



Quarterly Report

of

ENEFI Energy Efficiency Plc

for H1 2019

H1

30/06/2019

Published: 30/09/2019

Modification: 09/12/2020

Modification: 10/12/2020

ENEFI Energy Efficiency Plc hereby presents its financial results of the reference period.

The report presents the operations in the reference period on the basis of the financial figures of the Company and the companies consolidated by the Company not audited by an auditor.

ENEFI Energy Efficiency Plc is a corporate group consisting of companies with its registered seat in Budapest present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity well-established areas of the two countries mentioned above. Additionally certain companies of the Group deal with the operation of street lighting systems in Hungarian projects.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu , www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

1. Balance sheet (data in HUF thousands)

| Consolidated statement of financial position – Assets | 6.30.2018 | 12.31.2018 | 6.30.2019 |
|--|------------------|-------------------|------------------|
| Property, plant and equipment | 107 528 | 100 276 | 89 034 |
| Intangible assets | 5 846 | 5 846 | 17 591 |
| Investments in affiliated companies | 0 | 23 174 | 11 100 |
| Financial Asset | 516 996 | 726 860 | 669 772 |
| Finance lease receivables | 296 457 | 0 | 0 |
| Other long-term receivables | 0 | 343 311 | 442 773 |
| Deferred tax assets | 303 000 | 0 | 0 |
| Total non-current assets | 1 229 827 | 1 199 467 | 1 230 270 |
| Assets held for sale | 0 | 0 | 0 |
| Total assets held for sale | 0 | 0 | 0 |
| Inventories | 144 | 10 | 0 |
| Trade receivables | 145 222 | 199 593 | 179 720 |
| Other receivables due within a year | 24 409 | 96 282 | 16 904 |
| Accruals and prepaid expenses | 67 120 | 91 217 | 49 237 |
| Securities | 0 | 0 | 100 882 |
| Cash and cash equivalents | 435 914 | 172 748 | 46 472 |
| Total current assets | 672 809 | 559 850 | 393 215 |
| Total assets | 1 902 636 | 1 759 317 | 1 623 485 |
| Consolidated statement of financial position – Equity and liabilities | 6.30.2018 | 12.31.2018 | 6.30.2019 |
| Share capital | 100 000 | 100 000 | 100 000 |
| Reserves | 21 423 391 | 21 423 391 | 21 423 391 |
| Valuation reserve | -18 439 | 44 413 | 41 832 |
| IFRS2 reserve | 65 520 | 65 520 | 65 520 |
| Treasury shares | -470 497 | -474 237 | -474 225 |
| Retained earnings | -19 644 943 | -19 796 876 | -19 809 563 |
| Equity attributable to owners of the Company | 1 455 032 | 1 362 211 | 1 346 955 |
| Non-controlling interests | 28 777 | 29 697 | 33 630 |
| Total equity | 1 483 809 | 1 391 908 | 1 380 585 |
| Provisions | 97 564 | 144 868 | 145 152 |
| Deferred income | 0 | 0 | 0 |
| Other long-term liabilities | 0 | 3 135 | 16 582 |
| Total non-current liabilities | 97 564 | 148 003 | 161 734 |
| Liabilities held for sale | 0 | 0 | 0 |
| Total liabilities held for sale | 0 | 0 | 0 |
| Trade payables | 54 260 | 46 423 | 55 050 |
| Accruals and deferred income | 7 434 | 50 194 | 10 297 |
| Other liabilities | 259 569 | 122 789 | 15 819 |
| Total current liabilities | 321 263 | 219 406 | 81 166 |
| Total liabilities | 418 827 | 367 409 | 242 900 |
| Total equity and liabilities | 1 902 636 | 1 759 317 | 1 623 485 |

2. Profit and Loss Account (Figures in HUF thousands)

| Konzolidált eredménykimutatás | 2018 H1 | 2019H1 |
|--|----------------|----------------|
| Revenue | 291 002 | 197 380 |
| Cost of sales | -107 911 | -77 447 |
| Gross Profit | 183 091 | 119 933 |
| Material type expenditures | -2 616 | -2 346 |
| Personnel cost | -56 012 | -57 159 |
| Share based payment cost | 0 | 0 |
| Service used | -103 894 | -81 191 |
| Other revenue and expenditures, net | 3 233 | 4 995 |
| Depreciation | -6 826 | -9 386 |
| Net profit/loss from financial activities | 80 835 | 36 542 |
| Result of associated company granted for the group | 0 | -17 121 |
| Profit before tax | 97 811 | -5 733 |
| Income tax expense | -4 872 | -5 854 |
| Profit for the year | 92 939 | -11 587 |
| Discontinued operations | | |
| Result on the sold entities | 0 | 0 |
| Current year profit/loss of sold entities | 0 | 0 |
| Profit/loss on entities sold | 0 | 0 |
| Profit for the year | 92 939 | -11 587 |
| Attributable to: | | |
| Owners of the Company | 92 284 | -15 517 |
| Non-controlling interests | 655 | 3 931 |
| Foreign currency translation differences | -62 887 | -2 683 |
| Total other comprehensive income | -62 887 | -2 683 |
| Total comprehensive income | 30 052 | -14 270 |
| Attributable to: | | |
| Owners of the Company | 29 397 | -18 200 |
| Non-controlling interests | 655 | 3 930 |

3. Equity of the Owners of the Company (Figures in HUF thousands)

| | Share capital | Share premium | Accumulated revaluation reserve | Share-based benefit reserve | Treasury shares | Retained earnings | Equity attributable to owners of the Company | Non-controlling interest | Total equity |
|-------------------------------------|---------------|---------------|---------------------------------|-----------------------------|-----------------|-------------------|--|--------------------------|--------------|
| Balance at December 31, 2017 | 100 000 | 21 423 391 | 44 448 | 65 520 | -425 877 | -19 738 766 | 1 468 716 | 29 590 | 1 498 306 |
| Purchase of treasury shares | 0 | 0 | 0 | 0 | -44 620 | 0 | -44 620 | 0 | -44 620 |
| Profit of the period | 0 | 0 | 0 | 0 | 0 | 92 287 | 92 287 | -655 | 91 632 |
| Other comprehensive income | 0 | 0 | -62 887 | 0 | 0 | 0 | -62 887 | 0 | -62 887 |
| Other movements | 0 | 0 | 0 | 0 | 0 | 1 536 | 1 536 | -158 | 1 378 |
| Balance at June 30, 2018 | 100 000 | 21 423 391 | -18 439 | 65 520 | -470 497 | -19 644 943 | 1 455 032 | 28 777 | 1 483 809 |
| Balance at December 31, 2018 | 100 000 | 21 423 391 | 44 515 | 65 520 | -474 237 | -19 796 977 | 1 362 212 | 29 699 | 1 391 911 |
| Treasury shares movements | 0 | 0 | 0 | 0 | 12 | 0 | 12 | 0 | 12 |
| Other movements (opening IFRS 16) | 0 | 0 | 0 | 0 | 0 | 2 931 | 2 931 | 0 | 2 931 |
| Other comprehensive income | 0 | 0 | -2 683 | 0 | 0 | -15 517 | -18 200 | 3 931 | -14 269 |
| Balance at June 30, 2019 | 100 000 | 21 423 391 | 41 832 | 65 520 | -474 225 | -19 809 563 | 1 346 955 | 33 630 | 1 380 585 |

4. Cash Flow (data in HUF thousands)

Modification: 10-09/12/2020: Net cash-flow from operating activity

2018H1 wrong: – 19 867 e Ft correct: 64 989 e Ft.

2019H1 wrong: 3001 e Ft correct 83 945 e Ft.

| | 2018 H1 | 2019 H1 |
|---|----------------|-----------------|
| Cash flow from operations | | |
| Profit /loss for the period from continuing operations | 93 013 | -11 587 |
| Depreciation and amortization | 6 826 | 9 386 |
| Other non cash items | -62 887 | 252 |
| Changes of fair value of financial assets | 64 186 | 57 088 |
| Changes of provisions | 0 | 284 |
| Result of affiliated companies | 0 | 12 074 |
| Change in other long term liabilities | 0 | 13 447 |
| Change in deferred tax and liabilities | -16 282 | 0 |
| Adjusted profit/loss in the year concerned: | 84 856 | 80 944 |
| Change in operating capital | | |
| Changes of receivables and other current assets | 93 347 | 99 251 |
| Changes of accruals | 8 711 | 41 980 |
| Changes of Inventories | -85 | 10 |
| Changes of Trade payables and other liabilities | -121 840 | -138 240 |
| Net cash-flow from operating activity | -19 867 | 3 001 |
| Cash flows from investing activities | | |
| Payments related to purchasing property, machines and equipment | -1 043 | -9 889 |
| Net cash flow from investing activity | -1 043 | -9 889 |
| Cash flows from financing activities | | |
| Sale of securities | 0 | -100 882 |
| Long-term loan to affiliated company | 0 | -99 462 |
| Sale - purchase of treasury shares | -44 620 | 12 |
| Net cash flow from financial activities | -44 620 | -200 332 |
| Change of Cash and cash equivalents | 19 326 | -126 276 |
| Cash and cash equivalents at the beginning of the year | 416 588 | 172 748 |
| Cash and cash equivalents at the end of the year | 435 914 | 46 472 |

5. Declaration of the Issuer

The annual report prepared on the basis of the accounting provisions applied and according to our best knowledge provides a reliable picture of the assets, liabilities, financial situation and profit of ENEFI Energy Efficiency Plc. and its affiliates involved in the consolidation, the situation, development and performance of the companies involved in the consolidation, describing the major risks and uncertain factors.

The Company hereby states that the executive report provides a reliable picture of the circumstances, development and performance of the Issuer, informing about major risks and factors of uncertainty.

Soós Csaba – Virág Ferenc - Bálint László
Members of the Board of Directors
ENEFI Energy Efficiency Plc.



ENEFI Energy Efficiency Plc.

Consolidated

Executive Report

for the H1 2019 report

Objective of the Report:

Assessing the figures of the report, this report aims to present the property, financial and revenue circumstances, and the course of business of ENEFI Energy Efficiency Plc. (hereinafter: "Company", or "Enterprise", or "ENEFI", or "Issuer") together with the major risks and uncertainties arising in its operations so that it provides a reliable and realistic picture of these, meeting the actual circumstances on the basis of past factual and expected future data.

I.

Information on the Parent Company, ENEFI Energy Efficiency Plc.:

Basic Information of the Company

| | |
|--------------------------------|--|
| Company name: | ENEFI Energy Efficiency Plc. |
| The company's name in English: | ENEFI Energy Efficiency Plc. |
| Registered seat: | 1134 Budapest, Klapka utca 11. |
| Branch office of the company: | 8413 Eplény, Veszprémi u. 66. Building A. |
| Country of registered seat: | Hungary |
| Phone: | 06-1- 279-3550 |
| Fax: | 06-1- 279-3551 |
| Governing law: | (Hungarian) |
| Initial Public Offering: | Budapest Stock Exchange Warsaw Stock Exchange |
| Corporate form: | Public Limited Corporation |

Predecessors of the Company and Changes in Corporate Form

The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation as follows:

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

| | |
|-----------------------|------------|
| Date of foundation: | 17/05/2000 |
| Date of registration: | 29/06/2000 |
| Date of termination: | 12/06/2006 |

Regionális Fejlesztési Vállalat zártkörűen működő Részvénytársaság (Regional Development Company Private Limited Corporation)

| | |
|-----------------------|------------|
| Date of registration: | 12/06/2006 |
|-----------------------|------------|

RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Nyilvánosan Működő Részvénytársaság (RFV Regional Development, Investment, Production and Service Public Limited Corporation)

| | |
|-----------------|------------|
| Date of change: | 12/03/2007 |
|-----------------|------------|

The Initial Public Offer of the shares took place at the Budapest Stock Exchange on 29 May 2007.

E-STAR Alternative Energy Service Plc.

| | |
|-----------------------|------------|
| Date of change: | 17/02/2011 |
| Date of registration: | 04/03/2011 |

ENEFI Energy Efficiency Plc.

| | |
|-----------------|------------|
| Date of change: | 09/12/2013 |
|-----------------|------------|

Date of registration: 17/12/2013

Term of the Operation of the Company

The Company was founded for an indefinite period of time.

Registered Capital of the Company

Registered capital of the public limited company on 30/06/2017. HUF 100,000,000

Shares of the Company

The registered capital consists of 7,500,000 pieces of registered, dematerialised, regulated, publicly offered ordinary shares, the par value of which is HUF 10, each (Series A) and 2,500,000 pieces of dematerialised employee shares, the par value of which is HUF 10, each (Series B). Therefore the total number of shares issued by the Company: 10,000,000 pieces

**Resolution of the General Meeting 11/2019. (22. 03.): The general meeting decides to convert 2,500,000 pieces of HUF 10 par value each, total par value HUF 25,000,000 dematerialised employee shares previously issued by the company into 2,500,000 pieces of HUF 10 par value each, total par value HUF 25,000,000 dematerialised ordinary shares so that the employees shares shall be cancelled and replaced by ordinary shares as a result of the conversion. As a result of the conversion, the registered capital of the company shall not be changed (HUF 100,000,000); the registered capital shall consist of 10,000,000 pieces of registered, dematerialised ordinary shares, HUF 10 par value each.*

II.

Information on the Companies Involved in the Consolidation:

The following subsidiaries belong to the sphere of consolidation of ENEFI Energy Efficiency Plc:

| | Name of the Company | Country | Registered Capital | Direct and indirect business share (%) | Voting Ratio (%) |
|----|--|---------|--------------------|--|------------------|
| 1 | ENEFI Energy Efficiency Plc. | Hungary | HUF 100.000.000 | - | - |
| 2 | E-STAR Management Zrt. | Hungary | HUF 5,000,000 | 100% | 100% |
| 3 | RFV Józsefváros Szolgáltató Kft. | Hungary | HUF 3,000,000 | 49% | 70% |
| 4 | ENEFI Projekttársaság Kft. | Hungary | HUF 3,000,000 | 100% | 100% |
| 5 | Termoenergy SRL | Romania | RON 6,960 | 99.50% | 99.50% |
| 6 | E-STAR Centrul de Dezvoltare Regionala SRL | Romania | RON 525,410 | 100% | 100% |
| 7 | E-STAR Energy Generation SA | Romania | RON 90,000 | 99.99% | 99.99% |
| 8 | E-STAR Alternative Energy SA | Romania | RON 90,000 | 99.99% | 99.99% |
| 9 | SC Faapritek SA | Romania | RON 90,000 | 99.99% | 99.99% |
| 10 | EETEK Limited | Cyprus | EUR 1,000,000 | 100% | 100% |

In the consolidated financial statements the following affiliated company has been involved applying the equity method:

| Name | Country | 2019 | |
|------------------|---------|-----------------|--------------|
| | | Share ownership | Voting power |
| Pannon Fuel Kft. | Hungary | 20,00% | 20,00% |

1. Business Environment and Development of Operations and Comprehensive Analysis of the Performance and the Circumstances of the Company; Business Policy of the Company:

Brief Story of the Issuer

The predecessor of the Company named Regionális Fejlesztési Kft. was founded by two private people in 2000. The founders intended to establish an ESCO (Energy Service Co., i.e. dealing with energy saving) type of company. Initially one of the main activities of the Company was cost-effective electrical energy supply which still provides significant revenues today. The Company provided continuous consultancy for its customers to assist them to choose the most favourable tariff package from the regionally competent energy supplier. In the framework of the service, the electrical energy was purchased by the Company and sold to its customers at a more favourable price than earlier. The customer and the Company shared the saved costs on the basis of a long term agreement concluded between them. Since 1 January 2008 however the free energy market was opened, which means that economic organisations may freely choose their energy suppliers and individually determine the conditions of the service. The Company also adapts to the changed circumstances and negotiates with several traders of the energy market, takes steps together with its partners to achieve the best possible conditions. The other main activity of the Company has been luminous flux regulation of street lighting since its foundation. Then in 2004 the Company took heating modernisation and thermal energy supply to its product range. A significant part of the customers of the Company are municipalities and municipal institutions but there are also public institutions, church institutions, condominiums and private enterprises among them. The Company was transformed into a private limited corporation on 12 June 2006, then on 12 March 2007 the Court of Registration registered the change of "private limited corporation" form into "public limited corporation". The Initial Public Offering of the shares of the Company took place at the Budapest Stock Exchange on 29 May 2007. The Initial Public Offering of the shares of the Company took place at the Warsaw Stock Exchange on 22/03/2011. The Company was brought under bankruptcy proceedings in 2012 which was successfully closed by an agreement with the creditors. The actual operation of the Company is currently limited to the territory of Hungary and there are legal proceedings in progress concerning its terminated agreements.

The General Meeting decides (2019. 08. 08.) to accept the strategy of the Company (Dated: 2019. 06. 27.)

Business Environment of the Company

The Corporate group with its registered seat in Budapest consists of enterprises present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity.

ENEFI sold its operations in Poland and it is not operating any working project in Romania any more, it is enforcing its claim in front of court. Among the Romanian companies of the group SC E-Star Mures Energy, SA SC E-Star Investment Management SRL and SC E-Star ZA Distriterm SRL are under liquidation.

Introduction of Business Activity by Spheres of Activity

The sales revenue of the Company comes from the following major activities:

- Heat supply service

Heat supply service with heating system modernisation

Municipalities and public institutions often solve the heating of their institutions with obsolete, wasteful heating systems. Moreover the maintenance of the obsolete systems can only be solved with greater difficulties and higher maintenance costs; the potential failure of the equipment may

cause significant, unplanned investment. The investment may potentially be only implemented by loan and the further worsening credit rating due to the poor municipality management. Following the individual survey of the buildings of the customers and the preliminary survey of needs, the Company prepares an offer package in this business branch, which includes a proposal for the long term solution of heat supply at higher standards. Following the conclusion of the agreement the Company implements the energetic modernisation prepared during the survey and undertaken in the impact study without involving the resources of the customer, then it provides long term (10-25 years) heat supply service on the modern system, including operating and maintenance tasks. Depending on individual needs, the modernisation may include the replacement of the boiler, the conversion of the heat consumption into a controllable and measurable system (converting the heating systems into multiple circles, installing thermostatic controls, building in heat pump, etc.). The Company acquires the further factors required for providing the heat supply (e.g. leasing boiler-house, electric energy, water, etc.) partly from the customers. The Company purchases the equipment from the Hungarian representatives of worldwide companies (e.g. in case of boilers, these companies are typically Viessmann, Buderus, Hoval, etc.), who usually perform installation too. The Company also concludes long term agreements for the maintenance of the equipment with a local subcontractor. The modernisation results in significant, even 40-50% energy cost saving among the same conditions. In order to ensure heat supply, the Company usually uses gas-fired equipment. Instead of the direct "gas supplier - municipality" relationship, the Company purchases gas and supplies heat to the customers in a "gas supplier (gas trader) - Company" relationship. The customer uses the heat supply at lower costs while the heating system is modernised. The customer periodically (monthly) pays a basic, or service fee and a consumption fee according to a previously determined formula. The Company adjusts the unit price of the heat supply service to the gas price invoiced by the utility gas supplier.

Major Markets

Geographical Penetration of ENEFI

- Initially ENEFI Plc. implemented successful heating supply, public lighting and kitchen technology developments in Hungary, primarily in the municipality sector.
- Due to the changing economic and social requirement in our region, the demand for the solutions offered by the Company increased, which allowed for the regional expansion of the Company becoming stronger and obtaining references in Hungary.
- Since the municipalities are rather under-financed in our region, the heating technology of public institutions is also obsolete, significant savings may be achieved, therefore the attention of ENEFI has turned towards the surrounding countries, especially Romania since 2010 and Poland since 2011. The Company sold its operations in Poland in 2016, it is not operating any working project in Romania either, thus the area of operation has been limited to the territory of Hungary.

The most important services (branches) of the entire group are the following

The most important services (branches) of the entire group are the following:

- efficient thermal energy and district heating supply based on sustainable primary energy sources
- modernisation and exploitation of efficiency in energy supply and transformation equipment

Management of the Company, Objectives and Strategy

Among its first tasks the newly elected Board of Directors of the Company have found it important to determine and communicate its short and medium term objectives about the Company to the honourable Shareholders: <http://www.e-star.hu/docs/k1563559162strategiaen.pdf>

Major Resources of the Company

The number of employees in the Company has been reduced to the minimum as a result of the former dramatic downsizing of operations. The head count is sufficient to maintain daily operations. Operations

with the significantly downsized corporate centre can be compared with the basic operations of an investment. In case of starting new and large projects more staff may be required. The successful closure of the former bankruptcy proceedings stabilised the market position of the Company in Hungary. The amount of external liabilities in Hungary has practically been reduced to the incoming invoices during the daily operations. The payment discipline of the remaining customers is sufficient. The Company is able to finance the operations from its revenues. In case of starting new projects it acts with due carefulness and consideration of risks. The customers (municipalities and their institutions) involve the risk of not paying. Currently the entire Hungarian operation takes place without using bank financing. In the event that the capital requirement of the newly started projects exceeds the available amount of resources, the Company will need external financing.

Risk factors

The detailed description of the risk factors is included in the previously published Consolidated Report of the Company (pages 22-37), which is available here: http://bet.hu/newkibdata/115693892/T_j_koztat_.pdf

Summary of the Reference Period

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu , www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

The General Meeting decides (2019. 08. 08.) to accept the strategy of the Company (Dated: 2019. 06. 27.)

The General Meeting decides on the registered capital rise of the Company by private offering of new shares. The minimum planned amount of registered capital rise shall be HUF 79,999,660.

In case of successful registered capital rise the registered capital of the Company shall be increased by HUF 79,999,660 from HUF 100,000,000 to HUF 179,999,660

- (i) by the private offering of 2,000,000 pieces of A Series dematerialised ordinary shares of HUF 10 par value and HUF 400 issuing value and
- (ii) 5,999,966 pieces of H Series dematerialised dividend-preference convertible shares of HUF 10 par value and HUF 400 issue value

against non-pecuniary property contributions. (http://www.e-star.hu/docs/k1565282942gmresolutions_0808.pdf)

Trading Profit of the Reference Period and Prospects

The results achieved by the Company confirm previous prospects. No extraordinary event materially affecting the results occurred during the period under review.

The Company's new strategy is expected to prevail. The Company, which has a purely energy portfolio, is transformed into an asset manager with diversified activities.

Quantitative and Qualitative Indexes and Indicators of Performance Measurement.

| Name of index | June 30, 2018 | June 30, 2019 |
|--|----------------------|----------------------|
| Rate of fixed assets (fixed assets/total assets) | 64,64% | 75,78% |
| Indebtedness rate (payables/Resources) | 22,01% | 14,96% |
| Liquidity index I. (current assets/short-term liabilities) | 209,43% | 484,46% |
| Quick liquidity ratio (cash/short-term liabilities) | 135,69% | 57,26% |
| Profitability in the ratio of sales revenues (pre-tax profit/net sales revenues) | 33,61% | -2,90% |
| Profitability in the ratio of own capital (pre-tax profit/own capital) | 6,59% | -0,42% |

IV.

Declaration of the Issuer

The Company hereby states that the executive report provides a reliable picture of the circumstances, development and performance of the Issuer, informing about major risks and factors of uncertainty.

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