

ANY Security Printing Company Public Limited Company by Shares

**Consolidated business report
for the year ended 31 December, 2020**

Analysis of the Group's performance in FY 2020

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

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

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

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

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

Income statement analysis

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

1. Table: Net sales by segments

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

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

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

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

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

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

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

Operating income came to HUF 1,498 million, a decrease of HUF 585 million compared to the previous period.

Gross profit totalled HUF 7,137 million, which means a 26% gross margin. General (SG&A) expenses amounted to HUF 6,096 million in Q4 2020, which equals to 22% of net sales. Material expenses amounted to HUF 18,749 million, lower by HUF 4,099 million in the current period due to the lower turnover.

The capitalized value of own performance line shows the capitalized value of assets produced and the change in inventories manufactured. These figures were driven mainly by the change in inventories in both periods presented; the most significant of these is the value of work-in-production (WIP) connected to security and card products.

Personnel expenses totalled HUF 6,876 million, which is 11% lower than in the base period due to cost efficiency steps.

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

EBITDA amounted to HUF 2,998 million due to the change in operating income and depreciation, which represents a decrease of HUF 374 million compared to previous period's EBITDA. Therefore EBITDA margin is 11%.

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

Balance sheet analysis

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

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

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

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

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

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

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

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

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

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

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

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

Risk management

Foreign currency risk

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

Interest rate risk

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash-flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk of the Group, due to the high balance of net working capital, is low.

Credit risk

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

The financial discipline of the debtors of the Group is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables: 0.07%. (This was 0.09% in 2019.) The more than 90 days overdue receivables out of total aged receivables of the Group is 0.1%.

Supplementary information for the business report of ANY Group

The Company's employment policy

ANY Group places high priority on keeping labour law, labour safety, employment, tax and social insurance regulations connected to working. The Group considers the employees' continuous training and education as of strategic importance in order to ensure the renewal of professional knowledge within the Group and the adaptability of employees. ANY Group gives wide scale of social benefits to its employees, helping to create the balance between private life and the workplace. The principles of benefits and wages are set out in the Collective Agreement. Besides keeping the regulations, the Group is trying to create a workplace with proper working relations, taking the family obligations into consideration which increases the Group's profitability on the long term as well.

Environment protection

The parent company has ISO 14000:2005 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2022. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the company sites. In 2020, 19,366 kg dangerous waste was transported and eliminated. The parent company has being awarded Green Printing House Award for ten consecutive years this year.

Research and development

The parent company has two significant R&D areas:

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

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

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

Significant events after the reporting period

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

Treasury shares in FY2020

2. Table: Treasury shares

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

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

The Group's total share equity was HUF 1,449,876 thousands on 31 December 2020 which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

Competence, election and removal of corporate officers

Statutes effective from 31st March 2014 of ANY Security Printing Company PLC point 10.10 prescribes the competence of the General Meeting, of which point 'd' regulates the election (simple majority of the votes of the shareholders present) and the removal (three-quarters of the votes of the shareholders present) of the corporate officers (Members of the Board of Directors, Members of the Supervisory Board or Members of the Audit Committee).

Competence and operation is regulated in point 12 of the Statutes for the Board of Directors is, while point 14 for the Supervisory Board and point 15 for the Audit Committee.

Purchase of treasury shares is regulated by point 9.3 of Statutes, according to which General Meeting authorises the Board of Directors for purchasing treasury shares of the Company by simple majority of the votes of the shareholders present. The Board of Directors authorises the management for purchasing treasury shares of the Company by simple majority of the votes of the Board members present. The regulation effective at present in connection with purchasing treasury shares is the General Meeting Resolution No 11/2015 (20th April).

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

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

Modification of the Statutes

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

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Structure of shareholders over 5% share

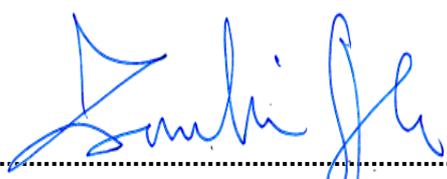
3. Table: Structure of shareholders

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

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

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

Budapest, 11th March 2021


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Chief Executive Officer