



DIRECTOR'S BUSINESS REPORT

on the management, the financial position and business policy of the
Company

as well as

for the annual report of 31 December 2020

21.04.2021

Purpose of the report:

The purpose of the report is to assess the data of this annual accounts on ENEFI Asset Management Plc. (Hereinafter: “Company” or “Contractor” or “ENEFI” or “Issuer”) in order shows its asset, financial and income situation as well as its business operations, together with the main risks and uncertainties arising in the course of its business operations as well as to give a true and fair view of the above based on factual past data and expected future data.

I.

Information about the parent company of ENEFI Asset Management Plc.

1. Fundamental data and subscribed capital of the Company:

Basic information about the Company

Company name:	ENEFI Asset Management Plc.
English name of the company:	ENEFI Asset Management Plc.
Seat:	1134 Budapest, Klapka utca 11.
Branch Office:	8413 Eplény, Veszprémi u. 66. A. ép.
Tax number:	13719069-2-41
Country of residence:	Hungary
Phone number:	06-1- 279-3550
Fax:	06-1- 279-3551
Governing Law:	Hungarian
Stock exchange introduction:	Budapest Stock Exchange Warsaw Stock Exchange
Form of operation:	Public Limited Company

Legal predecessors of the company, changes in the company form

The Company was established as a limited liability company, then transformed into a private limited company and subsequently into a public limited company as follows:

(Regionális Fejlesztési Vállalat Korlátolt Felelősségű Társaság) Regional Development Company Limited Liability Company

Date of formation:	17.05.2000
Date of post:	29.06.2000
Expiration date:	12.06.2006

(Regionális Fejlesztési Vállalat Zártkörűen Működő Részvénytársaság) Regional Development Company Limited Liability Company

Date of post:	12.06.2006
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RFV – Regionális Fejlesztési Vállalat Zártkörűen Működő Részvénytársaság – Regional Development, Investor, Producer and Service Public Limited Company

Date of change:	12.03.2007
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The shares were listed on the Budapest Stock Exchange on 29 May 2007.

(E-STAR Alternatív Energiaszolgáltató Nyrt.) E-STAR Alternative Energy Service Plc.

Date of change:	17.02.2011
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Registration Date: 04.03.2011.

ENEFI Energy Efficiency Plc. (ENEFI Energiahatékonysági Nyrt.)

Date of change: 09.12.2013

Registration Date: 17.12.2013

(ENEFI Vagyonkezelő Nyrt.) ENEFI Asset Management Plc.

Date of change: 29.11.2019

Registration Date: 09.01.2020 Published: 14.01.2020

Term of the Company's operation

The Company was established for an indefinite period of time.

Share capital of the Company

Share capital of the limited liability company: HUF 166,061,090 (i.e. one hundred and sixty-six million sixty-one thousand ninety forint)

Own shares

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 total number of shares issued by the company is as follows: 16.606.109 pieces

Composition of the share capital, major shareholders on the balance sheet date:

	Share
	number of shares
On company level	1,613,000
Subsidiaries	531,041
Csaba Soós	1,747,200 equity shares, 3,349,966 preferred shares

Rights and liabilities specified by the legal regulation and the Articles of Corporation shall be associated with the shares.

2. Assignment of the issued shares for the subscribed capital:

The rules for the assignment of shares are specified by the Civil Code, Act on Capital Market and the Articles of Corporation of the Company. The Articles of Corporation of the Company does not contain provisions different from the Act and does not stipulate restriction.

3. Issued shares of extraordinary management rights:

The Company has not issued such shares

4. Management mechanism prescribed by employee shareholding system in which the management rights are not directly practiced by the employees:

The Company does not dispose of such shareholding system.

5. Restriction of voting rights

On the call of the Board of Directors, the shareholder (custody, shareholder's delegate, joint representative in case of shares in joint ownership) registered in the record of shareholders shall immediately declare on what extent of influence the shareholder disposes of in the company as an actual owner. In case the shareholder fails to fulfil the call within the specified deadline, his/her voting right shall be suspended as long as he/she has fulfilled the obligation of the provision of information.

The Articles of Corporation and other regulations of the Company do not include further provisions different from the law regarding the restriction of voting right. The convertible dividend preference share does not constitute voting right.

6. Agreement among the owners:

The Company is not in the knowledge of any agreement among the owners that may result in the restriction of the assignment of the issued shares or voting rights.

7. Regulations on the appointment and dismissal of leading officials and the modification of the articles of corporation:

The main organ of the Company, the General Meeting shall pass the resolutions with the simple majority of the votes except if the articles of corporation or the stock exchange rules to be applied mandatorily for the operation of the Company renders higher proportion of votes mandatory based upon a legal regulation or the Company's authorization.

8. The scope of the leading officials; authorities on the issue and surrender of shares in particular:

Based upon the Company's Articles of Corporation:

„7. The Board of Directors is entitled to pass decisions related to the modification of the Company's name, residence (site, branch office) and sphere of activities (except for the main activity) and to modify the articles of corporation in this context.”

The general meeting may authorize the board of directors to raise the Company's share capital and to pass related decisions.

„VI/1. The general meeting shall authorize the Board of Directors to pass every decision related to the conversion of convertible dividend preference shares to common equities. The authorization extends to the modification related to the conversion of the articles of corporation and to passing every related decision falling otherwise within the competence of the general meeting. The authorization extends to the one-to-one conversion of every convertible dividend preference share to be issued by the Company to equity share partially or wholly, within the framework of one or more decisions unlimited in time.

9. Agreement for the case of public bid:

No substantial agreement concluded with the participation of the Company exists that enters into force, is modified or terminated due to the change in the Company's management following a public bid.

10 Agreement between the Company and its employee:

No agreement exists between the Company and its leading official or employee that stipulates compensation for the case when the leading official resigns or the employee gives notice, if the legal

relationship of the leading official and the employee is illegitimately terminated or the legal relationship is terminated due to public bid.

11. The Board of Directors of the Company:

Name of the member of the Board of Directors	Position
Csaba Soós	President of the Board of Directors
Ferenc Virág	Member of the Board of Directors
László Bálint	Member of the Board of Directors
András Zoltán Petykó	Member of the Board of Directors

The management body of the Company is the Board of Directors that practices its rights and liabilities and fulfils its tasks in accordance with the relevant legal regulations. The circle of tasks and competences of the Board of Directors include the making of all decisions that do not fall under the competence of the general meeting or any other body in accordance with the authorization of the law or the articles of corporation. The operation as well as the circle of tasks and competences of the Board of Directors are regulated by the rules of procedure of the Board of Directors.

The members of the Board of Directors are elected by the general meeting for definite or indefinite period. In accordance with the authorization of the general meeting, the Board of Directors is entitled to authorize the operation of committees, consultation or other bodies for the preparation of the decisions.

12 The Supervisory Board of the Company:

The Supervisory Board (SB) of the Company regularly obtains information about major events occurring in the Company, participates in the process of preparation and verification of reports as well as accepts them and prepares report thereof. Members of the Supervisory Board:

SB member name	Position
Miklós László Siska	SB member
Bakacsi Gyula	SB member
Imre Kerekes	SB member

The Supervisory Board monitors the management of the Company for the supreme body of the economic organization. Within this circle, it may request information about the chief executives and inspect the books and documents of the Company. The Supervisory Board acts as a three-member body and elects chairman from their members.

The provisions and the rules of procedure of the Civil Code are respectively authoritative for the circle of tasks and competences, the organization and operation of the Supervisory Board. The assignment of the members of the Supervisory Board is for indefinite period.

13. The Audit Committee of the Company:

A three-member Audit Committee (AC) operates at the limited liability company.

Name of AC member	Position
Miklós László Siska	AC member
Bakacsi Gyula	AC member
Imre Kerekes	AC member

The circle of tasks and competences of the Audit Committee include everything assigned to its scope by the law and the articles of association based upon their authorization. The Audit Committee elects its chairman from their members and passes its resolutions by simple majority voting.

14. The Auditor of the Company:

The tasks of the selected auditors of the Company include the provision of the fulfilment of audit stipulated in the Act on Accounting and, while doing so, the ascertainment of whether the economic organization's report prepared in accordance with the Act on Accounting complies with the legal regulations in the first place and provides reliable and realistic view on the Company's asset, financial and income position and the results of its operation.

Name:	UNIKONTO Számvitelkutatási Kft.
Seat:	1092 Budapest, Fővám tér 8. 3. em. 317/3.
Company registration number:	Cg.01-09-073167
Chamber registration number:	001724
Person in charge of the audit:	
Name:	Dr. LÁSZLÓ PÉTER LAKATOS
Address:	1022 Budapest, Szpáhi utca 31.
Mother's name:	Mária Terézia Gubi
Auditor's license number:	007102II.

II.

1. Business environment, development of trade; the Company's performance and the comprehensive analysis of its situation; the Company's business policy:

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 Issuer was cost-effective electricity service, which has been a source of revenue to this day. The Issuer provided continuous consultancy to its customers so that they could choose the most favorable tariff package from the electricity supplier relevant to the given area. As part of the service, the Issuer purchased the electricity and then passed it on to its customers at a more favorable price than previously. The cost savings were shared between the customer and the Issuer 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 Issuer has also adapted to the changed circumstances, negotiated with several electricity market traders, and by embracing its partners, acted jointly in order to achieve the best possible conditions. The other main activity of the Issuer since its foundation has been the control of the luminous flux of public lighting. The Issuer has included heating modernization and heat supply as a business branch in its portfolio since 2004. A significant part of the Issuer's clients were municipalities 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 of the Issuer 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 municipalities, 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 currently consists of companies present in Hungary and Romania. The formerly concluded long-term heat supply contracts currently play an important role regarding turnover. The information concerning the new activities commenced as a result of Capital Increase were initially launched in 2020, therefore it is found under year 2020 of the present Report.

The operation and main activities of the Issuer (broken down annually for 2017-2020)

2017

The Issuer sold the public lighting projects previously purchased from EnerIn Kft. back to the same company, in addition to the originally calculated return expectation. As a result of a successful transaction, the Issuer'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 incomes of the Group of Companies come from the sale of heat and the yield from assets operated for third person in relation with heat supply (sale of heat and assets operated for third person in relation with heat supply). The sold heat is generated by the Group of Companies itself detailed as follows: Heat supply (sale of heat and assets operated for third person in relation with heat supply) with heating modernization: Following an individual survey of the buildings of municipalities, state institutions often operating with out-of-date heating systems and a preliminary needs assessment with customers, the Issuer has prepared 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 Issuer carries out the energy modernization 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 Issuer procures additional factors necessary for the provision of heat supply (e.g. boiler house rental, electricity, water, etc.) partly from customers. The Issuer procures the equipment mostly from the domestic representatives of global companies (e.g. in the case of boilers, these companies are typically Viessmann, Buderus, Hoval, etc.), who usually also carry out the implementation tasks. The Issuer 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 Issuer generally uses gas-operated equipment. Instead of the previous direct "gas supplier – municipality" relationship, the Issuer buys gas and supplies heat to customers in the "gas supplier (gas trader) - Issuer" 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 Issuer adjusts the unit price of the heat service to the gas price billed by the regional public utility gas supplier. The Issuer has not entered into any new heat supply contracts in recent years; however, it currently has five contracts in progress, the last of which will expire in 2024. Subsequent to 2024, the Issuer does not plan any additional revenue from the heat services business.

2018

In 2018, the Issuer purchased 20% share in Pannon Fuel Kft. in the value of HUF 500,000. Pannon Fuel Kft. shall implement 2 LNG investment supported by the EU. The Issuer provides Pannon Fuel Kft. proprietary, professional and financial assistance for the successful completion of the projects. However, the management and outcome of the projects of Pannon Fuel Kft. do not exert substantial influence on the Issuer's operation. Subsequent to the acquisition of the 20% issuer's share, Mr. Csaba

Soós acquired 80% ownership in Pannon Fuel Kft. on 04/04/2019 as a result of which Pannon Fuel Kft. is in the possession of the Issuer and Csaba Soós on the day of the issuance of the present Information. The managing directors of Pannon Fuel Kft. are Csaba Soós and László Bálint, the members of the Issuer's Board of Directors. Additionally, the Company has continued its activity in the heat supply branch.

2019

The Issuer has continued its activity in the heat supply branch from which its primary turnover is generated. The Issuer has published its modified strategy in March 2019. As a winning bidder in a public procurement procedure, the Issuer signed product procurement contract with contracting authority, MAHART Zrt. on 20/12/2019. The subject of the contract is a fixed LNG-CNG river and public charging facility consisting of water facility, offshore facility and the connection of water facility and offshore facility specified, detailed and described in the product procurement contract and the Invitation to Tender, Public Procurement Document and the seller's bid constituting organic parts of the contract. In accordance with the public procurement, the investment shall be implemented for MAHART Zrt. The Issuer has won the execution of this implementation project. The subject of the investment of MAHART Zrt. has been transferred to the operation of MAHART Zrt. by the execution of the implementation project. The result of the Issuer's activity is the difference between the public procurement amount and the total amount of the implementation project. The 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 shall resolve the procurement of the main technological equipment by means of a direct contract with the manufacturer (relying on Pannon Fuel Kft. in negotiating the technical requirements stipulated in relation with the technology). The Issuer has retained the management of the implementation project, the coordination of the tasks undertaken in the contract and the continuous customer reconciliations in its own competence. The Issuer has commenced the execution of the implementation project having concluded contracts with subcontractors.

2020

The Issuer has continued its heat supply branch (as part of the foundation pillar branch of the accepted strategy) and the Issuer's activity was supplemented by those asset elements that had contributed to the turnover in 2020. The registry court registered the modification related to the nominal capital and the company name on 09/01/2020. Share capital of the limited liability 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 Vagyonkezelő Nyrt.) ENEFI Asset Management Plc. English name of the company: ENEFI Asset Management Plc. The shares resulting from Capital Increase were originated by KELER Zrt. The shares issued in connection

with the capital increase were also allocated to the entitled shareholders. MNB has refused the approval of the information guide prepared for the introduction of the shares presented above to the regulated market submitted by the Issuer and terminated the licensing procedure on 06/08/2020. The Company will repeat the submission and approval of the prospectus.

Due to his other engagements, Mr. Ferencz Bálint renounced his Supervisory Board and Audit Committee membership in the Company on 09/09/2020.

The business environment of the Company

The Budapest-based Group of Companies consists of companies present in Hungary and Romania, whose main activities are heat production and services.

ENEFI sold its operation in Poland in 2016 and no longer operates a project in Romania; ENEFI shall enforce its claims before the court.

Presentation of business activity by field of activity

The turnover of the company results from the following major activities:

Strategy: Fundamental pillar, Energy efficiency

Heat supply with heating upgrade

Local governments and state institutions often implement the heating of their institutions in a wasteful manner, using outdated heating systems. In addition, outdated systems are becoming more and more difficult to maintain and lead to ever-increasing maintenance costs. Possible equipment failures can lead to significant - and unplanned - investments. Due to the scarce resources of local governments, the investment may only be realised through borrowing, thus further deteriorating their borrowing capacity. 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 are typically Viessmann, Buderus, Hoval, etc.), who usually also carry out the implementation 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 seven 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.

Based upon strategy: Real pillar, tourism

Short presentation of Sáréna 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 track, it performs activities in the following business lines: - ski slope and ski lift operation (ski pass sales) - ski equipment rental - ski training - catering (food service) Through continuous developments and investments, Eplény Sáréna 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 Sáréna 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 manoeuvre, it will be possible to utilise 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/>

Based upon strategy: Real pillar, real estate

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

Date of acquisition: 09.01.2020 (with registry court registration)

Form of ownership: direct (own) 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.

Based upon strategy: Real pillar, real estate

Presentation of building site at Balatonfenyves

Date of acquisition: 09.01.2020 (with registry court registration)

Form of ownership: direct (own) 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.

Based upon strategy:

Short presentation of Random Capital Zrt.

Date of acquisition: 09.01.2020 (with registry court registration)

Form of ownership: investment, shareholding (9.46% of the total issued shares), no consolidation,

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.

Based upon strategy (currently): Real pillar, real estate

5. Purchase of LNG/LCNG filling station

Date of acquisition: 27.11.2020.

Form of ownership: direct real estate ownership

The Issuer had purchased the only LNG/LCNG filling station in Hungary located next to the M0 Motorway from Pannon Fuel Kft. about which the Issuer notified its investors in an extraordinary announcement. Currently, the filling station is not operated by the Issuer; the acquisition of the licenses required for operation may take longer during which the tasks related to operation shall still be performed by the seller, Pannon Fuel Kft., therefore the resulting profits are also gained by Pannon Fuel together with the undertaking of the liabilities related to operation. The issuer expects quick expansion of the LNG market and several possibilities are open for the Issuer with relation to the utilization of the filling station beyond own operation; thus long-term renting of the filling station for operation or its reselling instead of own operation may not be excluded.

Main marketes

Geographical scope of ENEFI

Resulting from active business activity: Hungary

As passive legal activity: Hungary and Romania

The most important services (branches) of the whole of the group

Active activities along the announced strategy together with consolidation are as follows:

1. Energy efficiency
2. Tourism
3. Real Estate

Management, objective and strategy of the Company

Among the first set of tasks, The newly elected Board of Directors of the Company considered the short-term and mid-term objectives pertaining to the Company as crucial to specify and communicate towards the esteemed Shareholders: https://www.bet.hu/newkibdata/120976438/K_zlem_ny_IG_c_lkit_z_sek.pdf In the meantime, the Board of Directors of the Company modified its previously published strategy approved in course of the general meeting held on 22/03/2019 (https://www.bet.hu/newkibdata/128180467/K_ZGY_L_SI_HAT_ROZATOK_03.22..pdf) In 2019, the Issuer adopted its new unified Strategy (https://bet.hu/newkibdata/128254583/ENEFI_Strat_gia.pdf).

Main resources of the Company

Human resources

Direct number of employees of ENEFI Nyrt.: 11 (RFV, SKI43, Rumanian and Hungarian ENEFI operation)

Number of employees of Sáréna Kft.: 33 (average value; in season: 227)

Financial resources

1. Own financial asset from continued activity
2. Passive amount of own financial assets
3. Loan
4. Cash equivalent of invested assets (e.g. with the sale restrictions of own shares (liquidity, legal, e.t.c))
5. Financial return of successful lawsuit

The Company can cover the financing of the operation from its revenues. Starting new projects required due care and weighing risks. The customer base (local governments and their institutions) carry the possibility of the risk of non-payment. At the moment, the entire Hungarian operation takes place without the use of bank financing. If the capital requirements of the newly launched projects exceed the available resources, the Company may need external financing.

Risk factors

The detailed presentation of risk factors are included in the formerly published Consolidated Report of the Company (pages 22-37) accessible in the following location: http://bet.hu/newkibdata/115693892/T_j_koztat_.pdf

Profit and prospects gained in the period of the annual report

The turnover of the Company resulting from heat supply decreased further in 2020. While the filling station implementation project obtained for MAHART produced substantial growth in terms of income.

	Comm.	Year ending on 31.12.2020 audited	Year ending on 31.12.2019 audited
Sales revenues:	(1)	715,876	369,165
Direct costs	(2)	(486,782)	(140,889)
Gross profit/loss		229,094	228,276
Material costs	(3)	(3,691)	(3,227)
Payments to personnel	(4)	(96,015)	(75,519)
Reserve for share-based		0	0
Purchased services expenses	(5)	(178,369)	(130,231)
Other income / expense (-)	(6)	689,533	9,341
Operating expenses		640,552	(199,636)
Depreciation	(10) (11)	(29,213)	(16,828)
Other expense, income of financial transactions	(7)	116,436	333,668
Pre-tax profit		727,775	345,480
Income tax	(8)	(4,508)	(6,457)

Net profit/loss of continuous operation	723,267	339,023
Discontinued operations		
Income on discontinued operation	0	0
Net profit/loss of discontinued operation	0	0
Other comprehensive income		0
Total comprehensive income	723,267	339,023

	Year ending on 31.12.2020	Year ending on 31.12.2019
Heat sale	129,224	142,077
Lease	208,522	222,954
Income from the construction of filling station	370,000	0
Income of other operations	8,130	4,134
Total	715,876	369,165

Revenue includes only yields relating to the entity's principal activity.

The rental line includes the yield from the contracts covered by IFRIC 12 and leasing interest.

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.

The introduction of IFRS 15 Revenue from Contracts with Customers as of 1 January 2018 did not affect the Company's revenue, as the Company derives revenue from the service charge for the concession assets rented to municipalities, which is recognized in accordance with IFRIC 12 and does not result in a revenue adjustment difference.

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.

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-off claim, the Company finds the judgement nonsense in which the defendant was not obliged to pay compensation for damages at all. Consequently the Company 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 HUF 500 million. These amounts have not been accounted for due to further uncertainty.

Future prospects:

Acquisition of new asset elements in accordance with the asset management strategy of ENEFI Nyrt. Direct value creation as the possibility of income potential and potential cash flow occurring in the dividend branch. Individually feasible project possibilities as the intellectual potential of the Company's top management. In the meantime, the ESCO-type contracts of energy efficiency conducted by the Company and the resulting turnover will continuously be cut down until 2024.

The Company is expecting the success of further lawsuits as a result of the published adversary proceedings.

Quantitative and qualitative indicators and indicators of performance measurement

Name of the indicator	31 December 2020	31 December 2019
Fixed assets ratio (fixed assets/balance sheet total)	72.20%	93.07%
Rate of indebtedness (liabilities/Resorce)	51.23%	77.79%
Profitability as a proportion of sales (net profit before tax/sales)	102.96%	93.58%
Return on equity (pre-tax profit/equity)	16.15%	28.59%
Liquidity ratio (cash/current liabilities)	51.25%	7.95%
Liquidity ratio (cash / current liabilities)	6.90%	1.66%

Detailed presentation of the financial position of the Company

The detailed presentation of the financial position of the Company is included in its annual report submitted jointly with the present report as well as in its annual consolidated report on company group level.

The Company hereby draws the attention to the fact that, as a public listed company, it shall publish all significant events related to the Company that can be found on its website (www.e-star.hu, www.enefi.hu), as well as on the websites operated by the Budapest Stock Exchange (www.bet.hu) and the Hungarian National Bank (www.kozzetetelek.hu).

Major Economic Events and Assessment of 2020

ENEFI presented its major economic events of 2020 in details in its announcements of the reference year.

The Company draws attention to the fact that, as a public listed company, it publishes all significant events related to ENEFI in the form of a notice, which can be found on its website (www.e-star.hu, www.enefi.hu), as well as on the websites operated by the Budapest Stock Exchange (www.bet.hu) and the Hungarian National Bank (www.kozzetetelek.hu).

2. Substantial events and particularly significant processes that occurred subsequent to the balance sheet date:

ENEFI presented its major economic events of 2021 in details in its announcements of the reference year.

The Company draws attention to the fact that, as a public listed company, it publishes all significant events related to E-Star in the form of a notice, which can be found on its website (www.e-star.hu, www.enefi.hu), as well as on the websites operated by the Budapest Stock Exchange (www.bet.hu) and the Hungarian National Bank (www.kozzetetelek.hu).

3. Expected development (known and expected development of the economic environment in the function of the expected impacts of internal decisions):

The group of companies shall dedicate the near future to fulfilling its strategic objectives published earlier.

4. Area of research and experimental development:

The group of companies did not perform such an activity in 2020 and neither plans to perform it in the future.

5. Sites:

The group of companies did not establish new site, branch office in 2020.

6. Employment policy:

In accordance with its employment policy, the group of companies operates its center with a “knowledge-based” approach by employing typically highly educated intellectual staff. The group of companies utilizes the specialists required for the investments implemented during its operation within the framework of subcontractor agreement.

By the acquisition of the ownership of Sáréna Kft., the group disposes of employment policy typical of the ski arena of which the guideline consists of permanent staff number and the established order of employment of seasonal character.

7. Environmental protection:

The group of companies pays enhanced attention to environmental protection during both its business operation and operative management. The main business activity of the group of companies is up-to-date energy supply implemented by means of energy-related investments which – beyond constituting the source of income of the group of companies – protect the environment from substantial extent of pollution and energy consumption. During its previous operation, the group of companies continuously sought the possibility of using and utilizing renewable energy sources. Energy-saving and thus, increased protection of the environment constitutes fundamental business objective and policy of the group of companies.

8. Offsetting of financial instruments:

The Company did not have opening position and no new position opened during its financial management in 2020.

9. Risk management policy and hedge policy:

The Company avoids risks resulting from possible foreign exchange rates by means of financial market and foreign exchange market transactions. No such transactions were performed during the reference year.

10 Price, loan, interest, liquidity and cash-flow risks:

The risks influencing the operation of the Company were presented above with references.

III.

Report of the Board of Directors for the individual report of the Company for 2020:

The Board of Directors have completed and accepted the individual annual report of ENEFI Asset Management Plc for 2020 prepared in accordance with IFRS.

The Company hereby proposes to its shareholders that they shall accept the individual annual report for 2020 in the knowledge of the reports of the Board of Directors, Supervisory Board and the Auditor:

HUF 9,325,895,000	total asset amount for the reference year,
HUF 730,071,000	total comprehensive profit figure.

The Board of Directors hereby draws the attention of its esteemed shareholders that the individual annual report of the Company constitutes inseparable part of the present report and kindly asks them to pass their decision on the acceptance of the report in the thorough knowledge of the report (including their supplementary annex and related comments as well).

The Board of Directors of the Company does not propose the decision on the payment of dividend to the General Meeting henceforward.

The Board of Directors of the Company has prepared and accepted its accountable corporate governance report to be submitted to the Budapest Stock Exchange in accordance with the legislative measures which was laid before the Supervisory Board and the General Meeting this year as well.

IV.

Corporate governance statement

The Company publishes its accountable corporate governance report prepared and published in accordance with the relevant regulations of the Civil Code, the act on capital market as well as the Budapest Stock Exchange.

The Company's accountable corporate governance report can be found on its website (www.e-star.hu, www.enefi.hu), as well as on the websites operated by the Budapest Stock Exchange (www.bet.hu) and the Hungarian National Bank (www.kozzetetelek.hu).

In its accountable corporate governance report, the Company makes a detailed declaration on its corporate governance practice and the reasons of possible deviations from the prescribed recommendations.

The Company shall act with increased care; in course of the inspection and risk management process, (i) the report is prepared by the accounting specialists of the Company, which (ii) the board of directors of the Company negotiate, (iii) having accepted by the company management, the report is negotiated by the Supervisory Board of the Company (iv) and the Audit Committee as well (v); in addition to the above, the report is assessed and audited by the auditor every year.

In case of its administration, management and supervisory bodies, the Company did not apply policy in relation with cultural diversity since the Company acts in accordance with the legal provisions in the above issue and the decisions related to personal issues are made by the supreme body.

Issuer's statement

Based on the applied accounting regulations, this annual report prepared to the best of our knowledge gives true and reliable view of the assets, liabilities, financial position and results of ENEFI Asset Management Plc.

The Company declares that the Management Report provides a reliable picture of the issuer's position, development and performance, outlining the main risks and uncertainties.

Csaba Soós, László Bálint, András Zoltán Petykó, Ferenc Virág
members of the Board of Directors
(ENEFI Vagyonkezelő Nyrt.) ENEFI Asset Management Plc.