ENEFI Asset Management Plc.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020
in accordance with International Financial Reporting Standards (IFRS)
as adopted by the European Union

General information

Members of the Board of Directors

Csaba Soós, President of the Board of Directors, since 30 December 2016

László Bálint, Member of the Board of Directors, since 30 December 2016

Ferenc Virág, Member of the Board of Directors, since 30 April 2019

András Zoltán Petykó, Member of the Board of Directors, since 18 November 2019

Members of the Supervisory Board

Imre Kerekes, President of the Supervisory Board, since 26 September 2017

Ferencz Bálint, Member of the Supervisory Board, from 22 March 2019 to 1 September 2020

Dr. Gyula Bakacsi, Member of the Supervisory Board, since 30 December 2016

Dr. Miklós László Siska, Member of the Supervisory Board, since 30 December 2016

Company contact information

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Web: www.enefi.hu

Auditor

Dr. László Péter Lakatos (Auditor's license number: 007102)

UNIKONTO Számvitelkutatási Kft.

1093 Budapest, Fővám tér 8. 3rd Floor (3. em.) 317/3.

Chamber registration number: 001724

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The financial statements consist of 88 pages.

Explanation of abbreviations used in the financial statements:

IAS	International Accounting Standards
IFRS	International Financial Report Standards
IFRIC/SIC	International Financial Reporting Interpretations Committee/Standards Interpretation Committee
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
EPS	Earnings per share
CGU	Cash-generating unit
FB	Supervisory Board
NCI	Non-controlling interest
CDO	Senior operational decision-maker
ECL	Expected credit loss

All data are in thousand HUF unless marked differently.

Consolidated Comprehensive Income Statement

	Note	31.12.2020	31.12.2019
Sales revenues:	1	1,075,710	374,653
Direct costs	2	(511,698)	(140,889)
Gross profit/loss		**564,012**	**233,764**
Material costs	3	(75,597)	(4,320)
Personnel costs	4	(278,764)	(115,430)
Purchased services expenses	5	(309,928)	(174,807)
Other income/ expenses (-)	6	47,929	95,922
Depreciation	10,11,12	(91,843)	(18,594)
Revenue/ expenditure of financial operations (-)	7	755,129	77,366
Share of the profit or loss of affiliated enterprises	14	18,049	(29,132)
Pre-tax profit		**628,987**	**64,770**
Income tax	8	(27,830)	(35,465)
Profit/loss after tax for current year		**601,157**	**29,305**
Parent company shareholders' share in profit or loss		595,499	22,631
Share of external owners in the result	29	5,658	6,674
Exchange differences resulting from the conversion of foreign operations	9	7,894	(928)
Total other comprehensive income for the period		**7,894**	**(928)**
Total comprehensive income for the period		**609,052**	**28,377**
Share of parent company shareholders		603,393	21,703
Share of external owners		5,658	6,674
Earnings per share (HUF)			
Basic earnings per share (HUF)	37	41.46	2.67
Diluted earnings per share (HUF)	37	39.99	2.48

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On behalf of the ENEFI Asset Management Plc.

Budapest, 21 April 2021

All data are in thousand HUF unless marked differently.

Consolidated balance sheet

Consolidated balance sheet - Assets	Note	31.12.2020	31.12.2019
Properties with investment purposes	10	931,385	0
Tangible assets	11	2,109,406	83,476
Intangible assets	12	32,719	14,527
Goodwill	13	335,406	0
Long-term receivables from concession assets	15	232,185	432,880
Investments in affiliated companies	14	146,914	0
Other non-current receivables	16	0	487,652
Securities	17	0	100,557
Total invested assets		**3,788,016**	**1,119,092**
Short-term receivables from concession assets	15	192,023	175,998
Inventories	18	24,604	0
Customers	19	163,908	78,391
Income tax receivables	20	21,678	1,989
Other receivables	21	981,637	73,320
Active accruals	22	25,910	40,118
Financial assets and equivalents	23	425,541	123,152
Total current assets		**1,835,300**	**492,968**
Total assets		**5,623,316**	**1,612,059**

Continued on next page

The attached notes constitute inseparable part of the consolidated financial statements.

All data are in thousand HUF unless marked differently.

Own equity and liabilities		31.12.2020	31.12.2019
Subscribed capital	24	166,061	100,000
Capital reserve	25	23,966,743	21,423,391
Accumulated conversion reserve	26	51,481	43,587
Reserve for share-based payments	27	65,520	65,520
Own shares	28	(474,237)	(474,237)
Profit reserve		(19,178,849)	(19,774,347)
Own equity attributable to one equity holder of the parent company		**4,596,719**	**1,383,914**
Non-controlling interests	29	42,029	36,371
Total Own Equity		**4,638,749**	**1,420,285**
Provisions	30	0	47,600
Long-term loans	31	112,506	0
Leasing liabilities (long-term)	33	0	500
Other long-term liabilities	32	26,187	0
Total non-current liabilities		**138,693**	**48,100**
Vendor liabilities	34	235,861	79,170
Deferrals	36	180,130	12,888
Leasing liabilities (current)	33	0	8,442
Other current liabilities	35	429,883	43,175
Total current liabilities		**845,874**	**143,675**
Total liabilities		**984,567**	**191,775**
Total capital and liabilities		**5,623,316**	**1,612,059**

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On behalf of the ENEFI Asset Management Plc.

21 April 2021

All data are in thousand HUF unless marked differently.

Statement of changes in consolidated equity

	Subscribed capital	Reserves	Conversion provisions	Reserve of share-based payments	Own shares	Profit reserve	Own equity attributable to one equity holder of the parent company	Non-controlling interests	Total capital and reserves
31 December 2017	**100,000**	**21,423,391**	**44,448**	**65,520**	**(425,877)**	**(19,738,767)**	**1,468,715**	**29,588**	**1,498,303**
Transition to IFRS 9 *	0	0	0	0	0	(4,684)	(4,684)	(1,030)	(5,714)
1 January 2018	**100,000**	**21,423,391**	**44,448**	**65,520**	**(425,877)**	**(19,743,451)**	**1,464,031**	**28,558**	**1,492,589**
Purchase of own shares	0	0	0	0	(48,360)	0	(48,360)	0	(48,360)
Total comprehensive income	0	0	67	0	0	(53,528)	(53,461)	1,139	(52,322)
31 December 2018	**100,000**	**21,423,391**	**44,515**	**65,520**	**(474,237)**	**(19,796,979)**	**1,362,210**	**29,697**	**1,391,908**
Total comprehensive income	0	0	(928)	0	0	22,631	21,703	6,674	28,377
31 December 2019	**100,000**	**21,423,391**	**43,587**	**65,520**	**(474,237)**	**(19,774,348)**	**1,383,913**	**36,371**	**1,420,285**
Capital increase (09.01.2020)	66,061	2,543,352	0	0	0	0	2,609,413	0	2,609,413
Total comprehensive income			7,894	0	0	595,499	603,393	5,658	609,052
31 December 2020	**166,061**	**23,966,743**	**51,481**	**65,520**	**(474,237)**	**(19,178,849)**	**4,596,719**	**42,029**	**4,638,749**

All data are in thousand HUF unless marked differently.

Cash Flow Statement

	Note	31.12.2020	31.12.2019
Operating cash flow			
Pre-tax profit		628,987	64,770
Depreciation	10,11,12	(91,843)	18,594
Impairment	7	(15,837)	29,327
Reversal of impairment	7	(676,633)	(23,503)
Revenue from the sale of tangible assets	6	12,003	4,978
Unrealised foreign exchange gains/losses		0	(928)
Change in receivables from concession assets	15	183,522	117,982
Other non-cash adjustments	6	(1,471)	23,174
Expected credit loss	7	2,768	0
Change of provisions	30	(47,600)	(97,268)
Income tax paid		(46,085)	(111,692)
Interest revenue	7	(22,662)	863
Adjusted profit/loss for the current year:		**(74,852)**	**24,571**
Changes in working capital			
Changes in customer and other receivables	19.21	(961,719)	136,946
Change of accruals	22.36	10,387	51,099
Inventory changes	18	(13,554)	10
Changes of vendor and other liabilities	34.35	1,277,514	(11,081)
Cash flow from operating activities:		**237,776**	**201,545**
Cash flow from investing activities			
Received interest		22,662	0
The amount of money transferred to the group through the acquisition of a subsidiary		141,938	0
Lease fees paid	33	8,442	(8,775)
Payments related to the purchase of property, plant and equipment	10.11	(650,416)	(3,466)
Revenue from the sale of property, plant and equipment and financial assets	10.11	1,200	5,730
Acquisition of an interest in an affiliated company	14	0	0
Cash flow from investing activities		**(493,058)**	**(6,511)**

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All data are in thousand HUF unless marked differently.

Cash flow from financial operations			
Sale/purchase of own shares		(0)	0
Changes in loans (borrowing - repayment)	31	(18,332)	0
Sale/purchase of securities	17	100,863	(100,000)
Loans issued	16	0	(144,630)
Loans returned/received	16	486,675	0
Repayment of loan obligation	32	(11,535)	0
Cash flow from financing activities		**557,671**	**(244,630)**
Cash and cash equivalents at the beginning of the financial year	23	123,152	172,748
Cash and cash equivalents at the end of the financial year	23	425,541	123,152
Equivalent net change in cash and cash equivalents		**302,389**	**(49,596)**

II. Key elements of accounting policy, basis for preparing financial statements

Basis for preparation of financial statement and continuation of undertaking

Statement on compliance with IFRSs

The financial statements have been prepared in accordance with IFRSs. The management declares that the Company has fully applied the rules contained in IFRSs / IASs and IFRICs / SICs as adopted by the European Union. The management made this statement being aware of its responsibility.

Contents of financial statements

These financial statements present the financial position, performance and financial situation of the ENEFI Asset Management Plc. (hereinafter referred to as the Company). The financial statements of the Group are prepared, approved and disclosed by the management of the Parent Company.

Basis for preparing financial statements; the set of rules applying and the underlying assumptions, the philosophy of evaluation

The financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) established by the International Accounting Standard Board (IASB). Explanatory notes to separate financial statements.

The Company has decided to include the comprehensive income statement in a separate statement, showing the items related to the other comprehensive income in the same statement on an item by item basis after the period's net profit (loss).

This financial statement - with an exception of the cash flow statement - has been prepared subject to a natural approach, actual economic event is accordingly of importance for presentation and not the cash flows.

The Company generally evaluates its assets at historical initial value, except for those situations where the item is valuated at fair value on the basis of IFRSs. In the financial statements, financial instruments held for trading had to be measured at fair value.

Introduction to the Group

Az ENEFI Asset Management Plc. (previous name: E-Star Alternative Plc., RFV Plc., ENEFI Energy Efficiency Plc.) (“ENEFI”, or “Company”), which is the parent company of the corporate group (“Group”) is a business association registered in Hungary. Its seat is located at H-1134 Budapest, Klapka utca 11. The Company's predecessor (RFV Plc.) was established on June 29, 2000 with the aim of making primarily energy investments that provides return from savings for future customers and which also provides energy with high efficiency along a long-term operation.

The ownership structure of the Company as of December 31, 2020 is as follows:

All data are in thousand HUF unless marked differently.

Owner	Ownership ratio (%)*	
	December 31, 2020	December 31, 2019
Own shares	9.71%	16.13%
Affiliates	3.19%	5.31%
Imre Kerekes	3.29%	5.47%
Csaba Soós	30.69%	10.97%
Free float rate	50.12%	62.17%
Total	100.00%	100.00%

* Property share: related to all shares issued by the Company, irrespectively of whether voting right belongs to it or whether it was listed on the stock exchange.

A brief history of the Issuer

The legal predecessor of the Issuer, called Regionális Fejlesztési Kft. (Regional Development Ltd.) was founded in 2000 by four Hungarian private individuals. The founders' objective was to create an ESCO company (Energy Service Co., i.e. a company dealing with energy saving). Initially, one of the main activities of the Company was the cost-effective electricity service, which has been a source of revenue to this day. The Company provided continuous advice to its customers so that they could choose the most favourable tariff package from the electricity supplier relevant to the given area. As part of the service, the Company purchased the electricity and then passed it on to its customers at a more favourable price than previously. The cost savings were shared between the customer and the Company based on a long-term contract between the two. However, the free electricity market has been open since 1 January 2008, which means that all entities within the economy are free to choose their electricity supplier and to determine the conditions of the service individually. The Company is also adapting to the changed circumstances, negotiating with several electricity market traders, bringing its partners together, and ensuring a common representation to achieve the best possible conditions. The other main activity of the Company since its foundation has been the control of the luminous flux of public lighting. Subsequently, starting from 2004, the Company added heating upgrading and heat services as a business line to its product range. A significant part of the Company's clients were local governments and municipal institutions, but there were also state institutions, church institutions, condominiums (common space housing estates) and private companies. The Issuer was transformed into a private limited company on 12 June 2006 and then on 12 March 2007, the Registration Court registered the change of the company form “private limited company” to “public limited company”. The shares were listed on the Budapest Stock Exchange on 29 May 2007. The Issuer then began international expansion, first in Romania and then in Poland. The Issuer's shares were listed on the Warsaw Stock Exchange on 22 March 2011. In 2012, the Issuer was subject to bankruptcy proceedings, which were successfully concluded by reaching an agreement with the creditors. Due to the breach of contract by the local governments, the Issuer was forced to terminate its contracts in Romania prematurely. The Issuer sold its Polish operation in 2016 while its presence in Romania was limited to enforcing its claims arising from terminated contracts. The actual operation of the Issuer is currently limited to the territory of Hungary; in Romania, legal proceedings related to its terminated contracts are pending. In 2016, the Issuer published its strategic goals, in which it focused on selling projects in Hungary and Romania, downsizing its operations, and buying its own shares.

The business environment of the Issuer

The Budapest-based Group of Companies consists of companies present in Hungary and Romania, whose main activities are heat production and services. In terms of revenue, previously concluded long-term heat supply contracts still play an important role. Information related to the new activities started due to the Capital increase was started in 2020 so the present Report shall be searched at year 2020.

Operation and main activities of the Issuer (broken down by 2017-2020)

2017

The Issuer sold the public lighting projects previously purchased from EnerIn Kft. back to the same company, with the originally calculated return expectation. As a result of a successful transaction, the Company's public lighting business was completely discontinued. Therefore the most important services (branches) of the Group of Companies remained as follows: efficient heat and district heating supply based on sustainable primary energy sources as well as the modernization of energy supply and conversion equipment and exploitation of efficiency. The primary income of the Group arises from the sale of heat and the return on assets operated to third parties in connection with heat supply (sale of heat and assets operated to third parties in connection with heat supply). The sold heat is produced by the Group itself, which is detailed below: Heat supply (sale of heat and assets operated to third parties, equipment operated in connection with heat supply) with heating modernisation. Following an individual survey of customers' buildings and a preliminary needs assessment with customers, the Company prepares a package of offers in this business line, which includes a proposal for the solution of heat supply at a higher level in the long run. Following the signing of a contract, the Company carries out the energy modernisation prepared in the impact study prepared during the survey as its own investment, without the involvement of the customer's own resources, and then provides long-term (10-25 years) heat services through the upgraded energy system, which includes operation and maintenance. tasks. Depending on individual needs, the upgrade may include boiler replacement, making heat use controllable and measurable (converting heating systems to multi-circuit, installing thermostats, installing a heat pump, etc.). The Company procures additional factors necessary for the provision of heat supply (e.g. boiler house rental, electricity, water, etc.) partly from customers. The Company procures the equipment mostly from the domestic representatives of global companies (e.g. in the case of boilers, these companies mainly are Viessmann, Buderus, Hoval, etc.), who usually also carry out the installation and construction tasks. The Company also enters into long-term contracts with a local subcontractor for the maintenance of the assets. Upgrading - under the same conditions - results in significant energy cost savings of up to 40-50%. In order to provide heat supply, the Company generally uses gas-operated equipment. Instead of the previous direct “gas supplier – local government” relationship, the Company buys gas and supplies heat to customers in the “gas supplier (gas trader) - Company” relationship. The customer uses the heat service at a lower cost and their heating system is upgraded. The customer pays a basic or service fee and, in addition, a fee in proportion to their consumption, according to a pre-fixed formula. The Company adjusts the unit price of the heat service to the gas price billed by the regional public utility gas supplier. The Company has not entered into any new heat supply contracts in recent years; however, it still has five contracts in progress, the last of which will expire in 2024. After 2024, the Company does not plan any additional revenue from the heat services business.

2018

In 2018, the Issuer purchased a 20% stake in Pannon Fuel Kft. In the amount of HUF 500 thousand. Pannon Fuel Kft. Implements 2 EU-supported LNG investments. The Company provides proprietary, professional and financial assistance for the successful completion of the projects. At the same time, the implementation and outcome of the projects of Pannon Fuel Kft. Do not have a significant impact on the operation of the Issuer. Following the acquisition of a 20% stake by the issuer, Csaba Soós acquired 80% ownership in Pannon Fuel Kft. on 4 April 2019, with respect to which Pannon Fuel Kft. is owned by the Issuer and Csaba Soós on the date of publication of this Prospectus. Managing director of Pannon Fuel Kft., Csaba Soós and László Bálint are members of the Board of Directors of the Issuer. Additionally, the group continued is heat services business division

2019

The Issuer continued its heat services business, from which its primary sales revenue continues. The Issuer has published its modified strategy in March 2019. As the winning bidder in the public procurement procedure, the Issuer signed a supply contract with the contracting authority MAHART Zrt. On 20. 12. 2019. The subject of the contract is a fixed LNG-CNG river and public filling facility consisting of a detailed and circumscribed water facility, a shore facility and a connection between the water facility and the shore facility, as defined in the supply contract, the Invitation to Tender, the Procurement Documents and the seller's offer. According to the public procurement, the development shall be implemented for MAHART Zrt. The issuer has won the implementation of this construction project. Ba the implementation of the construction project, the subject of the development by MAHART Zrt. shall be operated by MAHART Zrt. The result of the Issuer's activity is the difference between the public procurement amount and the total amount of the investment. Public procurement is related to a project financed by EU funds. In accordance with the contract, ENEFI shall fulfil the following tasks related to the complex charging station unique all over Europe: - preparation of concept plan, - conceptual license plan, - license plan and - implementation plan, - submission of the plans to licensing authorities, - conducting of licensing procedures - procurement and manufacturing of unique assets based upon the plans - assemblage to uniform system as well as - full-scale implementation, - commissioning of the complex facility - preparation of the comprehensive documentation required for commissioning, - training and education of the personnel participating in manufacturing. The Issuer intends to rely primarily on Pannon Fuel Kft. in 20% ownership of the Issuer and having obtained experiences in the industrial sector as subcontractor in every stage of the implementation. The Issuer solves the procurement of the main technological equipment directly with the contract with the manufacturer (relying on Pannon Fuel Kft. In negotiating the technical requirements for the technology). The Issuer kept the execution of the construction project, the coordination of the tasks undertaken in the contract and the continuous customer negotiations in its own competence. The Issuer has commenced the implementation of the investment using subcontractors.

2020

The Issuer continued its heat services business (as part of the core pillar of the adopted strategy, and the Issuer's activities were supplemented with assets that already contributed to revenue in 2020. An amendment to the share capital and company name was registered by the court of registrationon 09. 01. 2020. Share capital of the joint stock company: HUF 166,061,090 The share capital consists of 11,150,000 registered, dematerialised ordinary shares with a nominal value of HUF 10 (Series A)* and 5,456,109 registered, dematerialised, convertible dividend preference shares with a nominal value of HUF 10 (Series

H). The name of the company: ENEFI Energy Efficiency Plc. English name of the company: ENEFI Asset Management Plc. The shares resulting from the Capital Increase were created by KELER Zrt. The shares issued in connection with the capital increase were also allocated to the entitled shareholders. The MNB refused to approve the prospectus submitted by the Issuer for the listing of the shares presented above on a regulated market, and terminated the licensing procedure on 6 August 2020. The Company will repeat the submission and approval of the prospectus.

Ferencz Bálint resigned from his position as a member of the Supervisory and Audit Committees of the Company due to his other occupations on 09. 09. 2020.

Implementation of a new Strategy in 2020

The announced new strategy is available in full among BSE publications.

In June 2019, the Issuer adopted the Strategy, which is still in force, with which it intends to put the Company back on a growth path, according to the Strategy's stipulations.

According to the new Strategy of the Issuer, the Issuer wishes to move its main activity towards asset management.

This is currently based on the corporate and real estate investments made by the Issuer, the operation of Síaréna Kft. And the management and leasing of the properties presented below.

1. Short presentation of Síaréna Kft.

Date of acquisition: 09.01.2020.

Form of ownership: 100 percent stake, full consolidation

Its main activity is the operation of the Eplény ski resort. During the operation of the piste, it operates in the following business lines: - operation of ski slopes and ski lifts (sale of ski passes) - rental of ski equipment - ski education - hospitality (catering) The Eplény Ski Arena is the largest and most modern ski resort in Hungary. There are more than 7 kilometres of ski slopes in Eplény, a significant part of which (4 km) consists of sections marked in blue. The blue tracks can be used even after dark thanks to the track lighting. The snow safety of the slopes is ensured by the snow production system. High-performance pumps deliver water from reservoirs with a total capacity of more than 17,000 cubic meters to the ski slopes, where the 51 snow cannons of Síaréna convert it into snow. The total snow production capacity of the system is 600 cubic metres/hour. This huge snow-making performance allows for an average of 90-100 days of ski seasons. Winter guest traffic is somewhere between 40 and 60 thousand, depending on the length of the seasons. This is the number of registered ticket purchases that does not include the significant number of attendants. Education and lending is a dynamically developing business. The gross sales revenue of the ski seasons varies between HUF 500 and 600 million. According to our plans, we will further develop the capacity available for education (elevator, area, rental equipment), so with this maneuver, it will be possible to utilize better the capacity of working day operations. We also plan a significant price increase in the coming years. Thus, through capacity expansion and price increases, gross sales revenue may exceed HUF 600 million. The facility operates in four seasons. Usually, the closing weekend of the ski season is the start of the chairlift season, which lasts until November, ensuring year-round operation. The number of tourists visiting the cable car is increasing greatly year by year. Four-season operation is in place but the high season can consist of December, January, February, and the first half of March (depending on the weather). The Company is working to extend the high season to four seasons. The year-round operation also has a stimulating effect on the number of employees. The larger the permanent staff, the more stable the operation of the processes. Through dynamic development and high publicity, the range of our supporters is expanding year by year. The ski resort usually hosts large-scale events such as: Spartan Race, Downhill national championship, World Snow Day. Due to the events and the special snow-making activity, we have an extremely significant presence in the national media. More information can be found on our website: http://siarena.hu/

2. Short presentation of 8 Meder street (Meder utca 8.)

Date of acquisition: 09.01.2020. (with entry at the court of registration)

Form of ownership: direct real estate ownership

The 1138 Budapest, 8 Meder utca (street), Building B, ground floor business premises with the topographical numbers 25910/2/A/198, 25910/2/A/199 and 25910/2/A/200, as well as garages (registered at 25910/2/A/128, 1138 Budapest, 8 Meder utca (street), -1 floor, garage, 3107 m2 floor area, 1400/12800-th ownership, which in real-estate terms ensures the use of 14 car parking spaces). Approximately 500 sqm of ground floor office space and 14 garages, which are assigned to the use of the office. The offices operate at 100 percent occupancy, with two Companies renting the property.

3. Short presentation of Balatonfenyves building plot

Date of acquisition: 09.01.2020. (with entry at the court of registration)

Form of ownership: direct real estate ownership

Balatonfenyves, inner area, topographical number 987/5, 1.0445 hectares, occupied residential house, marked yard, actually the property under number 33-34 Mária utca (street), 8649 Balatonfenyves. The issuer purchased the property for real estate development purposes, but the development itself has not yet commenced.

4. Short presentation of Random Capital Zrt.

Date of acquisition: 09.01.2020. (with entry at the court of registration)

Form of ownership: associate, shareholding (9.46 per cent of total issued shares), involved as an associate

Random Capital Zrt. is an investment company headquartered in Hungary and with a Hungarian ownership, the activity of which is supervised and licensed by the Hungarian National Bank. The Company was established in 2008, acquired the membership of the Budapest Stock Exchange in 2009, is a member of the BSZSZ (Association of Investment Service Providers), and its activities focus on serving the Hungarian retail market, i.e. the “intermediation” of stock exchange transactions. Public information about the Company: www.randomcapital.hu. www.randomcapital.hu.

5. Purchase of an LNG / LCNG charging station

Date of acquisition: 27.11.2020.

Form of ownership: direct real estate ownership

The Issuer purchased the only LNG / LCNG filling station in Hungary, located next to the M0 motorway, from Pannon Fuel Kft., Of which it informed its investors in an extraordinary announcement. The filling station is not currently operated by the Issuer, the acquisition of the necessary permits may take a longer time, during which time the seller Pannon Fuel Kft. obligations also apply to him. The Issuer expects the LNG market to rise rapidly, and the Issuer has several options in connection with the utilization of the filling station, in addition to its own operation, so the filling station cannot be ruled out for long-term operation.

Currency and accuracy of financial statement presentation

The functional currency of the Company is the Hungarian Forint. The financial statements are presented in HUF (presentation currency) and, unless otherwise indicated, the data is in HUF thousand (HUF).

The euro and the Romanian leu are the foreign currencies relevant for the Company. The exchange rates of the two currencies during the reporting period were as follows (one currency unit / forint, MNB exchange rates):

Currency	2020		2019	
	closing	average	closing	average
Euro (EUR)	365.13	351.17	330.52	325.35
Romanian leu (RON)	74.99	72.57	69.08	68.56

Basis for preparation of financial statement and continuation of undertaking

The consolidated annual report has been compiled on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union. These International Financial Reporting Standards ("IFRS") include: standards adopted by the European Union and issued by the International Accounting Standards Board ("IASB") and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board ("IASC"). They also include the interpretations of the International Financial Reporting Interpretations Committee (“IFRS Interpretation Committee”) and the Standing Interpretations Council (“SIC”) as approved by the Commission of the European Communities.

Basis of consolidation

The consolidated financial statements include the financial statements (values) of the Group and the entities controlled by the Group (subsidiaries of the Group). From the business year beginning on 1 January 2014, the concept of control is defined in IFRS 10. According to this standard, an investor has control over the investee if it is entitled to a variable positive return generated by the latter, bears the consequences of the negative return and is able to control operations with its decisions (power) to influence those returns. Management ability, and thus control, comes from rights.

Control can be achieved primarily through an ownership interest, an agreement with other owners, or an individual market situation (e.g., a monopoly position). The parent company has obtained control over the entities included in these financial statements, without exception, through its ownership interest.

The concept of control has previously been defined differently in IFRSs (see former IAS 27). Management's findings, prior to the effective date of IFRS 10, concluded that the change in regulation did not result in a change in group structure, as the existence of control rights and the majority of voting rights coincide, so that voting rights remain guiding indicator. Revenues and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition to the effective date of disposal. The total comprehensive income of the subsidiaries belongs to the owners of the Group and non-controlling interests. The amount of the comprehensive income should be allocated to the non-controlling interest even if it becomes negative.

If necessary, the financial statements of the subsidiaries are amended to ensure that their accounting policies are consistent with those of the other members of the Group.

Intra-group transactions, balances, income and expenses are fully eliminated at the time of consolidation, even if the resulting result is recognised in the value of an asset.

Revenues and expenses of associates acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition to the effective date of disposal. The total comprehensive income of associates belongs to the Group and the holders of non-controlling interests, even if the balance of non-controlling interests becomes negative.

Each company in the Group applies a uniform accounting policy.

Business combinations

A business combination is when the Group obtains control of a new company and the purpose of the acquisition was to acquire the business of the acquiree and not the acquisition was intended solely to acquire the assets of the acquiree. The acquisition of control is determined from the date on which any situation necessary to qualify as a subsidiary is satisfied (e.g. when control of the assets held by the subsidiary can be exercised by the Group's Parent, the Group becomes entitled to the proceeds, etc.).

The acquirer is the entity that obtains control of the acquiree. If it is not clear, which party is acquired, it shall be set out on the basis of the following criteria.

In a business combination that results primarily in a transfer of cash or another asset or a liability, the acquirer is usually the entity that transfers the cash or another asset or assumes the liability.

In a business combination that occurs primarily through an exchange of equity interests, the acquirer is usually the entity that issues the equity interests. In the case of business combinations called reverse acquisitions, the acquiree is the acquirer. Other relevant facts and circumstances should be considered in identifying the acquirer, such as relative voting rights, existing minority interest, composition of its governing body, composition of senior management, and conditions for the exchange of equity interests.

The acquirer is usually the merging entity whose relative size (measured, for example, in assets, revenue or profit or loss) is significantly larger than that of the other merging entity or entities.

In a business combination involving more than two entities, the definition of the acquirer should include consideration of, inter alia, which of the combining entities initiated the combination and the relative size of the combining entities.

Acquisitions of businesses shall be accounted with the acquisition method. The remuneration given in the business combination shall be assessed at real value, which shall be the total amounts of the real value of the assets transferred by the Group at the time of the acquisition of the assets, the liabilities of the Group to the previous owners of the acquired and the stock equities issued by the Company which shall be issued against acquiring control in the acquired party. Acquisition-related costs are d in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are measured at their fair values.

If the first accounting for a business combination has not yet been completed at the end of the reporting period in which the business combination occurs, the Group recognises provisional estimates for items that have not yet been accounted for. These estimates are restated by the Group during the period (see above) or additional assets or liabilities are recognised to reflect new information about facts and circumstances that existed at the acquisition date, which, if known. would have affected the amounts that would be recognised at the acquisition date. Such modifications do not constitute an error.

Goodwill is measured as the excess of the carrying amount of the consideration transferred, any previous non-controlling interest in the acquiree and the acquirer's previously held equity interest (if any) over the net acquisition value of the identifiable assets and liabilities assumed. If the net acquisition value of identifiable assets and liabilities exceeds the consideration paid, the amount of any previous non-controlling interest in the acquiree and any interest previously held by the acquirer (if any), the excess is recognised in profit or loss as advantageous purchase business profit. (In this situation, the calculation must be performed at least twice.)

Non-controlling interests that represent ownership interests and entitle the holder to a proportionate share of the net assets of the entity when they are liquidated, even at fair value, are recognised and measured in proportion to the net assets acquired at the balance sheet date. The Group does not use the fair value measurement of NCI.

If the initial accounting for a business combination is incomplete at the end of the reporting period in which the combination occurs, the acquirer shall include in its own financial statements provisional amounts for items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information about facts and circumstances existing at the acquisition date that, if known, would have affected the measurement of amounts recognised at that date. During the assessment period, the acquirer present the additional assets or liabilities too if new information about facts and circumstances existing at the acquisition date was obtained which would have resulted in the presentation of such assets and liabilities at that time had they been known. The valuation period ends as soon as the acquirer receives the information it requests about the facts and circumstances existing at the time of the acquisition or learns that no further information can be obtained. However, the valuation period may not exceed one year from the date of acquisition.

The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for the business combination.

Subsequent recognition of a change in the fair value of the contingent consideration that does not qualify as an adjustment to the measurement period depends on the classification of the contingent consideration. Contingent consideration classified as equity may not be revalued at a later reporting date and its subsequent settlement is recognised in equity. Contingent consideration classified as a receivable or a liability shall be revalued in subsequent periods in accordance with IFRS 9 or, if applicable, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the related gain or loss shall be recognised in net income.

If a business combination is achieved in several steps, the Group's previously held equity interests in the acquiree are measured at fair value at the acquisition date (ie when the Group acquires control) and any gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that were previously recognised in other comprehensive income may be reclassified to profit or loss if this would have been the appropriate accounting treatment in the event of a disposal of the interest.

Goodwill

The difference between the consideration given for the acquired subsidiary (cost of control) and the net assets acquired is recognised as goodwill, which is not an amortized intangible asset. This goodwill is allocated to a cash-generating unit (CGU) by the Group and tested annually to determine whether goodwill is impaired. In goodwill impairment testing, the recoverable amount of the CGU is compared to the carrying amount of the CGU. If the recoverable amount is less than the carrying amount of the CGU, goodwill should be written down first, unless there is a clearly impaired asset. Goodwill cannot be reversed later.

If the recoverable amount is less than the carrying amount of the CGU, goodwill should be written down first, unless there is a clearly impaired asset. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the carrying amount of goodwill allocated to the unit (less) and then to the other cash-generating unit's assets based on the carrying amount of the asset. Any impairment loss on goodwill is recognised directly in profit or loss. Impairment losses on goodwill cannot be reversed in subsequent periods.

When the relevant cash-generating units are sold, goodwill is derecognized by the Group and is taken into account in determining the gain or loss on the sale.

The Group's accounting policy for goodwill arising on the acquisition of an associate is explained in more detail in the additional note below.

Investments in affiliated companies

A company shall be qualified as an Affiliate in which the Group has control and which is not qualified either as a subsidiary or a joint venture. One strong indication of significant influence is when the investor has, directly or indirectly, more than 20% of the voting power of the investee in its decisions about the financial and operating policies of the investee. Situations leading to significant influence are also available in other ways (e.g. guaranteed substantial participation in the board of directors, etc.).

The comprehensive income, assets and liabilities of associates are accounted for in the consolidated financial statements using the equity method, unless the investments are classified as held for sale, in which case they are accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued

Operations. The comprehensive income, assets and liabilities of associates are accounted for in the consolidated financial statements using the equity method, unless the investments are classified as held for sale, in which case they are accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. If the Group's share of losses of an associate exceeds the Group's interest in the associate (including all long-term interests that are part of the Group's net investment in the associate), the Group derecognises its share of further losses. Additional losses are recognised only to the extent that it is probable that the Group will incur a legal or constructive obligation or that the Group has made payments to the associate.

The excess of the cost of the acquisition over the net fair value of the associate's assets, liabilities and contingent liabilities recognised at the acquisition date is recognised as goodwill and forms part of the carrying amount of the non-current asset, not separately. The excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised directly in profit or loss.

Fair value adjustments are made by management within 12 months of acquisition. The pass-through effect of changes in fair value shall be reflected in the consolidated financial statements through appropriate adjustments.

In determining the impairment of associates, the Group uses the valuation method described in IAS 36. The total carrying amount of the interest (including goodwill) is tested for impairment as a separate asset using the methodology in IAS 36 Impairment of Assets, whereby the recoverable amount (the higher of value in use and fair value less costs to sell) is compared to book value. Any such loss recognised reduces the carrying amount of the investment. Any reversal of an impairment loss is made in accordance with IAS 36 to the extent of the subsequent recoverable amount of the investment, but goodwill recognised together with the interest cannot be reversed.

In the case of a sale of an interest in an associate, if it results in a loss of significant influence, the remaining investments shall be measured at their fair values at the date of sale, in accordance with IFRS 9, fair value at initial recognition. Any difference between the carrying amount and the fair value of the remaining interest in the associate is taken into account in determining the gain or loss on the sale of the interest. In addition, the Group recognises the amounts previously recognised in the statement of comprehensive income in respect of the associate on an equal basis with the method that would be required if the associate derecognised the related assets and liabilities directly. Thus, the amount of the loss or gain on an associate that was previously recognised in other comprehensive income and would be transferred to profit or loss on derecognition of the related assets or liabilities is reclassified from equity to profit or loss (as a reclassification adjustment) as soon as the associate loses significant influence.

In the event that the Group enters into a transaction with an associate, the result of that transaction may be recognised in the consolidated financial statements of the Group only to the extent that it is not attributable to the Group. Receivables and liabilities are not eliminated. When an investor provides a loan to an associate that is repayable only in a particular situation (in the distant future), it recognises it together with the value of the investment and recognises the difference in other comprehensive income during the revaluation.

Operational segments

All data are in thousand HUF unless marked differently.

An operating segment is such part of an entity that

(a)conducts business activities that generate revenue and expenditures (including income and expenses related to transactions with other parts of the same entity);

(b) the operational result of which is regularly reviewed by the entity's main operative decision maker in order to make a decision about the resources to be allocated to the segment and to assess its performance; as well as

(c) for which separate financial information is available.

Based on the above, the Group has defined and presents its operating segments. The Group's activities are concentrated in Hungary, Romania and Cyprus, so it is possible to break down the operating segments by geographical region.

Information on companies included in the consolidation

ENEFI Asset Management Plc. Is considered to be the direct parent company, so it prepares the consolidated financial statements in accordance with IFRS. The following Companies will be included in the consolidation:

		31.12.2020		31.12.2019	
Name	**Country**	**Level of participation**	**Voting rights**	**Level of participation**	**Voting rights**
EETEK LIMITED	Cyprus	100.00%	100.00%	100.00%	100.00%
RFV Józsefváros Kft.	Hungary	49.00%	70.00%	49.00%	70.00%
ENEFI Projekttársaság Kft.	Hungary	100.00%	100.00%	100.00%	100.00%
E-Star Centrul de Dezvoltare Regionala SRL	Romania	100.00%	100.00%	100.00%	100.00%
Termoenergy SRL	Romania	99.50%	99.50%	99.50%	99.50%
SC Faapritek SA	Romania	99.99%	99.99%	99.99%	99.99%
E-Star Alternative Energy SA	Romania	99.99%	99.99%	99.99%	99.99%
E-Star Energy Generation SA	Romania	99.99%	99.99%	99.99%	99.99%
Ski43 Program Nonprofit Kft. (earlier E-Star Management Zrt.)	Hungary	100.00%	100.00%	100.00%	100.00%
Síaréna Kft.	Hungary	100.00%	100.00%	0.00%	0.00%

Companies in liquidation belonging to the Group that have not been included in the consolidation

-		2020		2019	
Name	**Country**	**Level of participation**	**Voting rights**	**Level of participation**	**Voting rights**
E-STAR Mures Energy SA “under liquidation”	Romania	99.99%	99.99%	99.99%	99.99%

All data are in thousand HUF unless marked differently.

During the period under review, a significant transaction had to be recognised with E-Star Mures Energy SA "in liquidation", as the company in liquidation won a lawsuit against the Municipality of Târgu Mureş and thus had a significant claim, which provides an opportunity to settle its claim against the Parent Company. As E-Star Mures Energy SA cannot be consolidated "in liquidation", the parent company receivable position arising from it appears as if it were vis-à-vis a third party (i.e. it cannot be eliminated).

The Group has investments in the following associates:

		2020		2019	
Name	**Country**	**Level of participation**	**Voting rights**	**Level of participation**	**Voting rights**
Pannon Fuel Kft.	Hungary	20.00%	20.00%	20.00%	20.00%
Random Capital Zrt.	Hungary	9.46%	9.46%	0	0

The 9.46% stake of Random Capital Zrt. Became the property of the Group on 9 January 2020. The purchase price of the share was equalized by shares.

Key elements of Accounting Policy

Presentation of the financial statements

The Group publishes consolidated financial statements for both its controlled entities and its parent (the “financial statements”). The Company's financial statements include (parts):

- consolidated balance sheet;
- consolidated comprehensive income statement;
- statement of changes in consolidated equity;
- consolidated income statement;
- explanatory notes to separate financial statements.

Major decisions about presentation

The Company has decided to include the comprehensive income statement in a separate statement, recognising the items related to the other comprehensive income in the same statement on an item by item basis after the period's net profit (loss).

Other comprehensive results are items that increase or decrease the net assets (ie the difference between assets and liabilities) and that change should not be accounted for either by assets, liabilities or income, but it directly changes one element of equity. An equity transaction that changes the capital provided, is not classified as, inter alia, other comprehensive income.

The Company prepared its separate financial statements in accordance with IFRS for the first time for the business year 2019, with comparative data for 2018.

The Company publishes separate financial statements in Hungarian Forints. This is the presentation currency. Separate financial statements cover one calendar year. The closing date for the separate financial statements is the last day of each calendar year, 31 December.

The Company prepares interim financial statements every six months according to the stock exchange regulations. The rules of IAS 34 apply for interim financial statements, which do not contain all disclosures required by IAS 1, and contain the information in a condensed form.

Separate financial statements include a comparative information unless a period needs to be restated. In this situation, the opening balance sheet of the comparative period is also presented. There has been no such disclosure in 2020.

In the event that the presentation requires to shift one item to another category (for example, due to a new financial statement line), the Company adjusts the previous year figures in a way to achieve comparability. From 2020, corporate tax is recognised in the income tax asset or income tax liability line instead of the balance sheet line of other liabilities, depending on its nature.

The management of ENEFI Plc takes care of the disclosure of the financial statements in accordance with the relevant rules (legislation, stock exchange order).

The Company shall also disclose information about operating segments in its financial statements as explanatory notes. The operating segments are defined according to the strategic expectations of the Board of Directors members.

The value of disclosures that are not included in the additional notes to the financial statements but are required by IFRSs is either zero or cannot be interpreted or omitted does not materially affect the conclusions to be drawn from the financial statements.

Foreign currencies

A foreign currency is a currency other than the entity's functional currency.

Financial statements were prepared in HUF.

Upon preparing the financial statement of each business entity in the Group the transactions performed in currencies other than the functional currency of the given business entity (foreign currency) shall be accounted at the exchange rate valid on the day of the transaction. Monetary items denominated in foreign currencies shall be exchanged at the end of each accounting period at the then valid exchange rate. Non-monetary items assessed at purchase value expressed in foreign currency shall not be exchanged.

Exchange rate differences shall be accounted in the profit in the period when they occurred, except for:

- exchange rate differences related to transactions of covering certain foreign currency risks; and
- exchange rate differences related to monetary items received from a foreign affiliate or payable to an account in connection to which no settlement is planned and it is not likely in the near future (which therefore can be interpreted as part of a net investment to a foreign affiliate) and which are initially accounted in the other comprehensive profit and then transferred from the own equity to the profit upon the settlement of monetary items.

The assets and liabilities of the Hungarian and foreign affiliates of the Group shall be accounted in Hungarian forints for the purpose of consolidated financial statements taking the exchange rate valid at the end of the accounting period into account. Revenues and expenditures shall be exchanged at the average exchange rate of the given period, except if the fluctuation of the exchange rate is significant in the given period, in which case the exchange rate valid on the day of the transactions shall be used. Potential exchange rate differences shall be accounted in other comprehensive profit and accumulated in the own equity (assigned to the non-controlling shares if it is applicable).

In case of sale of foreign activity (i.e. the sale of the entire share owned by the Group in a foreign activity, or a sale resulting in loss of control over an affiliate including foreign activity, or a sale resulting in loss of joint control over a jointly controlled company including foreign activity, or sale resulting in loss of significant influence over and affiliate including foreign activity), all accumulated exchange rate difference attributable to the owners of the Group in connection to the given activity shall be reclassified to the profit.

Furthermore, in case of partial sale of an affiliate, which does not result in loss of control by the Group over the affiliate, all accumulated exchange rate difference attributable to the Group related to the given activity shall be reclassified to the profit. In case of any other partial sale (i.e. in case of sale of affiliates or joint organisations which does not result in the loss of significant influence or joint control of the Group), the proportional part of the accumulated exchange rate differences shall be reclassified to the profit.

Goodwill arising from the acquisition of foreign interest and real value corrections performed on identified assets and liabilities shall be accounted as the assets and liabilities of such foreign interest and shall be accounted at the exchanger rate valid at the end of each reporting period. Potentially occurring exchange rate differences shall be accounted in the other comprehensive profit.

Functional currency:

The functional currency of individual subsidiaries shall be equivalent with the given countries because the majority of sales revenues of subsidiaries is invoiced in the currency of their own country.

Accounting policies related to the income statement

Recognition of impairment

IFRS 15, Accounting for Customer Contracts - (issued in May 2014; effective for the business years beginning on or after 1 January 2018. EU has adopted the standard. The new standard introduced the basic approach that revenue is recognised when goods or services are delivered to the buyer at the agreed price. All separable tied products or services shall be accounted for separately and all discounts shall be allocated to the corresponding elements of the contract. When the consideration changes, the minimum value can be recorded, when the probability of reimbursement does not contain significant risk. Costs incurred by acquisition of a customer contract must be capitalized and amortized during the contract period as the related benefits are acquired by the company.

The Company applies IFRS 15 as of 1 January 2018 in its financial statements. The introduction of the new standard has no impact on the recognition of the Company's revenue, as the contract elements can be clearly distinguished and may be classified one by one by the conclusion of the contract. Consequently, the numerical data have not changed as a result of the modification.

The Company's revenue is recognised if it has performed in accordance with the contracts and there is a probability for the financial settlement of the receivables (when accounting for the revenue).

Only direct returns of the Company’s principal activity are classified as revenue. The Company presents the consideration for ad hoc activities among other items.

The main activity of the Group is the production and sale of thermal energy, as well as the income from the operation of the Ski Arena and the sale of real estate issued during asset management, as well as the construction of special equipment (filling station). Revenue items are invoiced and accounted for on a monthly basis. In addition to thermal energy, the Company has significant revenue from service fees connected to individual contracts accounted for under IFRIC 12. Revenue includes furthermore other rental fees and engineering services.

Dividends and interest income are recognised by the Group in accordance with the general rules of IFRS 9.

Operating expenses

Non-financial expenses are referred into the following categories:

- direct costs: the expenses directly related to the revenue shall be listed here;
- indirect costs: items that do not belong to the above category and are not related to other income, which shall be allocated to

- material cost
- personnel expenses (including contributions to a defined contribution plan)
- expenditure used for categories.

Other revenues

The consideration for sales that cannot be classified as revenue and any income that cannot be considered as a financial gain or as other issue that increases the overall result shall be recognised among the Company's other incomes. Other expenditures are expenses that are indirectly related to the operation and do not qualify as financial expense or do not reduce the other comprehensive income. The Company recognises the other income and other expenses on a net basis in the income statement.

Financial income and expenses

Interest incomes shall be recorded on a pro rata basis and dividend income shall be recognised when the dividend is validly decided by the main body of the company making the distribution. Interest expenses shall be calculated by the effective interest rate method and shall be classified within the financial expense category. The Company recognises the foreign exchange differences on foreign currency items (if the effects of IAS 21 Conversion Rates are not part of other comprehensive income) in the financial result. The Company sets the financial result offset in the income statement.

Offsetting

In addition to the IFRS requirements, the Company shall disclose the effect of a transaction in the financial statements on a net basis, if the nature of the transaction requires such a statement and the item is not relevant to the business (e.g. used asset sale outside of business).

Vendor liabilities

Income tax expense comprises the amount of tax payable and deferred tax.

Profit/loss after tax for current year

The amount of tax payable depends on the taxable profit realised in the current year. Taxable profit is not the same as profit or loss in the consolidated statement of comprehensive income because it does not include items of income and expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Group's tax liability is determined based on tax rates that have been enacted or substantively enacted by the end of the reporting period. In the current year, the Group applies a corporate tax rate of 9% for Hungarian companies and 16% for Romanian companies. In Hungary, the business tax rate is 2%.

Deferred tax receivable

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised to the extent that the temporary difference arises from goodwill or the initial recognition of other assets and liabilities (other than a business combination) in connection with a transaction that affects neither comprehensive income nor accounting profit.

Deferred tax assets are recognised for taxable temporary differences associated with investments in associates, associates and joint ventures, unless the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognised only when it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized and the temporary differences are reversed in the foreseeable future.

The accounting value of deferred tax assets shall be revised at the end of each reporting period and reduced to an extent where it is not likely that there will be sufficient profit to regain the total or partial value of the asset.

Deferred tax assets and tax payment liabilities shall be measured according to the tax rates in force upon the payment of such liability or the realisation of the asset based on the tax rates and taxation law which had been adopted or practically adopted by the end of the reporting period. The assessment of deferred tax assets and tax liabilities represent the tax consequences of the expectations of the Group on regaining and settling the book value of the assets and liabilities of the Group at the end of the reporting period.

Payable and deferred tax of the relevant period

The payable and deferred tax shall be accounted as expenditure or revenue in the profit, except if it is related to any item accounted in the comprehensive profit or directly in the own equity, since in such cases both the payable and the deferred tax for the relevant period are respectively accounted in the comprehensive profit or directly in the own equity. When the payable and deferred tax of the relevant period arises from the initial accounting of a business combination, then the accounts for the business combinations shall include the tax effect.

Calculation of Earnings per Share (EPS)

The EPS shall be calculated so that the annual earnings for the shareholders of the Group is divided by the weighted average number of ordinary shares in the given year. The diluted earnings per share shall be calculated taking the weighted average number of share options causing such dilution (if any) into account in addition to the ordinary shares.

Accounting policies related to the balance sheet, recognition and measuring of assets and liabilities

Properties, plants and equipment

Sites and buildings used for production of goods, provision of services or administrative purposes shall be accounted in the consolidated balance sheet at their purchase value reduced by depreciation and potential depletion.

Real estates serving production, provision of services or administrative purposes under development shall be accounted at purchase value reduced by depletion. The purchase value shall include agency fees and in case of qualified assets, the costs of drawing loan activated according to the accounting policy of the Group. Such real estate shall be classified to the appropriate category of real estates, machines and equipment when they are ready for use for intended purpose. Like in case of other tangible assets, depreciation shall be accounted for such assets when the asset is ready for use for intended purpose.

Equipment shall be assessed at purchase value reduced with accumulated depreciation and depletion.

Depreciation write-off shall be accounted with the linear method during the useful life of the asset, writing-off the purchase value of the asset (excluding land and investments in progress) reduced by the residual value. Estimated useful lives, residual values and the accounting methods of depreciation shall be revised at the end of each reporting period and the effect of any change of the estimates shall be taken into account for the future.

In case of sale of real estates, plant and equipment, or if no business profit is likely to be realised from the use of the asset in the future, shall be written-off. The amount of profit or loss realised upon the sale or writing-off real estates, plant or equipment, shall be set as the difference between the consideration of the sale and the book value of the asset and accounted in the profits.

Typical useful lives of assets:

Buildings	50 years
Structures	10 years
Machinery and equipment	3-5 years
Vehicles	5 years

Intangible assets

Intangible assets

Intangible assets with finite useful life acquired separately shall be accounted at purchase value reduced with accumulated depreciation and accumulated depletion. Depreciation shall be accounted with the linear method during the estimated useful life of the asset. Estimated useful lives and the method of depreciation shall be revised at the end of each reporting period and the effect of any change of the estimates shall be taken into account for the future. Intangible assets with no finite useful life shall be accounted at purchase value reduced with accumulated depletion.

Intangible assets

Intangible assets acquired in business combination and accounted separately form goodwill shall be initially represented at the real value valid on the day of acquisition (this shall be qualified as purchase value).

After initial representation, intangible assets acquired in business combination shall be accounted at purchase value reduced with accumulated depreciation and accumulated depletion according to separately acquired intangible assets.

Writing-off intangible assets

Intangible assets shall be written-of upon selling it or if no business profit is expected from it in the future. The profit or loss arising upon writing-off intangible assets, the value of which is may be specified as the difference between the net sales value and the purchase value shall be accounted as profit when the asset is written-off.

Impairment of tangible and intangible assets

The Company annually conducts impairment test for its assets. Testing is two phased. As a first step, it examines whether there is an indication of impairment of the assets. The following signs may indicate that an asset is impaired:

- damage;
- revenue shortfalls;
- unfavorable changes in market conditions, reduced demand;
- increase in market interest rates.

If there is an indication that an asset may be impaired, a calculation shall be made, with the help of which the recoverable amount of the asset is definable (second step). The recoverable amount is the higher of fair value less sale costs and the present value of cash-flow from continuing use. Selling costs should be set at 10% in the absence of more accurate estimates. If the value in use of an asset group cannot be determined because it does not generate cash flow on its own (not recoverable), the test should be recorded for a cash-generating unit (CGU). If value in use could only be determined for CGUs and an impairment loss had to be recognised, the impairment loss shall be allocated as follows:

- first, damaged assets must be reduced;
- as a second step, goodwill should be reduced;
- the third step is to allocate the remaining impairment to property, plant and equipment (PPE) and intangible assets in proportion to their carrying amount before impairment.

The value of any asset may not fall below its fair value less costs to sell. Intangible assets with indefinite useful lives and not yet available for use are reviewed for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to which the future cash flows can be attributed. flows have not yet been adjusted.

If the estimated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The Group recognises an impairment loss immediately in profit or loss.

In the event of a subsequent reversal of an impairment loss, the carrying amount of the asset (or cash-generating unit) is increased to its revised estimated recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss would have been recognised for the asset (or cash-generating unit). Writing-off depletion shall be directly accounted in the profit.

Properties with investment purposes

Buildings and sites acquired by the Group for investment purposes or in order to obtain rental fee revenues from them shall be represented as investment property in financial statements. There is nor or insignificant own use in such properties.

Investment property is assessed by the Group on the basis of the cost model and the depletion rate applied shall be equivalent with the rate applied in tangible assets.

In such assets, testing for depletion shall be performed on the basis of IAS 36.

Leases

If the contract assign the right to use of the underlying asset for a defined period of time in charge of consideration, the contract shall be deemed to be a lease contract, or a contract with lease content. Lessee shall be entitled to collect the profit upon the usage of the asset and to make decision regarding the usage thereof in this case. By switching to leasing there was no need to investigate whether the contracts effective before 1 January, 2019 comply with the leasing definition. If a contract was previously a lease (whether operating or financial), the rules of IFRS 16 apply to those leases; if there was no contract before that lease, it will not be subject to IFRS 16 even after the effective date thereof.

The Company shall use the flow chart in accordance with paragraph B31 of Appendix B to IFRS 16 to identify the lease:

During the switchover, the Company recognised one car and a boiler as new leasing. During 2020, Síaréna Kft. Was included in the Group as a subsidiary. The car was leased from this subsidiary, so the Group only reported the leasing related to the boiler in the consolidated financial statements for the current year.

Recognition by the lessee

The lessee shall recognise one right-of-use asset and a lease liability on the opening day.

Recognition exceptions

If the Company shall be considered as a lessee with regard to any of the contracts under the IFRS 16, it shall not apply the general rules of the Standard for the short term (less than 12 months), and low value underlying assets but it shall account the lease fees for the burden of the results, allocated.

Evaluation the right of use device

The Company shall account its assets utilized under leasing as right-of-use asset. The valuation regarding the right-of-use assets is subject to the cost model, and the depreciation is based primarily on the contract period. The Company shall test the right-of-use assets according to the IAS 36 standards. The entity shall recognise the right-of-use assets among that asset group where the underlying product belongs. Right-of-use assets shall be separated in the additional notes.

The lessee shall qualify the leases as operative of finance lease.

The Company shall specify the lease term as a period of the lease where the termination is not possible, together with the below periods:

- periods covered by the lease extension option, if the lessee has reasonable certainty to exercise the option; and
- periods covered by the leasing termination option if the lessee has reasonable certainty not to exercise the option.

The Company as lessee shall re-valuate whether it has reasonable certainty to exercise the extension option or not to exercise the termination option, as such significant event or such significant change of the circumstances occurs, that:

- is under the control of the lessee, and
- affects the reasonable certainty of the lessee whether to exercise the option that has not been considered by him / her previously by the establishment of the lease term, or not to exercise the option specified previously in the lease term.

The Company as lessee shall revise the lease term if there is a change in the period of the lease that may not be terminated. There is a change in the leasing period that may not be terminated, if:

- the lessee exercises an option that has not been considered by him / her by the establishment of the lease term per entity,
- the lessee does not exercise the option in the lease term definition specified by the entity,
- as a result of an event, the lessee is contractually required to exercise the option that has not been considered during the establishment of the lease term by the entity, or
- as a result of an event, the lessee is contractually forbidden to exercise the option in the previous specification of the lease term by the entity.

During accounting for the depreciation of a right-of-use asset, the lessee shall apply the standard depreciation requirements of IAS 16 Property, Plant and Equipment if the underlying asset is otherwise an item of property, plant and equipment.

If, under the lease, ownership of the underlying asset passes to the lessee at the end of the lease term, or if the cost of the right-of-use asset shows that the lessee will exercise the call option, the lessee shall account for the depreciation of the right-of-use asset from the effective date till the end of the useful life of the underlying asset. Otherwise, the lessee shall account for the depreciation of the right-of-use asset from the effective date till the end of the useful life of the right-of-use asset or the end of the lease term whichever is the earlier.

Valuation of lease liability

The lessee shall valuate the lease liability at the effective date as the present value of the lease payments not paid to date. Lease payments should be discounted at the implicit leasing rate if it is readily determinable. If this interest rate is difficult to determine, the lessee should use the lessee’s incremental borrowing rate.

Recognition by the lessor

At the effective date the lessor shall remove the assets held under finance leases from the balance sheet, and shall present the lease receivables at the present value of the lease cash flows (net lease investment).

The Company recognises the present value of finance lease cash flows as lease investments. By the calculation of the present value, the Company uses the incremental interest rate related to the lease income. The Company establishes the ECL for the lease receivable on the basis of the simplified method.

The lessor shall recognise the operative lease payments in the income statement by means of either the straight - line method or another systematic method, so that the leased asset continues to be recognised in the balance sheet and depreciated.

The Company (as lessor) shall consider any arrangement as finance lease, if

- the underlying asset is transferred to the lessee at the end of the lease period,
- the lessee has such a right whereupon he / she can acquire the ownership of the underlying asset at the end of the lease term and there are also reasonable certainty to exercise this right,
- the lease period (together with the proven extension periods) exceeds the three-quarter of the remaining economic life of the underlying asset,
- total present value of the lease payments reaches 90 % of the fair value of the underlying asset,
- the underlying asset related to the underlying asset is special.

If the lease term is indefinite, term shall be specified subject to the estimation of the enforceable period.

Service Concession Agreements (IFRIC 12)

The Company follows the below by accounting for public-to-private service concession arrangements.

Provisions set out under IFRIC 12 applies in case of public-to-private service concession arrangement, when these conditions are met:

(a) the assignee controls or regulates which services shall be provided to whom and at what price by the operator via the infrastructure; and

(b) at the end of the agreement term, the assigner controls all significant residual interest in the infrastructure through ownership, beneficiary rights or otherwise.

The operator acts as a service provider under the terms of these types of contractual arrangements. The operator builds or develops the infrastructure used to provide the public service (construction or development services) and operates and maintains this infrastructure for a specified period of time (operating services).

If the contracts with each public sector operator meet the above conditions, the infrastructures covered by the contract will not be recorded in the Company's books as property, plant or equipment.

In cases these type of contracts, the construction or development services performed by the Company are recognised in the statements at fair value of the contractually agreed, received or receivable consideration. The contractual consideration may be recognised as a financial asset or an intangible asset.

Construction or development services performed by the Company are recognised as financial assets if, under the contract, the Company has an unconditional contractual right to receive funds for the development or construction services from the transferor (Municipality) or upon the instructions thereof; and the transferor has less or no possibility to be released from the payment duty since the agreement is legally enforceable. The Company is entitled to receive funds if the transferor provides a contractual guarantee to pay the Company fixed or determinable amounts or to pay the difference between the amounts received from the public service users and the amounts specified or determinable in the contract.

Construction or development services performed by the Company are recognised as intangible assets if, on the basis of the contract, the Company acquires the right (permission) to levy a fee on the public service users. In this case, the borrowing costs that may be assigned to the agreement will be capitalized during the construction and implementation phase of the agreement. If the construction or development services performed by the Company are partly paid by a financial asset, partly by an intangible asset, all components of the consideration received are accounted for separately.

The Company has concessions that comply with the financial asset model.

If the Company has contractual duties for maintenance or repair regarding the infrastructure received or implemented, these liabilities are included in the financial statements at the value of the amount estimated at the date of the financial statements (as required by IAS 37).

Capacity extensions shall be accounted for in accordance with the rules of IFRS 15.

The rules in IFRS 16 do not apply to situations for which IFRIC 12 applies.

Policy on borrowing costs

In accordance with the provisions of IAS 23, an entity capitalizes borrowing costs when it uses the loan for a qualifying asset. In case of dedicated loans (if the loan is assigned to a specific purpose), the effective interest rate of the loan determines the amount to be capitalized. In the case of general purpose loans, the activation rate must be determined. The capitalization rate is the average of the general purpose loans' effective interest rate weighted with the time passed since the payment or, if it is later, with the time passed since the commencement of capitalization and with the amount of the payment.

An asset (project) shall be considered a qualifying asset (project) in the following cases:

- if it is an investment contract,
- if it is an asset the construction and preparation of which requires more than half a year (regardless of whether the Company or third parties create the asset).
- value of the particular asset shall not be considered by the assessment.

The capitalization of borrowing costs shall begin when there is an irrevocable commitment or a probability thereof to acquire the asset and to implement the project. In case of an asset, this is usually the order of the asset or, in case of a project, the commencement of physical works, or, if the planning work is carried out by the Company, the commencement of the preparation of the plan subject to the authorization procedure.

The capitalization of borrowing costs shall be suspended if works are interrupted for a longer period than technically reasonable. The technical manager of the project verifies the progress of the project, the fact that there was no downtime longer than technically reasonable.

Capitalization of the borrowing costs shall be completed when the asset is ready, the (physical) works related to the project are completed or, if it falls earlier, the asset created in connection with the project is in use, the use thereof is authorized.

Accounting for government grants

Government grants cannot be recognised until there is reasonable evidence that the Group will qualify for the grant and that the grant will be paid.

Government grants are recognised as income in the period in which the Group recognises as an expense the related expenses that the grant is intended to offset. In particular, government grants whose primary condition is for the Group to purchase, create or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and are accounted for in a systematic and reasonable manner over the useful life of the related asset. result.

Government grants awarded to reimburse past expenses or to provide immediate financial support to the Group without related future costs are recognised in profit or loss in the period in which they become payable.

Inventories

Inventories shall be recognised at the lower of cost and net realizable value. A distinction should be made between inventories that are expected to be recovered within one year and those that are expected to be recovered beyond one year. The closing stock of inventories is determined on the basis of the FIFO principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provisions

Only a present obligation arising from a past event, the amount and timing thereof is uncertain, shall be recognised as a provision. It is not possible to recognise a provision that is not related to a present legal or constructive obligation.

No items related to the activities to be carried out (e.g. costs of retraining, relocation) may be provisioned. If the probability is lower, a contingent liability must be disclosed (possible obligation) It should not be shown in the balance sheet but should be reflected in the explanatory notes. This shall not be presented in the balance sheet but is shall be presented in supplementary notes;

Provisions should be included in liabilities and allocated to long and short-term liabilities. If the time value of money is of significant relevance relating to a provision (because it has to be paid much later), the expected cash flows should be discounted. The time value of money should be considered significant if cash flows occur after 3 years or later.

Provisions typically include the below topics:

- indemnifications to be paid upon litigations,
- contractual indemnification, compensation
- asset decommissioning liability,
- severance payments reorganizational costs.

When a particular topic may be given probability, the maximum level of the payable amount multiplied by the probability means the nominal (non-discounted) value of the obligation.
If the Company concluded a contract, the costs of which exceed the revenue derived thereof, a provision may be made for the smaller of the legal consequence of non-performance of the contract and the losses resulting from the performance of the contract.
A provision may be made for reorganization (e.g. severance pay) if there is a formal reorganization plan that has been approved and communicated to the stakeholders. Provision may only be made for costs related to discontinued operations. Items not related to the activities to be carried out (eg retraining, relocation costs).
No provision shall be made:

- future operating losses;
- to cover future unexpected losses, 'for security purposes';
- for write-offs (e.g. to write-off receivables, inventories).

Employee benefits

The Company mainly provides short-term employee benefits to its employees. The Company accounts these for to the burden of the results if those vest.

Employee rewards, bonuses and other items of a similar nature should be recognised in the balance sheet if they lead to a liability, namely

- if they are bound by a contractual term and this contract condition has been fulfilled (e.g. the particular level of revenue has been reached); then the item is not accounted for in the period when the occurrence of the contractual condition is established, but when the condition is met.
- if it is not a contractual term but a management decision that establishes such an item, that may be recognised when the Company becomes aware of such decision (a constructive obligation).

The Company participates only in a specified contribution pension scheme which is to be determined in the context of the wages paid, it is therefore settled with the wage.

The Company operates in such a legal environment where employees have paid leave. If a legal option or employee - employer agreement is available by the Company to carry forward the untaken leave to the following years, then a liability shall be made for the untaken leaves accrued at the end of the year with the simultaneous burdening of employee benefits.

Share-based payments

If the Company provides shares or share price-related benefits to its employees or elected officials in respect of their activities, they shall be accounted for as share-based benefits.

The Company currently has only equity-settled share-based payment. The fair value of the benefits shall be determined and, if there is a vesting condition attached thereto, it shall be accounted for against the income in proportion to the fulfilment of the vest condition recognizing a reserve at the same time among the components of equity (IFRS 2 reserve).

If there is no condition attached to the benefit (e.g. further work period, earnings target), it should be immediately recognised as an expense, without inter-period sharing.

The separately recognised reserve (IFRS 2 reserve) should be cancelled when the shares are issued or, if an option is included, expired, exhausted.

As the Company does not have any other share-based benefit plans, it does not form an accounting policy thereon.

Financial instruments

IFRS 9 'Financial Instruments' (issued in July 2014; effective for financial years beginning on or after 1 January 2018). The main features of the new accounting standard are:

- Financial assets shall be classified into three measurement categories: measured at amortized cost after initial recognition, measured at fair value after initial recognition against other comprehensive income (FVOCI) or at fair value after initial recognition against income statement (FVPL).
- FRS 9 introduces a new model for the recognition of impairment - the expected credit loss (ECL) model. It uses a three-step approach, based on changes in the credit quality of financial instruments after the initial recognition. The new rules mean, in practice, that an entity is required to include an immediate loss of 12 months' ECL on initial recognition of financial assets not affected by other impairment. (a full ECL shall be presented in the case of trade receivables). If the credit risk has significantly increased, the impairment is determined by way of the full ECL rather than the 12-month ECL. The model also includes operational simplifications for leases and trade receivables.
- Hedge accounting requirements have been amended to make accounting more consistent with companies' risk management. The standard allows entities to choose between the application of IFRS 9 hedge accounting rules and the IAS 39 rules covering all other hedge accounting, as the standard does not currently deal with macro-hedge accounting issues. The Company does not apply hedge accounting rules.

The Company applies IFRS 9 in its financial statements as of 1 January 2018. As a result of the introduction of the new standard, only the impairment recognised for trade receivables has changed, but this has not had a significant impact on the financial statements.

Financial assets

Classification

The Company refers its financial assets into the following categories in accordance with the relevant legislative changes in force from 1 January 2018:

- assets carried at fair value (against other consolidated income [OCI] or income statement), and
- assets registered at amortized initial cost.

Acquired capital instruments shall be qualified by the Group in the category at real value against the comprehensive earnings if those are not for trading purpose. The chosen valuation method depends on the business model of the entity, it is determined based on the management of financial assets and the related cash flows.

The Company has only funds, receivables and loans as financial assets. All financial assets are measured at amortized initial cost, the Company has no financial instruments measured at fair value.

Recognition and measurement

Purchase or sale of a financial asset is recognised on the day the transaction is settled, namely on the day the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets are derecognized when the Company's rights to the cash flows from the particular item have expired or are transferred and the Company has also transferred significant risks and rewards of ownership. Offsetting of financial instruments

Offsetting of financial instruments

Financial assets and liabilities are set-off and recognised in the balance sheet as a net amount if the net settlement of the amounts recognised is legally permitted and the Company intends to settle the amounts on a net basis or intends to realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortized cost

IFRS 9 introduces a three-stage impairment model that binds level of impairment to changes in the quality of a receivable:

- expected credit loss for 12 months: (Initial recognition)
- Expected credit loss Underperforming (Significant deterioration in credit quality since initial recognition)
- Expected credit loss Non-performing (Actual credit loss occurred (actual credit loss occurred)

’Credit Loss’ is the difference between the present value of contractual cash flows and the expected cash flows under the Standard. ’Expected Credit Loss’ is the weighted average of expected losses. The Company considers all available information by the estimation of the expected loss - whether it is available within the company, or externally or it is a past experience or a forward-looking forecast.

The Company applies the definition of default event corresponding to its internal risk analysis policy by the estimation of the credit risk, and also determines the probability of payment and non-payment as well as the expected timing of cash flows in the estimation.

The Group shall use the simplified method on customer claims. So-called loss rates shall be specified in the simplified method, which are derived from past experiences corrected by future expectations. The present estimation contains the following rates:

Default (in days)	**Loss rate**
No default	1.00%
1-180	5.00%
181-365	10.00%
More than 365	100.00%

Practical recourse is had to IFRS 9 by the Company. These are the below:

- Instead of a 12-month expected credit loss, the Company books the expected loan loss on the trade receivables not including significant financing component and the contractual assets at the time of presentation.
- In case of customer claims, contractual assets and leasing receivables including a financing component, the Group, at its choice, calculates the expected loan loss over its lifetime at the time of presentation.

The Company makes the above estimation on group level in case of trade receivables with the same risk.

The expected credit losses in the case of the Group and thus the generated depletion shall not be qualified as significant.

Derecognition of financial assets

The Company shall only derecognize a particular financial asset in its books if the contractual rights to the asset cash flows cease to exist in the economic sense (e.g. expire) or if the Company transfers the financial asset and basically all the risks and rewards of holding the asset to another enterprise. If the Company does not transfer basically all the risks and rewards of holding the asset but does not keep it, and the Company continues to control the transferred asset, the Company accounts for its interests on the asset kept thereupon, and also accounts for a relating liability on the possibly payable amounts on the other hand. If the Company keeps basically all the risks and rewards of holding a transferred financial asset, the Company continues to recognise that financial asset and accounts for the revenues received as collateralized credit liability.

When a financial asset is completely derecognized, the difference between the carrying amount of the asset and the sum of the consideration received or receivable plus the amount of cumulative gain or loss recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Classification to liabilities or equity

Credit or equity instruments issued by the economic operators in the Company's interest are classified as financial liabilities or equity, taking into account the contractual terms and the definition of financial liabilities and equity instruments.

Equity instruments

An equity instrument is any contract that represents a residual interest in the enterprise's assets after the deduction of all the liabilities of an enterprise. Equity instruments issued by the Company are to be calculated at the value of the amount received, less direct issue costs.

When the Company reacquires its own equity instruments, it should be recognised, deducted directly in/from equity. The acquisition, sale, issue and cancellation of the Company's equity instruments does not result in any gain or loss recognised in profit or loss. The Company recognises the reacquired treasury shares in the equity as a negative item in equity at the repurchase value, in a separate line of the balance sheet.

Financial liabilities

Financial liabilities are classified either as liabilities at 'fair value through profit or loss' ('FVTPL') or as 'other financial liabilities'.

A financial liability is classified as FVTPL if it is a trade item or has been designated as financial liability at fair value through profit or loss.

A non-trading financial liability may be designated as a financial liability at fair value through profit or loss if:

- such a classification eliminates or significantly reduces an inconsistency in an assessment or accounting that would otherwise arise; or
- if the financial liability is part of a group of managed financial assets, financial liabilities, or both, the management and performance evaluation thereof is carried out on a fair value basis, in accordance with the Company's documented strategy on risk management or investment and internal information on categorization is also ensured on this basis; or
- it is part of a contract with one or more embedded derivatives, and IFRS 9 Financial Instruments: Recognition and Measurement standard allows the entire contract (asset or liability) to be recognised as an FVTPL.

Financial liabilities of the FVTPL category are measured at fair value and any gain or loss on revaluation is recognised through profit or loss.

Other financial liabilities

Other financial liabilities (including borrowed funds, trade and other payables) are measured at amortized cost using the effective interest rate method (the method is described in the assets).

Derecognition of financial assets

The Company derecognises a financial liability in its books if, and only if the liability is settled, released or expired. The difference between the carrying amount of financial liabilities derecognized and the consideration paid or payable is recognised in profit or loss.

Own share transactions

The Group performed own share transactions and repurchases several times. These items shall be presented in the consolidated financial statements ad elements reducing own capital. The Group shall present this as an own capital component and capital decrease shall be performed by the Group at purchase value.

General accounting policies related to cash flow

Concerning the cash flow statement, the Company relies on the indirect method till the operative cash flow. Investment and financing cash flows are made by direct method. Overdrafts shall be considered as cash equivalents until proved to the contrary. Short term credits and loans (both given and received) usually financing operation shall be presented by the Group as part of net working capital. Items without cash movements related to these shall be presented by the Group as net working capital change in the cash flow statement.

III. Critical accounting decisions and major sources of estimate uncertainties

Management must make decisions, estimates and assumptions by the application of the Company's accounting policies about the carrying amount of assets and liabilities that are not apparent from other sources. Estimates and related assumptions are based on past experience and other factors considered relevant. Actual results may differ from these estimates. Actual results may differ from these estimates.

Estimates and the underlying assumptions thereof should continuously be kept under review. Changes in the accounting estimates shall be accounted for in the period of the amendment if the change affects only that period or in the period of the amendment and subsequent periods if the amendment affects the current and future periods.

With the exception of those containing estimates, there are presented below those critical decisions that has been made by the Group when applying its accounting policies and had the most significant impact on the amounts presented in the financial statements.

Provisions

Provisions are recognised by the Company in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The Company is concerned with several ongoing litigation cases, and examined the expected outcome of legal cases with the assistance of experts, and presented accordingly the expected financial expenses.

The Company makes a provision when has a present obligation (legal or constructive) as a result of a past event and it is likely that an obligation will be settled through the transfer of economic assets, the amount of the liability furthermore can be well estimated.

Other receivables

The Group is involved in several lawsuits as claimant. Most of these lawsuits have been concluded by non-final decisions. IAS 37 requires that such receivables shall be accounted by the Group and try to provide numeric figures as well. In disclosing figures, significant estimates shall be made in many cases, which is an uncertainty at the level of announcements but not at the level of presented assets.

Assessment of concession rights

The Group specified the value of its Gheorgheni project according to IFRIC standard 12 on Service concession agreements. In the calculation, the Group estimated the profit-making capacity of the project and thus concluded the real value reduced by the costs of sales. The real value was determined on the basis of discounted expected cash flows. These cash flows reflect the future estimations of the management for each asset or investment. The concession agreement is presented in details under Supplementary Note 15.

Another uncertainty in the evaluation of the above project was that the Group is in a legal dispute in relation with the project, where estimations had to be made in the evaluation.

The Group evaluated the elements of the entire Hungarian portfolio as assets both on the basis of assets and agreement, i.e. based on net present value calculations. These agreements were presented as financial assets in the consolidated balance sheet.

Useful lives of tangible assets

The Company reviews the useful lives of property, plant and equipment at the end of each annual reporting period. During the year under review, the Board of Directors concluded that there was no need to change the useful life and residual value of tangible assets. Impairment of tangible and intangible assets

Impairment of tangible and intangible assets

The estimation of impairment for tangible and intangible assets is made on the basis of the realisable value of income-generating units, namely the real value, less sale costs or value in use. The value in use is determined on the basis of discounted expected cash flows. These cash flows reflect the future estimations of the management for each asset or investment.

We examined in the impairment test for tangible and intangible assets, whether the entity's assets are recoverable. The Company has included the adjustments required by the impairment test in these financial statements.

Uncertainty regarding deferred tax

Deferred tax assets are only receivable if it is probable that future taxable profits will be realised against which the deferred tax asset can be utilized. The Group currently does not present its deferred tax assets and wrote-off the existing ones. If those are realised in the future, then the return shall influence the profit at that time.

Uncertainty regarding the timing of presentation and assessment of certain assets

Based on the decision of the General Meeting, a capital increase was made in the Company against non-monetary property contributions. The process of capital increase has started in 2019, only 2020 will however show an accounting effect thereof, since the Company will acquire the control over the individual assets provided or, if the subject of the contribution is a legal entity, over the legal entity only in 2020.

Contribution subjects were claims in all cases, however, this claim was the consideration for the property element or the company share. Ownership of the assigned assets was transferred to the Company upon factual registration of the capital increase, which was January 13, 2020. The Company could not obtain the benefits of the assets, could not make decisions, and did not exercise control over the legal entities until the assignment date.

As a result of the contributions, the following assets will eventually be transferred to the Company:

- 100 % share in Síaréna Kft.;
- loan receivable from Síaréna Kft.;
- a plot in Balatonfenyves as real estate with investment purposes;

- several business premises / office properties in Budapest, and the relating garages as real estates with investment purposes;
- 9.94% share packet of Random Capital Zrt.

The transfer of assets' ownership and the exercise of control are subject to the condition of generating the shares issued in the framework of a private placement. This took place on 13 January 2020, therefore the effective date of the acquisition of the assets and the private placement of capital increase is 13 January 2020. Given that the ownership of the assets will be transferred to the Company on 13 January 2020, the assets will first time have an effective on the separate and consolidated financial statements for the financial year of 2020.

The acquisition of the receivable and via that the assets happened ultimately in exchange for shares, therefore the fair value of the shares valid on the effective date of the acquisition shall be considered as the purchase price of the transaction [IFRS 3.37].

Uncertainty regarding the evaluation of disputed claim

In relation with certain claims – the obligor of which is the subsidiary of the Group in Târgu Mures – the Group had earlier accounted depletion since the Municipality of Târgu Mures owing the subsidiary did not show willingness to pay the claim arising from the services provided by the subsidiary. A lawsuit for the compensation of damages has been filed in relation with these claims. The lawsuit has been finally closed by the court obliging the municipality to pay the debt and relevant legal consequences. Considering, that the subsidiary in Târgu Mures is under liquidation, special rules apply to the payment of the dividable assets and in case of failure of voluntary payment, further proceedings may become necessary. Since the final court decision confirmed the existence of the claim, the valuation of the claim has become necessary, however in the valuation, the amount of the dividable assets shall be estimated and corrections arising from the willingness to pay shall also be taken into account which leads to significant uncertainty in connection with the valuation of the claim.

IV. Changes in Accounting Policy, expected impact of IFRSs and IFRICs that have not yet entered into force on the date of the financial statements, past applications

The Group did not change the accounting policy applied voluntarily from 2019 to 2020. Application of accounting policies relating to the introduction of the new standards and previously not existing activities shall be exception thereto.

The impact of IFRSs and IFRICs entering into force after the balance day on the financial reports of the Group shall be detailed below. The expected impact of the changes of IFRSs and IFRICs known on the balance day in progress shall not be analyzed in detail, since those have no significant impact on the financial reports and the omission thereof has no impact on the decisions of the users of the report.

New and amended standards and interpretations issued by the IASB and adopted by the EU, effective from the current reporting period:

- Amendments to references to Conceptual Framework in the IFRS standards – accepted by the EU on 29 November 2019 (effective from reporting periods beginning on or after 1 January 2020)
- IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of materiality - adopted by the EU on 29 November 2019 (effective from reporting periods beginning on or after 1 January 2020),
- Amendments of standard IFRS 3 Business Combinations - Definition of business activity (effective for business combinations where the acquisition date falls on or after 1 January 2020, and on the reporting periods beginning thereafter and on the beginning of the actual period or on the following asset purchases).
- Standard IFRS 9 'Financial Instruments' – Collateral accounting (effective from the reporting period beginning on or after 1 January 2020),
- Standard IFRS 7 'Financial Instruments: announcements' – Collateral accounting – Uncertainty arising from the reform of reference rate of interest – (effective from the reporting period beginning on or after 1 January 2020),
- Standard IFRS 39 'Financial Instruments: Recognition and Measurement' – Collateral transactions (effective from the reporting period beginning on or after 1 January 2020),
- IFRS 16 Leases – 'Lease reliefs provided in consideration of Covid-19' (effective for reporting periods beginning on or after 1 January 2020 – earlier application permitted)

New and amended standards and interpretations issued by the IASB and adopted by the EU but not yet in force

At the time of approval of these financial statements, the following standards, as well as amendments to existing standards and interpretations issued by the IASB and accepted by the EU, were published without entry into force:

- Amendments to standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – Phase 2 – adopted by the EU on 13 January 2021 (effective from reporting period beginning on or after 1 January 2021)
- Amendments to standards IFRS 4 'Insurance Contracts' with IFRS 9 extension – adopted by the EU on 15 December 2020 (effective from reporting period beginning on or after 1 January 2021)

The Company does not apply these new standards and amendments to existing standards before the effective dates. The Company believes that the adoption of these standards and the amendment of existing standards will not have a material effect on the Company's financial statements in the period of initial application.

Standards and interpretations issued by the IASB and not accepted by the EU

The IFRS adopted by the EU do not significantly differ currently from those adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards, amendments to existing standards and new interpretations that have not yet been adopted in the EU with the disclosure date of financial statements:

- IFRS 17, 'Insurance Contracts' including the amendments to standard IFRS 17 (effective for reporting periods beginning on or after 1 January 2023),
- Amendment to standards IFRS 3 'Business Combinations'; IAS 16 'Property, Plant and Equipment'; IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Annual developments (effective for reporting periods beginning on or after 1 January 2022),
- Amendments of standard IAS 1 'Presentation of Financial Statements' –Classification od short and long term liabilities (effective for reporting periods beginning on or after 1 January 2023).
- Amendments of standards IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures - Sale or transfer of assets between the investor and its associate or joint venture (entry into force is postponed for an uncertain period until the research project reaches a conclusion on the equity method).

The implementation of these amendments, new standards and interpretations would not significantly affect the financial reports of the Group.

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

V. Explanatory notes to the comprehensive income statement

1. Sales revenue

The breakdown of revenue by activity is as follows:

	Financial Year 2020	Financial Year 2019
Heat sale	167,964	280,632
Income of other operations	26,489	8,962
Revenues from lease	186,201	85,059
Sales revenue from MAHART project	367,518	0
Operation of ski slope	327,537	0
Total	**1,075,710**	**374,653**

Revenue includes only yields relating to the Group’s principal activity.

The revenue of the Group arises from the sale of heat produced, the yield of assets operated for third parties, the implementation of a project and the operation of the Ski Arena.

With the exception of accounting for accruals and prepaid expenses, invoicing was easy to follow in the accounting for the revenue, since the nature of the services does not require adjustment between the further periods. The Company's revenue was nearly the same compared to the previous year. In case of assets operated for third parties, the Group specified the revenue by the implicit interest rate method from the future cash-flows. These asset elements are under the effect of IFRIC 12.

The Group shall construct a filling station commissioned by MAHART on the basis of a tender won in public procurement. The filling station shall be constructed under the instructions of the principal and the capacity (filling station) developed shall be controlled by the principal. Therefore the revenue shall be accounted proportionally (in a certain period of time) in this project.
The PTC shall be specified by the Group in the rate of the planned and the actual costs. In this period, the Group concluded that there is considerable chance that the revenue – in case of proportional accounting – returns since the Group has no significant experience in such and similar contracts and the amendment of the contract is in progress at the moment (IFRS15.57). Based on estimations, the Group is sufficiently certain that its costs will return and thus the revenue was estimated as the amount equivalent with the costs.

The main activity of Síaréna Kft. acquired by the Group at the end of the financial year is the operation of a ski slope. Accounting revenues here – taking the nature of the activity into account – takes place at the same time with the provision of service apart from the insignificant items from vouchers (prepayment of future services).

The Group further detailed the division of sales revenues in 2020, thus the figures of 2019 are presented again.

All data are in thousand HUF unless marked differently.

2. Direct expenditures

Direct expenditures	31.12.2020	31.12.2019
Passed utility charges	(123,175)	(140,889)
Cost of goods sold	(381,068)	0
Ski training, as intermediary service	(7,455)	0
Total	**(511,698)**	**(140,889)**

Direct expenditures include expenditures that can be directly related to revenue. The cost of goods sold occurred in relation with the activity of the newly acquired subsidiary, Síaréna Kft. and the construction of the filling station for MAHART. Intermediation of ski training also occurred in connection with the activity of Síaréna Kft.

3. Material costs

Material costs	Financial Year 2020	Financial Year 2019
Public utility fees	(30,733)	0
Maintenance materials	(11,870)	0
Fuel	(8,186)	0
Office supplies and cleaning agents	(3,768)	0
Catering industry costs	(6,127)	0
Other cost of materials	(14,913)	(4,320)
Total	**(75,597)**	**(4,320)**

The significant increase of material costs is related to the acquisition of Síaréna Kft by the Group.

4. Personnel costs

	Financial Year 2020	Financial Year 2019
Wages and benefits	(197,667)	(99,608)
Payroll taxes	(32,762)	(14,335)
Other personnel benefits	(48,335)	(1,487)
Total	**(278,764)**	**(115,430)**

The significant increase of personnel costs was caused by the acquisition of Síaréna Kft. by the Group.
The average headcount of the group was 44 persons in 2020. Employees outside the normal staff are the people temporarily employed due to the seasonal activity of Síaréna Kft. 227 people.

5. Purchased services expenses

	Financial Year 2020	Financial Year 2019
Legal cost	(35,477)	(33,639)
Operation costs	(34,296)	(26,330)
Rentals	(47,026)	(30,295)
Advisory fees	(15,749)	(19,918)
Bank charges	(13,578)	(3,192)
Insurance fees	(8,768)	(2,134)
Communication and office costs	(10,706)	(2,162)
Maintenance costs	(58,360)	(26,167)

All data are in thousand HUF unless marked differently.

Accounting, auditing fee	(50,370)	(28,709)
Official fees, charges	(6,417)	(789)
Travel expenses and costs of foreign travel	(3,741)	(344)
Szép card commission	(940)	0
Other disclosures	(24,499)	(1,129)
Total	**(309,928)**	**(174,807)**

The above table shows the development of the value of purchased services by the Group. The increase of purchased services leads back to the increase of the size of the group (Síaréna in particular) and the extra costs related to the significant acquisition.

6. Other income / expense (-)

	Financial Year 2020	Financial Year 2019
Other income		
Release of provisions	47,600	97,805
Net profit of sales of plants, real estates and equipment	654	4,978
Other income	1,428	5,943
Penalties, interests, compensation for damages	353	3,315
Buy off fee	0	50
Subsidies received	16,721	0
Remission of liabilities	2,249	0
Total other incomes	**69,005**	**112,092**
Other expenditures		
Fines	(366)	(1,006)
Other taxes	(7,043)	(5,304)
Other expenditures	(231)	(3,658)
Irrecoverable receivables	(778)	(2,191)
Net profit of sales of plants, real estates and equipment	(12,657)	(4,010)
Other expenditures total	**(21,076)**	**(16,168)**
Total	**47,929**	**95,922**

The provisions were cancelled in relation with the provision generated because of a labour dispute. A former employee had claims at the beginning of the labour dispute which was debated by the Group. There has been no communication in relation with the case for years. Labour law claims are limited in 3 years so the claim cannot be enforced even with extremely careful estimations.

In the line ‘Subsidies received’ the government subsidies received by Síaréna Kft. and the release of accruals due to previously obtained government subsidies are presented. Subsidies are also related to assets and revenues.

Síaréna Kft. won HUF 49,868 thousand in 2012 under Közép Dunántúli Operatív Program (approx. Central Trans-Danubian Operative Program) (hereinafter referred to as: KDOP) for the innovative development of snowboard and bicycle slope. Tangible assets were purchased from the subsidy. Intensity of subsidy was 50%.

All data are in thousand HUF unless marked differently.

Síaréna Kft. received HUF 504 thousand government subsidy in year 2014 for the procurement of online cash registers. Degree No: 13/2013 of the Ministry for National Economy allowed for a change of technology on the market of cash registers which implemented the online connection between the tax administration and the cash registers. Intensity of subsidy was 60%.

In 2017, the Ministry of National Development provided Síaréna Kft. with HUF 150 million non-refundable subsidy for development purposes. The development aimed to develop the four-season operation of the ski slope in Eplény and the amount was spent on tangible assets. Intensity of subsidy was 29.03%.

The subsidiary received HUF 18,150 thousand budgetary subsidy for operational and reserve purposes in 2019. The subsidy was provided from the title group of “active recreation programs and developments’ from the special budgetary reserves. Intensity indicator was 26.88%.

The subsidies related to assets and revenues were accounted by the Group according to the accounting policy detailed above.

The depletion of assets includes the depletion accounted for debt claims against companies not involved in the consolidation and expired customer claims of lower value.

7. Other expense, income of financial transactions

Interest type items

	Financial Year 2020	Financial Year 2019
Interest income	56	22,385
Finance bond interest	5,272	0
Interest from affiliate (Pannon Fuel Kft.)	17,333	0
IFRIC 12 interest income	49,399	63,811
Other income of financial transactions	0	8,208
Not realised exchange rate loss (-) / profit	18,974	(2,606)
Realised exchange rate loss (-) / profit	(1,111)	(3,211)
Interest expense	(6,945)	(2,909)
Other items	0	(2,488)
Net profit of financial transactions loss (-) / profit	**65,426**	**83,190**

Stock exchange fees are presented among services used by the Group from 2020.

Impairment of financial assets, reversal

	Financial Year 2020	Financial Year 2019
Reversal of impairment of E-Star Mures Energy SA loan claim	676,633	0
Depreciation of customer receivables	(1,467)	(9,741)

All data are in thousand HUF unless marked differently.

Reversal of other receivables	17,304	4,285
Expected credit loss	(2,768)	(368)
Total	**689,703**	**(5,824)**

One of the subsidiaries under liquidation of the Parent company won a lawsuit finally against the Municipality of Târgu Mures on the basis of which the municipality was obliged to pay part of its outstanding and disputed debts. The claim against the liquidated subsidiary had been previously totally written off by the Group since it had become insolvent due to the non-payment of the Municipality. Since the subsidiary won the lawsuit, we expect that at least part of the claim will be refunded. In that period, an estimate had to be prepared on the basis of which we had to specify how much of the written-off claim would be refunded. The yet expected collection costs and the part of the assets of the liquidated company due to the Group had to be specified for the estimation and this had to be corrected by given uncertainty factors. On the basis of the calculation, HUF 676,633 thousand had to be written off.

In addition to the written-of claim, the Group finds the judgement nonsense in which the defendant was not obliged to pay compensation for damages at all. Consequently the Group is considering international arbitration court proceedings. On addition to this, according to the Romanian legal practice in relation with the enforcement of default interests due to the amounts judged by court decision, a new lawsuit may be initiated after winning this lawsuit. The time required for this on first and second instance is approx. one year. The amount is significant, it is about a legitimate claim of over HUH 500 million. These amounts have not been accounted for due to further uncertainty.

Financial profit was the following as a result of the above items:

	Financial Year 2020	**Financial Year 2019**
Interests, and similar expenditures	65,645	83,190
Depletion and write-off thereof	689,703	(5,824)
Total net	**755,129**	**77,366**

8. Income tax

	Financial Year 2020	**Financial Year 2019**
Corporate Tax	(15,403)	(28,149)
Local business tax	(12,427)	(7,316)
Deferred tax expenses (-) / revenue	0	0
Total taxes on profit:	**(27,830)**	**(35,465)**

Tax rates applied are the following in the countries economically relevant for the Group:

	Financial Year 2020	**Financial Year 2019**
Hungary - corporate tax	9%	9%
Hungary - local business tax	2%	2%

All data are in thousand HUF unless marked differently.

Romania -corporate Tax	16%	16%
Cyprus -corporate Tax	12.5%	12.5%

The Group did not present deferred tax assets and liabilities due to the details described below.

In the course of the deferred tax calculation, the Group compares the amounts that may be taken into account for taxation purposes with the carrying amount per assets and liabilities. If it is a reverse difference (i.e. the difference is settled within the foreseeable future), it shall be recognised as deferred tax liability or asset in accordance with the sign thereof. The Group separately assessed the return on the asset at time of the recognition.

In both years, all companies of the Group calculated the tax with a 9% rate at return in Hungary, 16% in Romania and 12.5% in Cyprus, as the particular assets and liabilities become effective taxes at periods when the tax rate is set at the given percentage in the effective legislation.

The Group has decided not to include deferred tax assets in the books for Hungarian companies as their recoverability cannot be proved presently. The below table shows the amount of taxable differences including the value of the deferred tax asset not recognised:

	Accounting value	Tax	Difference
Properties with investment purposes	931,385	931,385	0
Tangible assets	2,109,406	1,717,176	392,230
Intangible assets	26,868	23,615	3,253
Investments in affiliated companies	0	0	0
Investments in affiliated companies	146,914	146,914	0
Other non-current receivables	0	0	0
Financial assets (IFRIC 12)	383,976	424,208	(40,232)
Securities	0	0	0
Leasing receivables	0	0	0
Inventories	24,595	24,595	0
Customers	165,003	173,547	(8,543)
Other receivables	981,637	981,637	0
Accruals	25,910	25,910	0
Cash and cash equivalents	425,557	425,557	0
Provisions	0	0	0
Long-term loans	112,506	112,506	0
Other long-term liabilities	26,187	26,187	0
IFRS 16 Lease liability	0	0	0
Short-term loans	0	0	0
Vendor liabilities	235,719	235,719	0
Deferred income	180,130	180,130	0
Other current liabilities	429,882	429,882	0
Interest and exchange rate effect	0	0	0
Loss impairment	0	11,382,806	11,382,806
Total	**5,274,289**	**16,310,388**	**(11,036,099)**
		Total difference	**(11,036,099)**

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

Hungarian companies			
Difference			**(11,036,099)**
Tax rate			9%
Calculated deferred tax			(993,249)
Accounted deferred assets			0
Accounted deferred liabilities			0

Since no return is likely, the deferred tax assets were not accounted for in the books by the Group.

The Group wrote off the deferred tax assets (against the profit) previously presented from the Romanian operation in the previous year since it cannot be used after the termination of the concession agreements.

The income tax rates by countries are included in the table below:

	Hungary	**Romania**	**Cyprus**	**Total**
Pre-tax profit	528,234	(19,883)	120,636	628,987
Actual tax	(12,720)	(36)	(15,073)	(27,830)
Deferred tax (differences in time)	0	0	0	0
Income tax value	**(12,720)**	**(36)**	**(15,073)**	**(27,830)**

The table contains the figures of the individual reports of Companies.

9. Other general revenue

The Groups classifies the amount of exchange rate differences occurring upon the exchange of foreign subsidiaries in this profit category.

	Financial Year 2020	**Financial Year 2019**
Exchange rate differences	7,894	(928)
Total	**7,894**	**(928)**

The exchange rate differences are related to the following currencies and geographical areas:

	Financial Year 2020	**Financial Year 2019**
Romania - RON	7,881	(6,004)
Cyprus- EUR	13	5,076
Total	**7,894**	**(928)**

All data are in thousand HUF unless marked differently.

VI. Explanatory notes to the balance sheet

10. Properties with investment purposes

	Properties with investment purposes
Gross values	
31 December 2019	**0**
Contribution-in-kind	925,149
Fees, landscaping	24,860
Sales	0
31 December 2020	**950,009**
Depreciation	
31 December 2019	**0**
Depreciation for the current year	(18,624)
Derecognition due to sales	0
31 December 2020	**(18,624)**
Book value	
1 January 2019	0
31 December 2019	0
31 December 2020	**931,385**

In 2020, the Group acquired three adjacent properties in Budapest, 14 garage parking spaces and a holiday home in Balatonfenyves. The Group treats these assets as investment property in the books and has chosen to account for them at cost. The fair value of investment properties as of 31 December 2020 is substantially the same as the carrying amount. The fair value of the properties has been determined by the Group using a valuer.

11. Tangible assets

The below table shows the changes in the assets:

	Properties and buildings	Technical equipment	Other equipment	Investments	Total
Gross values					
31 December 2019	**209,946**	**308,753**	**27,090**	**2,614**	**548,404**
Stock growth due to the acquisition of a subsidiary	1,206,331	668,694	33,968	0	**1,908,993**
Change in value due to exchange rate	5,829	796	97	0	

All data are in thousand HUF unless marked differently.

Procurement	548,590	7,854	3,457	54,060	**559,901**
Derecognition due to sales	0	(19,051)	(2,466)	0	**(21,517)**
31 December 2020	**1,970,696**	**967,046**	**62,146**	**56,674**	**2,995,781**
Depreciation					
31 December 2019	**(150,118)**	**(292,667)**	**(21,449)**	**(695)**	**(464,928)**
Change in value due to the acquisition of a subsidiary	(216,536)	(192,681)	(13,781)	0	**(422,998)**
Change in value due to exchange rate	(133)	(540)	(85)	0	**(758)**
Depreciation for the current year	(38,463)	(24,495)	(5,349)	0	**(68,307)**
Derecognition due to sales	0	8,299	1,536	0	**9,835**
31 December 2020	**(405,250)**	**(502,084)**	**(39,129)**	**(695)**	**(947,156)**
Book value					
31 December 2019	59,828	16,086	5,641	1,919	**83,476**
31 December 2020	1,565,447	464,963	23,017	55,979	**2,109,406**

On 27 November 2020, the Group purchased the LNG-CNG filling station in Szigetszentmiklós for HUF 500 million. The stock of tangible assets - in addition to the filling station - was increased by the assets acquired during the development of the Eplény ski resort operated by Síaréna Kft.

The tangible assets include a value of 0 in Romania, for which the Group had to account as a 100% impairment (value loss) as it has been seized by the Romanian authorities. A lawsuit is pending regarding the seizure. The area of the Romanian plot is 29,504 m2 (Zilah). The Romanian authorities appropriated one part of the plot (625 m2) and this appropriation involves a monetary reimbursement. This receivable is not included in the financial statements.

12. Intangible assets

	Software and other intangible assets	Right-of-use assets	Total
Gross value			
31 December 2019	**46,475**	**17,717**	**64,192**
Stock increase due to the acquisition of a subsidiary	25,867	0	**25,867**
Procurement	4,446	0	**4,446**
Change in value due to exchange rate	563	0	**563**
Stock decline	0	0	**0**
Depreciation			
31 December 2019	**(40,616)**	**(9,051)**	**(49,668)**
Change in value due to the acquisition of a subsidiary	(2,218)	0	**(2,218)**
Depreciation for the current year	(1,663)	(8,197)	**(9,861)**
Change in value due to exchange rate	(602)	0	**(602)**
Derecognized depreciation	0	0	**0**
Book value			
31 December 2019	5,859	8,667	**14,527**

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31 December 2020	32,250	469	**32,719**

E-STAR Centrul de Dezvoltare Regionala SRL (hereinafter CDR) used to provided district heating services in Gheorgheni (Gyergyószentmiklós). The concession contract for this activity has already been terminated. On 8 March 2017, the infrastructure forming the district heating system was handed over to the City of Gyergyószentmiklós, so the Group will not provide such services from now on. The infrastructure was handed over free of charge in accordance with local legislation. In parallel, the gross value of the concession rights recognised in the books and the value of the amortisation recognised so far were derecognized from the books during the 2017 business year.

CDR has several pending damages lawsuits in Romania. Some of these are related to the restitution of concession rights and compensation for damages arising from them, others are due to other reasons (their detailed explanation can be found in the Litigation chapter at the end of the Additional Notes). In the event of a positive outcome of these pending lawsuits, some of the receivables written off and written off are expected to be recovered.

ENEFI Plc. has provided continuous information to the public about CDR through its publication sites (www.e-star.hu/www.enefi.hu, www.bet.hu, www.kozzetetelek.hu), presenting the background of the dispute in detail, and its current status. The Group's announcements can still be found at the sites above.

The Group accounts for the right to use one boiler and its depreciation as a right-of-use asset.

13. Goodwill

The value of goodwill during the business year was as follows:

	31.12.2020	**31.12.2019**
Opening	0	0
Goodwill business combination	335,406	0
Total	**335,406**	**0**

The value of goodwill formed when Síaréna Kft. joined the Group is shown in the table below:

	Síaréna Kft.
Purchase price in shares	770,650
Net assets at acquisition	415,244
Value adjustment	(10,367)
Goodwill	335,406
Impairment	0
Goodwill at the end of the year	**335,406**

As part of a business combination, the Group acquired a 100% stake in Síaréna Kft. Síaréna Kft. is one of the largest ski complexes in Hungary.

14. Investments in associates

In 2018, the Group purchased a 20% stake in Pannon Fuel Kft. in the amount of HUF 500,000. At the time of acquisition, the purchase price corresponded to the fair value of the net assets corresponding to the

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

interest. The balance sheet value of the associate is currently 0 due to the accumulated loss of the affiliated company.
During the period under review, the Group acquired 54 dematerialised Random Capital ordinary shares with ISIN code HU0000115183 in exchange for 311,143 ENEFI Series H shares. The consideration for the share package was HUF 122,901 thousand.

The net asset value of Random Capital Zrt. at the time of acquisition was equal to their fair value. At the end of the year, the Group owned 9.46% of the shares.

Presentation of the period results of Pannon Fuel Kft .:

	31.12.2020	**31.12.2019**
Periodic result of Pannon Fuel Kft.	(447,076)	(155,885)
Profit for the period	(89,415)	(31,177)
Profit attributable to a group from the results of an affiliate company	(5,963)	(31,177)

Presentation of the period results of Random Capital Zrt.:

	31.12.2020	**31.12.2019**
Random Capital Zrt.'s periodic result	253,825	36,794
Profit for the period	24,013	0
Profit attributable to a group from the results of an affiliate company	24,013	0

Composition of the value of an interest in an affiliated company:

Value of share	**31.12.2020**		**31.12.2019**	
	Pannon Fuel	**Random Capital**	**Pannon Fuel**	**Random Capital**
Opening	0	0	23,174	0
Purchase price	0	122,901	0	0
Cost adjustment for interest-free loans	5,963	0	5,959	0
Profit for the previous period	0	0	2,044	0
Eligible Group profit for the period	(5,963)	24,013	(31,177)	0
Total	**0**	**146,914**	**0**	**0**

The Group provided a long-term interest-free loan to Pannon Fuel Kft. (for details, see Note 16), and when the loan was disbursed, the fair value adjustment was recognised as an increase in the cost of the acquired interest in the affiliated company, given that the loan was secured in this form in part because of the influence of the affiliated company. The loan was repaid during 2020.

The unrecognised loss from the profit of Pannon Fuel Kft. per Group is HUF 83,452 thousand. This loss could not be accounted for because the book value of Pannon Fuel has decreased to 0, so the item could not be written off against it. The Group has not identified any legal or constructive obligation that would result in the settlement of any liabilities that may arise as a result of this loss.

All data are in thousand HUF unless marked differently.

15. Receivables from concession assets

	31.12.2020	31.12.2019
Gross value of assets under service concession arrangements	425,356	610,368
Expected credit loss	(1,148)	(1,490)
Net worth of assets arising from service concession arrangements	**424,208**	**608,878**

Assumptions used in determining the value at the balance sheet date:

The Group discounts the future cash flows in all cases with the internal discount rate applicable to the project at the time of the transaction (discount rates used in determining fair value are between 6% and 8%): (The table does not include the value of the expected credit loss.)

Partner	Date	Expiry	31.12.2020	31.12.2019
Józsefváros	01 August 2007	31 July 2022	282,598	397,384
Győr	01 September 2008	31 August 2020	0	1,833
Pilisszentkereszt	01 October 2008	30 September 2020	0	2,437
Budapest	01 November 2015	30 September 2020	0	39,330
Érd	01 November 2015	30 September 2024	142,758	169,384
Total			**425 356**	**610,368**

The Group recorded the following movements in concession assets:

	31.12.2020	31.12.2019
Opening balance	608,878	728,577
Estimate change due to inflation	11,123	15,657
Receivable decrease	(194,986)	(134,093)
Expected credit loss	341	227
Closing	**425,356**	**610,368**

Concession fees are contractually adjusted for inflation, which the Group recognises each year as the current year's effect. The fair value of these items does not differ materially from their carrying amount.

The Group has recognised an expected credit loss of HUF 1,148 thousand on assets arising from service concession arrangements. In calculating the expected loss, the Group has determined a default loss ratio (LGD) of 45% and a probability of default (PD) of 6%.

16. Other non-current receivables

Among other long-term receivables, the Group has recorded a loan granted to Pannon Fuel Kft., which was repaid in 2020.

All data are in thousand HUF unless marked differently.

A summary of the movements in other long-term receivables in the current year is provided in the table below.

Balance on 31 December 2019	**487,652**
Loan repayment	(487,652)
Balance as of 31 December 2020	**0**

17. Securities

In 2020, the Company sold its 100 pcs of "Finance" bond of 1,000,000 HUF/piece value issued by Random Capital Zrt. purchased on 15 May 2019.

	31.12.2020	31.12.2019
Finance bond book value	100,000	100,000
Finance bond pro rata temporis interest	1,179	863
Finance bond sales	-101,179	0
Expected credit loss	0	(306)
Book value	**0**	**100,557**

18. Inventories

	31.12.2020	31.12.2019
Intermediate services	13,228	0
Raw and basic materials	9,166	0
Goods	2,210	0
Total stocks	**24,604**	**0**

The value of services still to be billed has been included among the intermediate services.

The raw and basic materials in stock at the end of the business year are related to the operation of the restaurant and buffet-type catering units belonging to the ski resort complex in Eplény operated by Síaréna Kft.

In addition to the needs of the catering units, the goods also include the stock of a shop also operated near the ski slopes. The shop typically provides the purchase of accessories related to skiing (ski goggles, hats, underwear)

All data are in thousand HUF unless marked differently.

19. Customers

	31.12.2020	31.12.2019
Accounts receivable	163,908	78,391

	31.12.2020	31.12.2019
Non-due	76,791	56,506
Between 0-90 days	5,360	21,552
Between 91-180 days	3,342	15
Between 181-360 days	77,129	1,093
More than 1 year overdue	313,369	287,919
Total gross trade receivables	**475,991**	**367,085**
Accounted impairment of trade receivables	(304,220)	(285,166)
ECL	(7,863)	(3,528)
Accounts receivable at the balance sheet date	**163,908**	**78,391**

The expected credit loss is recognised in the financial operations' expenses within the income statement.

Receivables that have expired on the balance sheet date, but - based on the opinion of the Group's management - the Group has not identified any risk (or other assets or liabilities) with respect to the probability of their influence, the Group did not use the option to recognise impairment.

Overdue but not impaired receivable	31.12.2020	31.12.2019
Between 0-90 days	5,360	21,552
Between 91-180 days	3,342	15
Between 181-360 days	77,129	1,093
More than 1 year overdue	8,557	2,753
Total:	**94,388**	**25,412**

In assessing the feasibility of a trade receivables, the Group takes into account any changes in the credit quality of the receivable between the date of the loan and the end of the reporting period. In all cases, the payment deadline for the customer accounts is 8 days.

The balance sheet value of customers has been reduced by the expected credit loss. The Group has applied the simplified method to customers in connection with expected credit losses.

The fair value of these items does not differ substantially from their carrying amount.

20. Income tax receivable

	31.12.2020	31.12.2019
Corporate tax receivable	15,810	1,989
Business tax receivable	5,868	0
Total other receivables gross	**21,678**	**1,989**

All data are in thousand HUF unless marked differently.

21. Other current receivables

	31.12.2020	31.12.2019
Loans issued	2,018,885	34,714
Sureties, deposits	47,458	50,794
Receivables from assignment	0	18,830
Other tax receivables	0	7,337
VAT receivable	150,482	14,307
Foreign VAT receivable	0	67,855
Advance given to suppliers	97,755	402
Other receivables	8,807	24,496
Total other receivables gross	**2,323,387**	**218,734**
Recognised impairment	(1,341,751)	(145,414)
Other receivables total	**981,637**	**73,320**

Impairment losses recognised have been accounted for in 2020 for the following receivables:

	Gross value	Impairment	Net value
Loans issued	2,018,384	(1,341,751)	676,633
Advance given to suppliers	1,006	(170)	836
Total	**2,019,390**	**(1,341,920)**	**677,470**

Non-impaired other receivables consist of the following items:

	31.12.2020	31.12.2019
Bid securities	0	15,000
Sureties	47,458	32,174
VAT receivable	150,482	14,307
Other tax assets	0	7,337
Other receivables	8,807	3,260
Advances received	96,919	889
Loans to employee	501	353
Total	**304,167**	**73,320**

Taxes recorded with the same tax authority are presented net by the Group. Debt-type tax balances are classified as liabilities (if the company has a debt towards the tax authority after all).

Details of specific loans:

Related loan and interest	**31.12.2020**	**31.12.2019**
E-Star Mures Energy SA loan	1,672,409	0
E-Star Mures Energy SA loan interest	345,975	0
Hőáramkör Kft. loan capital	0	33,115
Hőáramkör Kft. loan interest	0	845
Total	**2,018,384**	**33,960**

The fair value of these items does not differ materially from their carrying amount.

All data are in thousand HUF unless marked differently.

22. Active accruals

	31.12.2020	31.12.2019
Accrual of insurance premiums	825	0
Accrual of subscription fees	644	0
Other disclosures	10	24
Rental of tangible assets	24,431	40,084
Other income	0	10
Total	**25,910**	**40,118**

The accrual of the rent of the tangible asset includes the rent of boiler houses paid in advance by RFV Józsefváros Kft. for 15 years. The rental fee is was paid to the Budapest Főváros VIII. district Józsefváros Municipality in 2007.

23. Cash and cash equivalents

	31.12.2020	31.12.2019
Bank balances	396,087	121,537
Term deposits	0	485
Investment accounts	2,437	
Cash	27,074	1,130
Expected credit loss	(57)	0
Cash and cash equivalents	**425,541**	**123,152**

Cash includes only balances that can be immediately converted and used for cash.

A significant part of the bank balance comes from the account balance of Raiffeisen and K&H Bank.

The Group recognised an expected credit loss of HUF 57,000 on cash and cash equivalents. In calculating the expected loss, the Group has set the LGD at 45% and the PD at 0.03%. The fair value of these items does not differ materially from their carrying amount.

24. Subscribed capital

The subscribed capital includes the nominal value of the issued shares. The current nominal value is HUF 10 / piece. The table below shows the movements of equities in the reporting period:

Subscribed capital at nominal value	31 December 2018	December 31, 2019
Nominal value as of 1 January	100,000	100,000
Nominal value of ordinary shares issued during the year	66,061	0
on 31 December 2020	**166,061**	**100,000**

All data are in thousand HUF unless marked differently.

Amount of shares issued and paid	31 December 2020 pieces	31 December 2019 pieces
Quantity as of 1 January (piece)	10,000,000	10,000,000
Interim share issuance	6,606,109	0
on 31 December 2020	**16,606,109**	**10,000,000**

The subscribed capital of the Parent Company was increased on 9 January 2020 in accordance with the contribution decision of 29 November 2019. As a result, 1,150,000 ordinary shares and 5,456,109 convertible dividend preference shares were issued. The nominal value of the issued shares increased the subscribed capital.

Composition of the Group's share capital in 2020:

Tranche of shares:	Nominal value (Ft/piece)	Number of issued shares	Total nominal value (HUF)
Ordinary share	10	11,150,000	111,500,000
Preference share	10	5,456,109	54,561,090
Capital size		**16,606,109**	**166,061,090**

Composition of the Group's share capital in 2019:

Tranche of shares:	Nominal value (Ft/piece)	Number of issued shares	Total nominal value (HUF)
Ordinary share	10	10,000,000	100,0000,000
Capital size		**10,000,000**	**100,000,000**

Number of voting rights attached to the shares in 2020:

Tranche of shares	Issued Quantity	Shares with voting rights	Voting rights per shares	Total voting rights
Ordinary share	11,150,000	11,150,000	1	11,150,000
Preference share	5,456,109	0	0	5,456,109
Total:	**16,606,109**	**11,150,000**	**1**	**16,606,109**

Number of voting rights attached to the shares in 2019:

Tranche of shares	Issued Quantity	Shares with voting rights	Voting rights per shares	Total voting rights
Ordinary share	10,000,000	10,000,000	1	10,000,000
Total:	**10,000,000**	**10,000,000**	**1**	**10,000,000**

None of the share types are limited in marketability.

The convertible - dividend preference share entitles to a dividend of 5% more favourable than the shares belonging to other share types and share classes from the after-tax profit that can be distributed among the shareholders, if the legal conditions for dividend payment are met. The convertible - dividend preference share can be converted into a series A dematerialised ordinary share with a nominal value of HUF 10 each, based on the decision of its owner. The claimant may notify the Board of Directors in writing twice a year, by the end of the first half of the given calendar year and the end of the second half of the calendar year, in possession of a certificate of ownership, so that the notification must reach the company in a verifiable manner by the last day. The Board of Directors is obliged to decide on the conversion of the announced convertible dividend preference shares into ordinary shares within 30 days after the last day of the given calendar half-year, if the total amount of declared claims in the given calendar half-year reaches 500,000 Series H convertible preference shares. The Board of Directors is entitled and obliged to determine further detailed rules of the transformation (especially the date of the transformation). In the case of a partial reorganisation, the Board of Directors may prescribe, thus making the blocking of the shares affected by the reorganisation or its transfer to a specific account number a condition for the implementation of the reorganisation.

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

25. Capital reserve

	31.12.2020	**31.12.2019**
Balance at the beginning of the year	21,423,391	21,423,391
Additional value paid during the capital increase	2,543,352	0
Year-end balance	**23,966,743**	**21,423,391**

On 9 January 2020, the value of the capital reserve increased by HUF 2,543,352 thousand. The increase in the capital reserve is shown in the table below:

Tranche of shares	**Issued Quantity**	**Nominal value (HUF)**	**Emission value (HUF)**	**Emission Value-Nominal Value (HUF)**
Ordinary share	1,150,000	11,500,000	454,250,000	442,750,000
Preference share	5,456,109	54,561,090	2,155,163,055	2,100,601,965
Total:	**6,606,109**	**66,061,090**	**2,609,413,055**	**2,543,351,965**

The value of the capital reserves includes the amount made available to the Group per share in addition to the nominal value.

26. Accumulated conversion reserve

Some of the Group's subsidiaries do not keep their books in Hungarian forints, but in Romanian leu or euros.

The use of different exchange rates used in the conversion of equity and assets and liabilities during the conversion into HUF causes a difference. This difference varies from year to year, accumulating. This difference is presented by the Group on a separate line within equity under the heading of accumulated translation reserves.

The change in the reserve stock is shown in the table below:

All data are in thousand HUF unless marked differently.

	31 December 2020	31 December 2019
Opening	43,587	44,515
Settlement difference accounted for	7,894	(928)
Closing	**51,481**	**43,587**

27. Reserve for share - based payments

The reserve for share-based payments includes the fair value of a share option that has been exercised in a prior period. The share option covers 630,000 pieces of shares. The drawing period has not expired yet. During this period, the value of the reserve remained unchanged as the performance obligation was no longer related thereto and the option was not exercised. The reserve could not be revalued to its current market value. The option may be exercised till 25 September 2022, there is no more relating condition.

28. Own shares

The following table shows the development of the number and value of treasury shares:

Development of number of own shares	31 December 2020 pieces	31 December 2019 pieces
Opening value	2,144,041	2,144,041
Number of repurchased own shares	0	0
Number of treasury shares involved	0	0
Treasury shares sold	0	0
Number of shares at the end of the period	**2,144,041**	**2,144,041**
Of which: shares held by subsidiaries	531,041	531,041
of which shares held by the Enefi Project Company	*531,041*	*531,041*

Development of own shares value	31 December 2020	31 December 2019
Opening value	(474,237)	(474,237)
No change has taken place.	-	-
Shares at carrying amount	**(474,237)**	**(474,237)**

The stock of treasury shares did not change within the Group, only the legal entity within the Group holding these securities changed.

630,000 of the treasury shares have been set aside for the exercise of share options (see Additional Note 26).

29. Non-controlling interests

The Group did not face any uncertainties or have to deal with any more complex issues when judging how its investments should be managed. All of its businesses qualify as subsidiaries, with the exception of two companies that have a 100% stake. The Group's 100% shareholding is in RFV Józsefváros Kft. and Thermoenergy Srl. It is clear from all subsidiaries (including non-wholly-owned ones) that control is in the hands of the parent company, as both management and day-to-day operations and exposure to variable returns are fully and visibly fulfilled. Exceptions to this clause are subsidiaries in liquidation, which cannot be included due to a lack of control.

All data are in thousand HUF unless marked differently.

Movement table of non-controlling interests for the previous year and the current year:

	31.12.2020	31.12.2019
Opening balance	36,371	29,697
Share of profit (loss)/profit for the year	5,657	6,674
Year-end balance	**42,029**	**36,371**

30. Provisions

	Provision for expected liabilities arising from employment	Total
31 December 2019	**47,600**	**47,600**
Current provisions (-)	0	**0**
Non-current provisions (-)	47,600	**47,600**
Provisions made during the year	0	**0**
Provisions used during the year	(47,600)	(47,600)
Mid-year adjustment	0	**0**
31 December 2020	**0**	**0**
Current provisions (-)	0	**0**
Non-current provisions (-)	0	**0**

The Group recognises a provision in the books in connection with a payroll case in previous years. This provision was released in 2020 due to obsolescence.

31. Long-term loans

	31.12.2020	31.12.2019
Long-term loans	112,506	
Total long-term loans	**112,506**	**0**

Síaréna Kft. entered into an investment loan agreement with K&H Bank in 2017 and 2019. Both loans expire in 2023. The loans were disbursed in HUF.

Debtor	Expiry	Interest	31.12.2020	Due within 1 year	Due within 5 years	Due after more than 5 years
Síaréna Kft.	31 March 2023	month BUBOR + 2.75% interest margin	82,506	27,498	55,008	0

All data are in thousand HUF unless marked differently.

Síaréna Kft.	05 April 2023	1 month BUBOR + 2.75% interest margin	30,000	9,999	20,001	0
Total			**112,506**	**37,497**	**75,009**	**0**

The fair value of these items does not differ materially from their carrying amount.

32. Other long-term liabilities

	31.12.2020	31.12.2019
Tangible asset purchased in installments	131	0
Other loans	600	0
Member loans received	25,456	0
Total	**26,187**	**0**

The change in long-term liabilities is shown in the table below:

	Long-term loans	Other long-term liabilities
Opening	0	0
Included in the group during the acquisition	130,838	53,676
Repayment of principal	(18,332)	(27,588)
Purchase of tangible assets in installments in 2020	0	98
Interest payment in 2020	143	0
Closing	**112,506**	**26,186**

The fair value of these items does not differ materially from their carrying amount.

33. Lease liabilities

On this balance sheet line, the Group recorded lease capital liabilities due within one year and within one year.

The Group leased a boiler, the lease of which expired during the business year.

34. Suppliers

Trade payables include only items maturing within a short period of time that have been carried at a discounted value. The fair value and carrying amount of the balance are nearly the same.

The maturity breakdown of the supplier obligation is shown in the table below:

	31.12.2020	31.12.2019
Non-due	54,461	36,347
Between 0-90 days	135,943	2,383
Between 91-180 days	231	1,108
Between 181-360 days	4,780	756

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

More than 1 year overdue	40,446	38,577
Total suppliers	**235,861**	**79,170**

The fair value of these items does not differ materially from their carrying amount.

35. Other short-term liabilities

	31.12.2020	31.12.2019
MAHART is a contractual obligation	2,482	0
MAHART advance	355,200	0
Other taxes payable	13,797	13,497
Advances received from customers	18,150	0
Corporate Tax	0	15,957
Wage cost payable	18,991	5,410
Payroll taxes	10,542	3,609
Loans received	3,135	3,135
Common cost	3,281	0
Gift vouchers	2,757	0
Other liabilities	1,547	1,567
Total other liabilities	**429,883**	**43,175**

From 2020, the Group will present corporate tax on a separate line in the balance sheet. Income tax asset / liability item.
The significant increase in the amount of other current liabilities is caused by the inclusion of Síaréna Kft. in the group. The gift vouchers issued are vouchers that can be used on the ski slopes operated by the Ski Arena until the end of the 2021/2022 ski season.

The fair value of these items does not differ materially from their carrying amount.

36. Deferred income

	31.12.2020	31.12.2019
Accrued revenue	0	77
Accounting and payroll fees	7,178	0
Audit fee	7,774	4,888
Accrued revenue from government grants	164,302	0
Other costs	876	7,922
Total	**180,130**	**12,888**

Among the state subsidies, Síaréna Kft., a subsidiary of the Group, also received asset - and income - based subsidies. The nature and extent of the subsidies are described in Section 6, Other Income / Expenses.

The Group keeps the amount of government grants received on assets, recognised as deferred income, which have not yet been resolved.

37. Earnings per share

All data are in thousand HUF unless marked differently.

Basic and diluted EPS	Financial Year 2020	Financial Year 2019
Profit attributable to shareholders for the year from continuing operations	595,499	22,631
Earnings per ordinary shareholders	370,067	22,631
Result applicable to diluted EPS	595,499	22,631
Weighted average number of shares	8,940,633	8,485,888
Weighted average number of diluted shares	12,763,115	9,115,888
Basic EPS indicator (HUF / piece)	**41.46**	**2.67**
Diluted EPS indicator (HUF / piece)	**39.99**	**2.48**

The basic value of earnings per share has been calculated by taking into account the total earnings and the time-weighted average number of ordinary shares. When calculating earnings per share, only earnings per share allocated to ordinary shareholders could be taken into account. The Group does not consider treasury shares to be outstanding. It leaves out them when determining the denominator.

In determining the diluted value, the result had to be adjusted by the share of profit attributable to preference shareholders and the number of shares by the number of preference shares issued and the number of potential ordinary shares due to the option.

38. Expected credit loss

As presented in the accounting policy section, the Group has applied IFRS 9 from 1 January 2018. The Group has exercised the option provided in accordance with paragraphs 7.2.1 and 7.2.15 of IFRS 9 and the comparative figures have not been changed.

The table below shows the value of the expected credit loss recognised in the current year:

	31 December 2020			31 December 2019		
	Amortised cost	Expected credit loss	Net value	Amortised cost	Expected credit loss	Net value
Concession receivables	425,356	(1,148)	424,208	610,368	(1,490)	608,878
Other non-current receivables	0	0	0	488,629	(977)	487,652
Customers	171,771	(7,863)	163,908	81,919	(3,528)	78,391
Other receivables	981,637	0	981,637	73,320	0	73,320
Securities	0	0	0	100,863	(306)	100,557
Cash and cash equivalents	425,598	(57)	425,541	123,152	0	123,152
			0			
Other long-term liabilities	26,187	0	26,187	0	0	0
Lease liabilities	0	0	0	9,200	(258)	8,942
Vendor liabilities	235,861	0	235,861	79,170	0	79,170
Other current liabilities	429,883	0	429,883	43,175	0	43,175

Amortised cost includes impairment previously recognised for receivables.

39. Fair value hierarchy of financial assets

In accordance with IFRS 13, the Group presents a fair value hierarchy at three levels of measurement for assets and liabilities measured at fair value in order to increase consistency and comparability as follows:

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

The inputs used to determine the fair value of an asset or liability can be classified into different levels within the fair value hierarchy. In these cases, fair value measurement is classified in its entirety at the level of the fair value hierarchy that includes the lowest level of input that is significant to the overall measurement. To assess the significance of a particular input for the overall assessment, special consideration is required, taking into account factors relating to the asset or liability.

Valuation Level 1: prices (usually stock prices) quoted in active markets for homogeneous assets or liabilities to which the Group has access at the time of valuation.
Valuation Level 2: a measurement including prices other than quoted prices that encompasses inputs that can be observed, directly or indirectly, for an asset or liability.
Valuation Level 3: a measurement that uses inputs that are not directly observable to measure the value of the asset or liability.

The Group has the following financial assets and liabilities:

Financial assets and balances		
Name	**31.12.2020**	**31.12.2019**
Securities	0	100,557
Trade receivables	163,908	78,391
Other receivables	1,007,546	601,090
Financial assets and equivalents	425,541	123,152
Total	**1,596,995**	**802,633**

Financial liabilities and their balances		
Name	**31.12.2020**	**31.12.2019**
Bank loans	112,506	-
Trade payables	235,861	79,170
Other liabilities and accruals	636,200	56,063
Total	**984,567**	**135,233**

In the fair value hierarchy, each instrument is arranged as follows:

Name	**31 December 2020**			**31 December 2019**		
	Valuation level 1	**Valuation level 2**	**Valuation level 3**	**Valuation level 1**	**Valuation level 2**	**Valuation level 3**
Financial assets						
Securities	-			100,557		
Trade receivables	-	-	163,908			78,391
Other receivables	-	-	1,007,546			601,090
Cash and cash equivalents	425,541	-	-	123,152		123,152
Total (assets)	**425,541**	**0**	**1,171,454**	**123,152**	**0**	**802,633**
Financial liabilities						
Bank loans	-	-	112,506	-	-	-
Trade payables	-	-	235,861	-	-	79,170
Other liabilities	-	-	636,200	-	-	56,063
Total (liabilities)	**0**	**0**	**984,567**	**0**	**0**	**135,233**

All data are in thousand HUF unless marked differently.

VII. Other disclosures

40. Transactions conducted with related parties

The key managers of the entity are related parties. During the period of the financial statements, the Company management specified the following related parties:

In the Board of Directors:

Csaba Soós, President of the Board of Directors, since 30 December 2016

András Zoltán Petykó, Member of the Board of Directors, since 18 November 2019

László Bálint, Member of the Board of Directors, since 30 December 2016

Ferenc Virág, Member of the Board of Directors, since 30 April 2019

The Company conducted the following transactions with affiliated companies in 2020, and the following highlighted balances characterize the relationship (pricing of transactions on a market basis):

Csaba Soós	
Result position	**Amount**
Interest of member loan provided to Síaréna Kft.	1,183
Balance sheet position	
Amount of member loan provided to Síaréna Kft.	25,456

The below table shows the remuneration of executive officers.

	31.12.2020	**31.12.2019**
Gross remuneration, commission fee, honorarium	46,631	38,377
Share-based payments	0	0
Total	**46,631**	**38,377**

The Group conducted the following transactions with affiliated companies in 2020, and the following highlighted balances characterize the relationship (transactions were essentially priced on a market basis):

Pannon Fuel Kft.	**Amount**
Result positions	
Interest revenue	17,333
ECL loan expense	977
Balance sheet positions	
Vendor liabilities	(132,300)
Share	37,140

RANDOM CAPITAL BROKER Zrt.	**Amount**
Result positions	
Interest revenue on bonds	5,272
Balance sheet positions	
Share	122,901

Non-consolidated related parties (via chief executives):

- PROFIT-OPTIMA Holding Kft.
- Fenyves Resort Kft.
- CSABA REHAB Kft.
- ARX Egészégügyi Központ Kft.
- Tolnai Resort Kft.
- Alpokalja Haus Kft.
- TENDER INVESTMENT GROUP Pénzügyi Tanácsadó és Szolgáltató Kft.
- Acél Manufaktúra Kft.
- RANDOM CAPITAL BROKER Zrt. (involved as affiliated company)
- Pannon Fuel Kft. (involved as affiliated company)
- RND Solutions Zrt.
- LNG-Tech Kft.

Acél Manufaktúra Kft constructed building supporting structure, acid-resistant steps and platform for Síaréna Kft. in 2020.

41. Segment information

The mother company is a listed company, thus it is obliged to disclose segment information.

An operating segment is such part of an entity that

a) conducts business activities that generate revenue and expenditures (including income and expenses related to transactions with other parts of the same entity);
b) the operational result of which is regularly reviewed by the entity's main operative decision maker in order to make a decision about the resources to be allocated to the segment and to assess its performance; as well as
c) has the relevant financial information.

Members of the Board of Directors make the strategic decisions regarding the Group's operation, so the management has prepared the financial statements regarding the establishment of segments with the consideration of the statements prepared for them. The Group's activities are concentrated in Hungary, Romania and Cyprus, so it is possible to break down the operating segments by geographical region.

Taking the substantial change of the Group activity into consideration, the management of the Group plans the implementation of new business segments from 2021.

All data are in thousand HUF unless marked differently.

Data for business year 2020:

	Hungarian	Romanian	Cyprus	Total
Sales revenues:	1,073,349	2,361	0	**1,075,710**
Rebilled utility fees	(511,698)	0	0	**(511,698)**
Gross profit/loss	**561,651**	**2,361**	**0**	**564,012**
Material costs	(74,967)	(630)	0	**(75,597)**
Personnel costs	(242,783)	(35,981)	0	**(278,764)**
Expenditures of benefits based on shares	0	0	0	**0**
Purchased services expenses	(299,288)	(6,852)	(3,789)	**(309,928)**
Net value of other incomes/expenditures	45,184	619	2126	**47,929**
Depreciation	(91,429)	(414)	0	**(91,843)**
Net income/expenditure of financial transactions	615,670	17,161	122,298	**755,129**
Share of the profit or loss of an affiliated company	18,049	0	0	**18,049**
Pre-tax profit	**532,087**	**(23,736)**	**120,636**	**628,987**
Income tax	(12,720)	(36)	(15,073)	**(27,830)**
Profit/loss after tax for current year	**519,367**	**(23,772)**	**105,562**	**601,157**

Data on business year 2019:

	Hungarian	Romanian	Cyprus	Total
Sales revenues:	367,691	6,962	0	**374,653**
Rebilled utility fees	(140,889)	0	0	**(140,889)**
Gross profit/loss	**226,802**	**6,962**	0	**233,764**
Material costs	(3,375)	(945)	0	**(4,320)**
Personnel costs	(79,081)	(36,349)	0	**(115,431)**
Purchased services expenses	(156,358)	(12,266)	(6,183)	**(174,807)**
Net value of other incomes/expenditures	31,699	17,713	45,064	**94,476**
Depreciation	(16,828)	(5,776)	0	**(22,604)**
Net income/expenditure of financial transactions	84,066	(1,244)	0	**82,822**
Share of the profit or loss of an affiliated company	(29,132)	0	0	**(29,132)**
Pre-tax profit	**57,793**	**(31,905)**	**38,881**	**64,769**
Income tax	(22,210)	(144)	(13,111)	**(35,465)**
Profit/loss after tax for current year	**35,583**	**(32,049)**	**25,770**	**29,304**

Management of financial and market risks

The Group is exposed to risks resulting from the changes of market and financial conditions. These changes may influence the financial results and the value of assets and liabilities. The purpose of financial risk management is to continuously reduce risks via operative and financial activities.

All data are in thousand HUF unless marked differently.

The Group is exposed to the following risks:

- Market risk
  - Foreign exchange risk
  - Interest risk
- Liquidity risk
- Crediting list

Foreign exchange risk

The group also performs activities in foreign currencies that includes the risk resulting from the changes of foreign exchange rates. The foreign exchange transactions appear via Romanian and Cyprian subsidiary transactions. The functional currency of the Romanian subsidiaries is Romanian RON while that of the Cyprian subsidiary, EETEK Limited is EUR.

The majority of the Group turnover is generated in HUF.

From time to time the management reviews the contracts concluded in foreign currency and assesses the risk management possibilities via derivative products.

The registration value of the financial liabilities and the financial assets of the Group in foreign currencies evolved as follows at the end of the reporting period.

31 December 2020	RON	EUR	HUF
Debts	54,504	0	1,140,443
Supplier and other liabilities	571,112	8,131	617,326
Net position	**625,616**	**8,131**	**1,757,769**

Sensitivity analysis:

The most significant transactional foreign currencies are EON and EUR; our exposure to the HUF exchange rate were calculated by the quantification of the changes these two currencies.

The following table presents the Group's sensitivity to exchange rate for 31 December 2020 in case of 2.5% and 10% change.

31 December 2020

Exchange rate changes in %	Exchange rates HUF/EUR	Exchange rates HUF/RON	Impact on reference year
90.00%	328.62		
		67.49	(63,375)
		74.99	(813)
		82.49	61,749
100.00%	365.13		
		67.49	(62,562)
		74.99	0
		82.49	62,562

All data are in thousand HUF unless marked differently.

110.00%	401.64		
		67.49	(61,749)
		74.99	813
		82.49	63,375

31 December 2020

Exchange rate changes in %	Exchange rates HUF/EUR	HUF/RON	Impact on reference year
97.50%	356.00		
		73.12	(15,844)
		74.99	(203)
		76.86	15,437
100.00%	365.13		
		73.12	(15,640)
		74.99	0
		76.86	15,640
102.50%	374.26		
		73.12	(15,437)
		74.99	203
		76.86	15,844

Interest rate risk

The interest rate risk is a risk resulting from fluctuation of the future cash flow of certain financial assets and liabilities due to the changes of market interest rate.

At the Group, the change of the effect of interest expenditure is relevant for the business year.

	Data for the reference year	In case of interest change of 1 percentage point	In case of interest change of 5 percentage point	In case of interest change of 10 percentage point
Pre-tax profit	628,987	627,862	623,362	617,736
Interest expense	6,945	8,070	12,571	18,196
Value of liabilities affected by interest	112,506	112,506	112,506	112,506
Thereof: Bank loans	112,506	112,506	112,506	112,506
Average interest	6.17%	7.17%	11.17%	16.17%
Interest change		**16.20%**	**81.00%**	**161.99%**
Profit & Loss change		**-0.18%**	**-0.89%**	**-1.79%**

1 percentage point change of average interest rate – would cause 0.18% change in the net profit.
5 percentage point change of average interest rate – would cause 0.89% change in the net profit.

10 percentage point change of average interest rate – would cause 1.79% change in the net profit.

Liquidity risk

Liquidity risk is a risk that the Group will be unable to fulfil its financial liabilities. The Board of Directors is responsible for the management of liquidity risk. The Group performs its liquidity risk management by keeping the reserved bank loans and the reserved borrowing possibilities on the adequate level, by the continuous monitoring of the planned and actual cash-flow data and by the reconciliation of the expiration of the financial assets and liabilities.

31.12.2020					
in thousand HUF	Immediately liquid	Due within 1 year	Due between 1 and 5 years	over 5 years or liquid in certain situations	**Total**
Financial assets and their equivalents	425,541	0	0	0	**425,541**
Other liabilities and accruals	0	1,007,546	0	0	**1,007,546**
Income tax receivables	0	21,678	0	0	**21,678**
Trade receivables	0	154,759	9,149	0	**163,908**
Inventories	0	24,604	0	0	**24,604**
Receivables from concession assets	0	0	424,208	0	**424,208**
Goodwill	0	0	0	335,406	**335,406**
Intangible assets	0	0	0	32,719	**32,719**
Tangible assets	0	0	0	2,109,406	**2,109,406**
Properties with investment purposes	0	0	0	931,385	**931,385**
Investment in affiliated companies	0	0	0	146,914	**146,914**
Financial receivables total	**425,541**	**1,208,587**	**433,357**	**3,408,917**	**5,623,316**

in HUF*000	Expired	Due within 1 year	Due between 1 and 5 years	over 5 years or liquid in certain situations	**Total**
Other liabilities and accruals	0	610,014	0	0	**610,014**
Trade payables	0	235,861	0	0	**235,861**
Loans and other long-term liabilities	0	0	138,693	0	**138,693**
Own equity	0	0	0	4,638,749	**4,638,749**
Financial liabilities total	**0**	**845,875**	**138,693**	**4,638,749**	**5,623,316**
Accumulated position	**425,541**	**362,712**	**294,664**	**(1,229,832)**	**(0)**

All data are in thousand HUF unless marked differently.

Comparative data are as follows:

31.12.2019					
in HUF*000	Immediately liquid	Due within 1 year	Due between 1 and 5 years	over 5 years or liquid in certain situations	**Total**
Financial assets and their equivalents	123,152	0	0	0	**123,152**
Other liabilities and accruals	0	113,438	0	0	**113,438**
Income tax receivables	0	1,989	0	0	**1,989**
Trade receivables		78,391	0	0	**78,391**
Securities			100,557	0	**100,557**
Other non-current receivables	0	487,652	0	0	**487,652**
Receivables from concession assets	0	0	608,878	0	**608,878**
Intangible assets	0	0	0	14,527	**14,527**
Tangible assets	0	0	0	83,476	**83,476**
Financial receivables total	**123,152**	**681,470**	**709,435**	**98,003**	**1,612,060**

in HUF*000	Expired	Due within 1 year	Due between 1 and 5 years	over 5 years or liquid in certain situations	**Total**
Other liabilities and accruals	0	56,063	0	0	**56,063**
Trade payables	0	79,170	0	0	**79,170**
Leasing liabilities	0	8,442	500	0	**8,942**
Provisions	0		47,600	0	**47,600**
Own equity	0	0	0	1,420,285	**1,420,285**
Financial liabilities total	**0**	**143,675**	**48,100**	**1,420,285**	**1,612,060**
Accumulated position	**123,152**	**537,795**	**661,335**	**(1,322,282)**	**0**

Crediting list

Crediting risk expresses a risk that the debtor fails to fulfil its contractual obligations thus causing financial loss for the Group.

The majority of the Group's clients are listed companies or associated enterprises of multinational companies, municipalities or units governed by municipalities.

The majority of the Group's clients have been managing businesses with the Groups for years and crediting losses rarely occur. As a result of the current market environment, the day-to-day monitoring of the partners' creditability has become one of the highlighted task of the management.

All data are in thousand HUF unless marked differently.

Customers of the Group in accordance with aging on 31/12/2020.

	31.12.2020	31.12.2019
Non-due	76,791	56,506
Between 0-90 days	5,360	21,552
Between 91-180 days	3,342	15
Between 181-360 days	77,129	1,093
More than 1 year overdue	313,369	287,919
Gross trade receivables total	475,991	367,085
Accounted impairment of trade receivables	(304,220)	(285,166)
ECL	(7,863)	(3,528)
Accounts receivable at the balance sheet date	**163,908**	**78,391**

42. Lawsuits in progress, pending debts

Lawsuits in progress in Hungary at the time of report completion:

Plaintiff	Defendant	Matter in dispute
EETEK LTD	National Bank of Hungary	Review of public administration resolution
Private individual with security	ENEFI Energy Efficiency Plc. (ENEFI Energiahatékonysági Nyrt.)	A private individual not registered in the bankruptcy proceeding submitted a petition against the Issuer in the subject of the annulment of the decision of the Permanent Arbitration Court operating besides the Hungarian Chamber of Commerce and Industry due to claim related to security.

Lawsuits in progress in Romania at the time of report completion:

No.	Plaintiff	Defendant	Matter in dispute
1.	E-Star Mures Energy SA	Several owner association member	Vindication of blocking
2.	E-Star Mures Energy SA		Registration of request on bankruptcy protection on 08/02/2013
3.	E-Star CDR SRL	Several residential consumer	Payment of fees in accordance with consumer contract
4.	E-Star CDR SRL	Town of Gheorgheni	Lawsuit targeting the ascertainment of compensation amounts Lawsuit separated from action for compensation of which the subject is about the repayment of the concession fee of RON 3,071,101.56 + interest.
5.	E-Star CDR SRL	Town of Gheorgheni	Lawsuit separated from action for compensation of which the subject is our claim of RON 447,454.13 on unrealized income resulting from the difference of district heating price.

All data are in thousand HUF unless marked differently.

6.	E-Star CDR SRL	Town of Gheorgheni	Lawsuit separated from action for compensation of which the subject is a compensation on investments defined in the basic action for compensation: RON 100,707,289 + contributions + 15% of the annual internal income rate for the entire contracted period
7.	Finance Dept. of Szilágy CountyIntervener: ENEFI Energy Efficiency Plc.	Municipality of Zilah	challenging the public interest expropriation price of a 623 m2 land

Financial influx is possible from lawsuits in case of which any legal unit of the Group is in the position of the complainant. These financial influxes are qualified as pending debts unless they are practically certain. It was not allowed to indicate pending debts in the balance sheet, therefore net assets do not include these values.

The Group did not identify pending items in addition to the ones published above.

43. Major highlighted events of 2020

1. Capital increase was implemented in the Parent Company against non-financial asset contributions in accordance with the decision of the general meeting.

Contribution subjects were claims in every case; these claims were generated from the countervalues of the asset items obtained by the Parent Company and the corporation shares. The ownership of the assigned asset elements was transferred to the Parent Company by the actual registration of the capital increase which took place on 9 January 2020 (published by the Registry Court on 14.01.2020) The Parent Company could not obtain the benefits of the assets, could not make decisions, and did not exercise control over the legal entities until the assignment date, thus – in terms of accounting – the effective date of the capital increase is 9 January 2020 but it affected the transactions only in 2020.

As a result of the contributions, the following assets will eventually be transferred to the Parent Company:

- 100 % share in Síaréna Kft.;
- loan receivable from Síaréna Kft.;
- a plot in Balatonfenyves as real estate with investment purposes;
- several business premises / office properties in Budapest, and the relating garages as real estates with investment purposes;
- 9.94 % share package of Random Capital Kft.

All data are in thousand HUF unless marked differently.

Given that the ownership of the assets will be transferred to the Parent Company in January 2020, the assets will first time have an effective on the separate and consolidated financial statements for the financial year of 2020.

The acquisition of the receivable and via that the assets happened ultimately in exchange for shares, therefore the fair value of the shares valid on the effective date of the acquisition shall be considered as the purchase price of the transaction.

2. An amendment to the share capital and company name was registered by the court of registration. In accordance with the decision of the general meeting, the name of the Company was modified to as follows:

The name of the company: ENEFI Vagyonkezelő Nyrt. (ENEFI Energy Efficiency Plc.)
English name of the company: ENEFI Energy Efficiency Plc.
Share capital of the joint stock company: HUF 166,061,090 (HUF one hundred and sixty-six million sixty-one thousand ninety).

Capital structure of the Company:

Tranche of shares	ISIN:	Nominal value (Ft/piece)	Number of issued shares	Total nominal value (HUF)
ORDINARY SHARE	HU0000089198	10	7500000	75,000,000
ORDINARY SHARE (Not yet introduced to the stock exchange)	HU0000173729	10	3650000	36,500,000
Convertible dividend preference share (Not yet introduced to the stock exchange)	HU0000173737	10	5456109	54,561,090
Capital size	-	-	16606109	166,061,090

Number of voting rights attached to the shares:

Tranche of shares	Number of issued shares	Shares with voting rights	Voting rights per shares	Total voting rights	Number of own shares*
ORDINARY SHARE	7,500,000	7,500,000	1	7,500,000	531,041
ORDINARY SHARE (Not yet introduced to the stock exchange)	3,650,000	3,650,000	1	3,650,000	1,613,000

All data are in thousand HUF unless marked differently.

Convertible dividend preference share (Not yet introduced to the stock exchange)	5,456,109	0	0	0	0
Total:	16,606,109	11,150,000	1	11,150,000	2,144,041

*Own shares (1,613,000) and the number of shares at the associated enterprises of the Company (531,041).

The introduction of the shares to the stock exchange is still in progress, taking into consideration that the information guide constituting the condition of introduction has not been licensed by MNB yet.

3. The Group purchased the only LNG/LCNG filling station in Hungary located next to the M0 Motorway from Pannon Fuel Kft. In the same time the Group hereby informs the esteemed Investor that the debts from loans existing against Pannon Fuel Kft. has been fully repaid.

4. Ski43 Program Nonprofit Zrt. (formerly denominated as E-Star Management Zrt.) owned by the Group and Síaréna Kft. have jointly started a large-scale program called Ski43 Program in which ski and snowboard training may become available free of charge for approximately twenty thousand pupils.

***44.* Major Economic Events and Assessment of 2019**

ENEFI presented its major economic events of 2019 in details in its announcements of the reference year, of which the following shall be highlighted here:

- the Group's Board of Directors expanded with new members in 2019, and the Group announced its new Strategy, which was again aimed at growth.
- Csaba Soós, Chairman of the Board of Directors and one of the main owners of the Group, announced that he had sold 400,000 piece of ENEFI shares on 04 July 2019.
- The Group's General Meeting has decided the conversion of the previously issued employee shares into ordinary shares.
- The Group's General Meeting has decided about the Capital Increase upon the Strategy. The General Meeting of the Issuer decided on the increase of the Issuer's authorized capital by way of issuance of new shares in General Meeting resolution No. 17/2019. (11.18.). The share capital of the Issuer was increased by HUF 66,061,090, from HUF 100,000,000 to HUF 166,061,090, in the frame of which 1,150,000 shares with a nominal value of HUF 10 per share and an issue value of HUF 400, dematerialized ordinary shares in tranche A and 5,456,109 piece of dematerialized convertible preference shares with a nominal value of HUF 10 and an issue value of HUF 400 per share in trash H were issued. The capital increase was registered by the Company Registry Court of the Budapest on January 9, 2020.

All data are in thousand HUF unless marked differently.

- The Group informed its investors that the Group, together with Pannon Fuel Kft. (and other subcontractors), has won the tender announced by MAHART Magyar Hajózási Zrt. in an open accelerated public procurement with a value of HUF 1.5 billion for "The procurement of fix LNG - CNG refueling facilities" (EKR001321472019).
- Litigation related to the operation in Romania will continue

45. Major events following the reporting period

The Group has identified the following major events subsequent to the balance sheet date that have no impact on the clerical part of the reports as they are not modifying events.

1 On 16/04/2021, the Group signed a sales contract on the sale of 54 equity shares of Random Capital Zrt; the transaction has not been finished until the acceptance of the report.

2. The following trial procedure ended with the Group as the winning party at second instance:

Plaintiff	Defendant	Matter in dispute
ENEFI Energy Efficiency Plc.	Finance Dept. of Szilágy County	challenging the second protocol on the confiscation of a land at Zilah.

The decision is final.

With the above decision, the court approved the Group's plea regarding the second seizure protocol issued for RON 7,602,338 which was declared void together with every execution process initiated thereunder.

3. The following trial procedure ended with the Group's associated enterprise at Gheorgheni, E-Star CDR SRL (CDR) as the winning party at first instance:

Plaintiff	Defendant	Matter in dispute
E-Star CDR SRL	Town of Gheorgheni	Lawsuit separated from action for compensation of which the subject is a claim of RON 447,454.13 on unrealized income resulting from the difference of district heating price.

The decision is not final.

4. the following trial procedures ended with the Group and the Group's associated enterprise at Gheorgheni, E-Star CDR SRL (CDR) as the winning party at second instance:

Plaintiff	Defendant	Matter in dispute
*E-Star CDR SRL	Town of Gheorgheni	Attack of body resolution no.243/13.12.2016

Notes for the consolidated financial statements All data are in thousand HUF unless marked differently.

**ENEFI Energy Efficiency Plc.	Maros county Finance	Objection against the refusal of a complaint by the Company regarding the minutes for the establishment of the second insolvency proceeding by the Finance Dep. against the Company's tax premise. Claim of Financial Authority: RON 7,602,324 tax liability.

*With its ex-parte decision published in its website, the Regional Court of Târgu Mureș rejected the appeal of the Municipality of Gheorgheni and thus the first-instance decision of the Court of Miercurea Ciuc became effective with which the petition of CDR was approved and the attacked articles of body resolution no. 243/2016.12.13 passed by the Municipality of Gheorgheni by was declared void; the Town obliged CDR to continue its service in accordance with the non-effective legal regulations.

**In accordance with the ex-parte decision of the Romanian Supreme Court of Justice published in the in their website, the lawsuit of which the subject was the plea against the tax liability of RON 7,602,324 imposed on the Romanian tax legislation site of the parent Company ended with ENEFI as the winning party. The Court of Appeal rejected the appeal against the first-instance decision approving the petition of the Romanian Financial Corporation.

The Financial Corporation raised the unjustified claim of RON 7.6 million against the Group in 2013 as they had failed to register with their former claim of RON 2.2 million in the bankruptcy proceeding and as a result it had been rejected. Subsequent to that, they failed to register in the bankruptcy proceeding with their unjustified claim of RON 7.6 million either. The Financial Corporation had tried to vindicate the above sum against the Group in several procedures since 2013 of which the unjustified character was now validly pronounced by the court.

5. Under the decision of the Târgu Mures Regional Court made without hearings on 05/01/2021 and published on their website the appeal submitted by both parties were rejected in the repeated proceedings of the lawsuit for the compensation for damages initiated by E-Star Mures Energy SA (under liquidation, ”Mures”) against the Municipality of Târgu Mures. The decision is final and executable but has not yet been explained.

As a result of the foregoing, the previous decision made by the Mures County Tribunal shall remain in force which partially approved the claim of E-Star Mures Energy SA and obliged the Municipality to pay the following: RON 16,074,170.33 (i.e. EUR 3,299,456.04) as follows:

1. Non-depreciated amount of investments amounting to RON 3,527,038.56 and the corresponding default interest amounting to RON 322,895.49.
2.Concession fee of RON 7,736,491 and the corresponding default interest amounting to RON 466,553.39.
3. Distant heating subsidy of RON 2,656,318 and the corresponding default interest amounting to RON 498,991.60.
4.Institutional district heating consumption of RON 707,425.64 and the corresponding default interest amounting to RON 158,456.65.

Furthermore RON 20,000 as costs of litigation.

The Company does not completely agree with the decision since the non-depreciated amounts of investments were set at RON 8,154,628.56 taking the specialist opinions into consideration and the court of justice completely refused the compensation and interests of RON 49,645,937 which is clearly due to Mures on the basis of the concession agreement according to the viewpoint of the Company, furthermore the above amounts do not cover the default interests due for the above amounts from the date of initiating the lawsuit (2013) until the payment thereof.

The Company is awaiting for the announcement of the explanation of the decision and the opportunities for further remedies including the enforcement of the claim in front of an international court of justice and the company shall take action for the collection of the amount judged in the event that the Municipality fails to fulfil their payment obligation set out in the decision with explanation.

6. Introduction of certain shares to the Stock Exchange, related MNB procedures

The introduction of the shares issued during the capital increase decided in 2019 to the Stock Exchange has not become executable until now taking into consideration that the information guide constituting the condition of introduction has not been licensed by MNB yet.

In the extended licensing procedure, following a number of calls for supplementation of shortages prescribed by MNB, by the time the Parent Company fulfilled every call for supplementation of shortages in the expected level of detail in the beginning of 2021, the authority suspended the licensing procedure due to and until the end of the market supervisory procedure it had initiated.

In the market supervisory procedure, MNB performs an inspection whether the provisions of the MAR decree on market manipulation were violated regarding the definition of the countervalue of the asset elements concerning the capital increase decided in November 2019 and the publications in relation with thereof.

The Group is not concerned about the supervisory procedure as it acted in compliance with the legal regulations and furthermore, the Group confirmed the countervalue of the asset elements to the authority several times, however, the stock exchange listing of the shares was postponed again for undefined period due to the measures of the authority as substantial revision of the information guide shall become necessary with special consideration to the changes of regulations and the financial data published by the Group in the meantime in case of the repeated initiation of the procedure as well, as these circumstances would not have existed if the license had been granted in the beginning of 2021.

In addition to time loss and cost increase due to the protraction of the procedure, the execution of the strategic objectives of the Group came to a halt as – despite the registry court procedure of the capital increase was successfully closed – even its first step could not be fulfilled, the investors have not received the stock exchange shares constituting the countervalue of their claims while they have already lost control over the said asset elements.

The Group cannot exclude the possibility of a legal debate between the Group and its investors over the above issue in the future.

46. Disclosures due to interests in other economic units

The Group has investments of subsidiaries and affiliated companies. Classification in the various categories could be performed based upon the share of ownership with the following exceptions:

- former subsidiaries under liquidation: their involvement may not take place because they are already controlled by the liquidator.
- In case of Random Capital Zrt., the share of ownership does not reach 20%; it is considered as a strong sign by IFRS however the prevailing influence is accomplished based upon the overlap of the circle of owners of IG and Random Capital Zrt. (IAS 28.6).

The Group need not face any restriction in relation with any of its enterprises that would affect access to the net assets, profit & loss and cash flow.

The Group is not in the possession of such consolidated or non-consolidated interests in which the establishment of the control is not performed based upon the voting rights or where the voting rights are not for the management of the relevant activities leading to control (structured economic entities).

None of the members of the Group is qualified as investment company and disposes of no shares therein. Every enterprise shall publish its individual financial statements in accordance with the relevant law.

47. Disclosures related to auditor

In accordance with Act C of 2000 on Accounting, audit of the consolidated financial statements of the Group is mandatory by an expert auditor. In 2020, the audit was performed by UNIKONTO Számvitelkutatási Kft. (UNIKONTO Accounting Research ltd – H-1093 Budapest, Fővám tér 8. III/317.3.; tax number: 10491252-2-43; chamber registration no. : 001724).
On the part of UNIKONTO Számvitelkutatási Kft. the person in charge of performing the auditor's tasks is Dr. László Péter Lakatos (Auditor's license number: 007102).

In accordance with the Act on Accounting, the annual fee of the audit with relation to consolidated financial statements compiled in compliance with the International Financial Reporting Standards (IFRS): HUF 3,000 + VAT. The auditor has not performed any activity at the Group other than auditing in accordance with the legal regulations.

48. Disclosures related to accounting service provider

These financial statements were compiled by Hajnalka Réti, registered IFRS certified accountant (registration no.: 202580). The certified accountant fulfilled her tasks as the contractor of Rean Hungary Kft.

49. Disclosures related to COVID-19 pandemic

The coronavirus pandemic fundamentally changed the social-economic environment in the beginning of 2020. The Group is continuously assessing to what extent the changed circumstances imply changes in the operation of the Group and what influences they exert.

The known or assumed trends resulting from the effects of the pandemic are as follows for each industrial sector:

Energy efficiency

Currently ENEFI Nyrt. is the service provider of 5 ESCO-type energy projects where the business partners are contracted legal entities of governmental organization. In their case, no substantial change was detected by ENEFI Nyrt. compared to the previous processes (of the pre-pandemic period).

Eplény, Síaréna Kft.

The operation of the enterprise basically related to ski sport is based on tourism; as 100% subsidiary of EENEFI Nyrt., it produces 90% of its turnover in December, January, February and March, therefore the past season was full and complete but the activity had to be suspended in the off-season period between March 2020 and June 2020. The issuer sees a significant risk of a possible further decline in service volume from a potential next wave, but the probability and timing of this is unpredictable. The real decrease in service volume may be caused by the time of the additional wave(s) coinciding with the high season (December-March).

Utilization and development of real estates

From the point of view of real estate utilisation activities in Budapest, Meder utca (street) and Balatonfenyves, the existence and sustainability of tenant solvency, the demand for the continuous rental utilisation of the property and the decrease in the price level of the continuous rental utilisation of the property on the demand side may pose a risk.

Continuation of Romanian lawsuits

As a complainant, the Group claims payments, compensations in the order of a billion (expressed in HUF) of various legal grounds in the lawsuits in progress. The lawsuits have been in progress for a long time; the present risk of the trial procedures is that the consequences of the coronavirus may extend the procedures in time or the pandemic situation may suspend the fulfilment of the financial liabilities and influence its extent.

Development of property management

The advertised property management model is progressing much more slowly than planned as the evolved situation encumbers the search for new possibilities, initiation of negotiations and the transparency of the mid-term and long-term economic processes related to the property elements. The development pace of property management and its extension in time imposes risk concerning efficient operation.

50. Declarations

We hereby draw your attention to the fact that a number of factors exist in the effect of which the actual results may substantially change from the statement made for the future.

Declaration of liability - Based on the applied accounting regulations, this Consolidated Half-year Report prepared to the best of our knowledge gives a true and fair view of the assets, liabilities, financial position and results of ENEFI Asset Management Plc. and its companies included in the consolidation, as well as the position, development and performance of the enterprises included in the consolidation, demonstrating the major risks and uncertainties.

51. Presentation of the financial statements

At the meeting of board of directors held on 21 April 2021, ENEFI Asset Management Plc. approved its consolidated annual report for 2020 prepared in accordance with the International Financial Reporting Standards (IFRS).

Budapest, 21 April 2021

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On behalf of the ENEFI Asset Management Plc.