the automatic ticket vending machines, road toll vending

machines (including a ticket vending function), validators, controller devices and software licences; provision of the related system design, system integration and software design services; moreover, the provision of the software development and system design services required for uploading and maintaining data from public registers to the ISLT Purchase Order Systems, itinerary planning, network design, and designing and developing modules for the flexible planner, the flexible traffic control and the public service controlling task (BI and public service reports, tariff modelling modules).
The value of the proposal is: HUF 11,156,500.000 + VAT.

45.8 Convening a special general meeting (06/08/2019)

4iG Plc.'s Board of Directors convened a special general meeting for 5 September 2019.

45.9 Application for admission to MNB's Bonds Purchase Project under the Funding for Growth Scheme (07/08/2019)

The Company wishes to participate in the Bonds Purchase Project (hereinafter: BPP) of the National Bank of Hungary (hereinafter: "MNB") launched on 1 July 2019 under the Funding for Growth Scheme. The preparations required of the Company for participation in the BPP are in progress.

46. Authorization of disclosing financial statements

The Board of Directors of the Company's parent company discussed the financial statements at its meeting held on 12 September 2019, approved it and authorised its publication in this form.

Registered accountant certified in IFRS and responsible for the compilation of the consolidated financial statements:

Ferenc Piros
H-2097 Pilisborosjenő, Tulipán köz 1.
Registration number of accountant certified in IFRS: 145011

Persons authorised to sign the consolidated financial statements:

The persons authorised to sign the financial statements for and on behalf of the Company are either the Chairman of the Board of Directors separately, or any two members of the Board of Directors jointly.

47. Disclaimer

The Issuer declares that this Report gives a true and fair view of the development and performance of the Company, the data and statements provided in this report are accurate, and do not conceal any facts that are relevant for the assessment of the Issuer's position.
Pursuant to Section 57 (1) of the Act on the Capital Market, the issuer is liable for the damage caused by its failure to provide the statutory information or by providing any misleading content.
I assume responsibility for the numerical data provided in the report about the first six months of 2019 and for the true and fair content of the analyses and conclusions.

Budapest, 12 September 2019

Béla Zibriczki	Béla Zsolt Tóth
Member of the Board	Member of the Board

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