Separate financial statements

of ENEFI Energy Efficiency Plc.

for the financial year ending 31 December 2019
in accordance with IFRSs

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The financial statements consist of 93 pages.

Independent audit opinion

Data in thousand HUF

Separate Comprehensive Income Statement for the financial year ended on 31 December 2019

	Comm.	Year ending on 31.12.2019 audited	Year ending on 31.12.2018 audited (re-defined)
Sales revenues:	(1)	369,165	457,994
Direct costs	(2)	(140,889)	(197,463)
Gross profit/loss		**228,276**	**260,531**
Material costs	(3)	(3,227)	(3,485)
Personnel expenses	(4)	(75,519)	(70,122)
Expenses for share-based payments		0	0
Purchased services expenses	(5)	(130,231)	(142,766)
Other income / expense (-)	(6)	9,341	202,799
Operating expenses		**(199,636)**	**(13,574)**
Depreciation		(16,828)	(9,716)
Other expense, income of financial transactions	(7)	333,668	(104,166)
Pre-tax profit/loss		**345,480**	**133,075**
Income tax	(8)	(6,457)	(7,899)
Net profit/loss of continuous operation		**339,023**	**125,176**
Discontinued operations			
Income on discontinued operation		0	0
Net profit/loss of discontinued operation		**0**	**0**
Other comprehensive result		0	0
Total comprehensive result		**339,023**	**125,176**

* Re-defined (see explanatory note No. 39)

Positive and negative numbers are distinguished in the Comprehensive Income Statement. The bracket is the symbol of the negative number.

Data in thousand HUF

Separate balance sheet
31 December 2019

	Comm.	31.12.2019 audited	31.12.2018 audited (re-defined)	01.01.2018 re-defined	
Intangible assets	(9)	0	0	0	
Tangible assets	(10)	22,439	19,099	32,419	
Investments in affiliated companies	(11)	4,039,657	3,674,113	3,586,824	*
Other non-current receivables	(12)	487,652	343,311	0	
Long-term debt securities	(13)	100,557	0	0	
Concession assets (IFRIC 12)	(14)	550,255	634,233	581,182	
Leasing receivables		0	0	160,019	
Non-current Assets		**5,200,560**	**4,670,756**	**4,360,444**	
Customer	(16)	73,162	150,747	92,636	
Other receivables	(17)	97,668	112,126	127,903	
Active accruals	(18)	6,152	35,437	4,648	
Cash and cash equivalents	(19)	64,054	110,822	348,633	
Current assets		**241,036**	**409,132**	**573,820**	
TOTAL ASSETS		**5,441,596**	**5,079,888**	**4,934,264**	
Subscribed capital	(20)	100,000	100,000	100,000	
Capital reserve (share premium accounts)	(21)	21,423,391	21,423,391	21,423,391	
Own shares	(22)	(382,327)	(60,122)	(11,652)	
Accumulated profit reserve		(19,998,277)	(20,337,300)	(20,457,870)	
Reserve of share-based payments	(23)	65,520	65,520	65,520	
Equity		**1,208,307**	**1,191,489**	**1,119,389**	
Provisions	(25)	47,600	99,872	97,564	
Non-current lease liabilities	(26)	500	0	0	
Other non-current liabilities	(27)	322,205	0	0	
Non-current liabilities		**370,305**	**99,872**	**97,564**	
Short-term credits	(28)	3,791,362	3,715,103	3,662,344	
Current lease liabilities	(29)	8,442	0	0	
Vendor liabilities		40,129	5,336	29,731	
Deferrals	(30)	7,895	45,968	7,530	
Other current liabilities	(31)	15,156	22,120	17,706	
Current liabilities		**3,862,984**	**3,788,527**	**3,717,311**	
EQUITY AND LIABILITIES TOTAL		**5,441,596**	**5,079,888**	**4,934,264**	

* Re-defined (see explanatory note No. 39)

Data in thousand HUF

Separte Cash Flow Statement
for the financial year ended 31 December 2019

	Year ending on 31.12.2019 audited	Year ending on 31.12.2018 audited
Change of monetary assets from ordinary operations (Operating cash flow)	**232,631**	**267,794**
Pre-tax profit/loss of continuous activity	345,480	133,075
Accounted depreciation	16,828	9,716
Difference of generation and use of provisions	(52,272)	2,308
Profit/loss of investment assets' purchase	(400)	709
Profit/loss of investment asset's impairment	(359,586)	29,430
Profit/loss of trade receivables' impairment	9,741	(71,535)
Cash flow portfolio changes of concession assets	83,978	105,251
Changes of vendor liability	34,793	(24,395)
Change of other current liabilities	87,012	57,173
Change of deferrals	(38,073)	38,438
Change of Trade Accounts Receivable	67,844	10,535
Change of other receivables	14,458	15,777
Change of accruals	29,285	(30,789)
Tax payable, paid	(6,457)	(7,899)
Change of monetary assets from investment operations (Investment cash flow)	**(19,767)**	**2,895**
Procurement of Fixed Assets	(21,167)	(577)
Sale of Fixed Assets	1,400	3,472
Change of monetary assets from financial operations (Financing cash flow)	**(259,632)**	**(508,500)**
Share purchase in Pannon Fuel Kft.	(5,959)	(25,219)
Bond purchase	(100,557)	0
Repayment of lease liability's principal part	(8,775)	0
Capital increase in E-Star Management Zrt.	0	(91,500)
Lending – Pannon Fuel Kft.	(144,341)	(343,311)
Share withdrawal, capital reduction	0	(48,470)
Change of Monetary Assets	**(43,343)**	**(237,811)**
Opening financial assets and equivalents	110,822	348,633
Closing financial assets and equivalents	64,054	110,822
	(46,768)	**(237,811)**

Positive and negative numbers are distinguished in the cash flow. Bracket shows a negative number.

Data in thousand HUF

Separate statement on equity change for the financial year ended 31 December 2019

	Subscribed capital	Capital reserve	Own shares	Accumulated profit reserve	Reserve of share-based payments	Total
Balance - 01. 01. 2018.	100,000	21,423,391	(11,652)	(20,478,415)	65,520	**1,098,844**
Adjustment due to participation impairment (re-definition)				**15,939**		**15,939**
Balance 1 January 2018 (re-defined)	100,000	21,423,391	(11,652)	(20,462,476)	65,520	**1,114,783**
Share purchase			(48,470)			**(48,470)**
Issuance of empoyee shares						**0**
Repurchase of employee shares						**0**
Share-Based Payments						**0**
Capital decrease						**0**
Total comprehensive profit/loss (re-defined)				125,176		**125,176**
Balance - 12.31.2018	100,000	21,423,391	(60,122)	(20,337,300)	65,520	**1,191,489**
Share purchase			(322,205)			**(322,205)**
Total comprehensive profit/loss				339,023		**339,023**
Balance - 12.31.2019	**100,000**	**21,423,391**	**(382,327)**	**(19,998,277)**	**65,520**	**1,208,307**

Positive and negative numbers are distingished in the equity change statement. Bracket shows negative number.

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

1. 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 Energy Efficiency Plc. (hereinafter referred to as the 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). The Company has applied IFRSs as adopted by the European Union.

The Company's management has established that the requirements for running the underatking are fulfilled, thus there is no such sign that would refer to the termination or significatn decrease of the Company's operation within a foreseeable - at least one year - period of time.

This financial statement - with an exception of the cahs flow statemet - 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.

The Company first time published separate financial statements based on IFRSs in 2017.

2. *The Company*

Introduction of the Company (operation center, legal form, ownership structure, applicable law)

Enefi Energy Efficiency Plc. is a company incorporated under Hungarian law (governing law). The Company was founded as a public limited company on March 1, 2006 for an indefinite period. On the 29th of November, 2019, the Company changed its immediately preciding name ENEFI Energyefficiency Plc.

The Company's headquarters – being its center of operations at the same time - 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 Company is a real ESCO company (Energy Service Company, i.e undertaking that implements energy savings) listed on stock exchange in Hungary. Company has developed a unique solution for each of its projects that is independent of any technology and service provider. It carried out the elaborated projects as main contractor with the involvement of appropriate funds.

By the preparation of projects, Enefi Energy Efficiency Plc. first examines what opportunities are available for rationalizing the use at customers' energy consumption sites and then makes such investments that can achieve significant savings. Projects have further business value, as Enefi Energy Efficiency Plc provides innovative energy services after the implementation of the investments, and operates and maintains the energy systems of the partners in the long run.

The ownership structure of the Company as of 31 December 2019 is as follows:

Owner	**Ownership ratio (%)**	
	December 31, 2019	**December 31, 2018**
Own shares	16.13%	9.42%
Imre Kerekes	5.47%	5.47%
Csaba Soós	10.97%	14.97%
Free float rate	67.43%	70.14%
Total	**100.00%**	**100.00%**

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	**2019**		**2018**	
	closing	**avarage**	**closing**	**avarage**
Euro (EUR)	330.52	325.35	321.51	318.87
Romanian leu (RON)	69.08	68.56	69.01	68.51

The Auditor of the Company:

The current auditor of the Company is UNIKONTO Számvitelkutatási Kft. (seat: HU 1092 Budapest, 3rd floor 317, 8 Fővám square, company registry number: Cg.01-10- 045428). The auditor has had its mandate since 30 December, 2016. Current auditor responsible for the audit of the Company is László Péter, Lakator Dr. (mother's name: Márai Terézia, Gubi, card number: 007102), he has a mandate since 30 April 2019.

The auditor charges HUF 2,000 thousand + VAT auditor fee for the audit of these (separate) financial statements and shall not perform any other service for the Company, but audit service and other assurance services.

3. Key elements of Accounting Policy

I. Presentation of the financial statements

The Company's financial statements include (parts):

- separate statement on financial position (hereinafter: balance sheet),
- separate comprehensice income statement (hereinafter: income statement),
- separate statement of changes in equity;
- separate cash-flow
- explanatory notes to separate financial statements.

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.

Major decisions about presentation

The Company prepared its separate financial statements in accordance with IFRS for the first time for the business year 2017, with comparative data for 2015 and 2016. The Company has prepared the financial statements in the spirit of transparency and comparability required by stock exchange presence.

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 2019.

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. No such shift took place during this period.

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. In 2017, the Company found that it remained essentially a single segment of the energy supply, so the segment had no breakdown with content. Thus it will not disclose that until such a division can be identified.

Accounting policies related to the income statement

Revenues

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 recognized 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 recognized 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 Company's main activity is the sale of thermal energy. 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.

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
  - sales costs (advertising, marketing, sales incentives and similar items) and
  - administrative costs chategories.

Other income

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 recognized 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 recognizes the other income and other expenses on a net basis in the income statement.

Financial incomse and expenses

Interest incomes shall be recorded on a pro rata basis and dividend income shall be recognized 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 cathegory. The Company recognizes 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).

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

Properties, plants and equipments

The Company lists only productive or administrative assets among the properties, plants and equipments (PPE) that are utilised at least for one year after being put into service. The undertaking separates the assets by purpose (for productive and non-productive (other).

The initial book value of the asset includes all items relating to the purchase or creation of that asset, adding the borrowing costs (see in detail: accounting policy on borrowing costs).

The discounted liability shall be increased year by year, taking into account the course of time (the breakdown of the discount) and the subsequent changes in the estimation on the breakdown costs. The increase in the liability arising from the breakdown of the discount is recognized as interest expense.

The Company applies the component approach, namely preliminary by productive assets, it separates the main parts with the same useful life within the physically homogeonus asset.

Tangible assets shall be valued according to the cost model rules after the initial recognition (initial value, less the accumulated depreciation and accumulated impairment losses).

The depreciable amount is the initial cost less residual value. The residual value shall be determined when its amount is significant. The residual value is the recoverable income after disposal of the asset, less the sale costs.

Depreciation shall be calculated on a depreciable amount per component. The Company uses operating hours method in the case of gas engines and calculates with the linear depreciation methods for the other assets. The below depreciation keys are applied for its assets

Land	non-depreciable
Buildings	1-5 %
Power Plant Equipment	1 - 14%
Non-Productive plants	14 - 33%

The useful life of the assets shall be reviewed per item and it shall be determined whether the asset is usable during the remaining useful life or whether the residual value is realistic. If not, the depreciable amount or the residual value shall be adjusted for the future.

Regurarly, but not annually raising major repair works (meaning real expenditure) shall increase the value of tangible assets. The Company shall consider these works to be one component of that asset, and their useful life shall align to the next (expected) occurrence of these investments.

Revenue from the sale of a tangible asset shall be recognized as an other item, less the remining book value of the asset. Expenditures arising from the write-off of tangible assets shall also be recognised under other items. No revenue, but only expenditure is generated in this case.

Intangible assets

The Company shall establish, whether there are intangible assets with indefinite useful lives.

The Company shall not carry out research activity, shall not produce software or other intangible assets that could meet the recognition criterias. The Company accordingly does not present internally produced intangible assets and does not define accounting policies for those.

The initial value of intangible assets is determined as described for tangible assets.

Intangible assets with indefinite useful lives shall not be depreciated, but shall be tested instead for impairment at every period (or immediately when there is an indication) (see impairment).

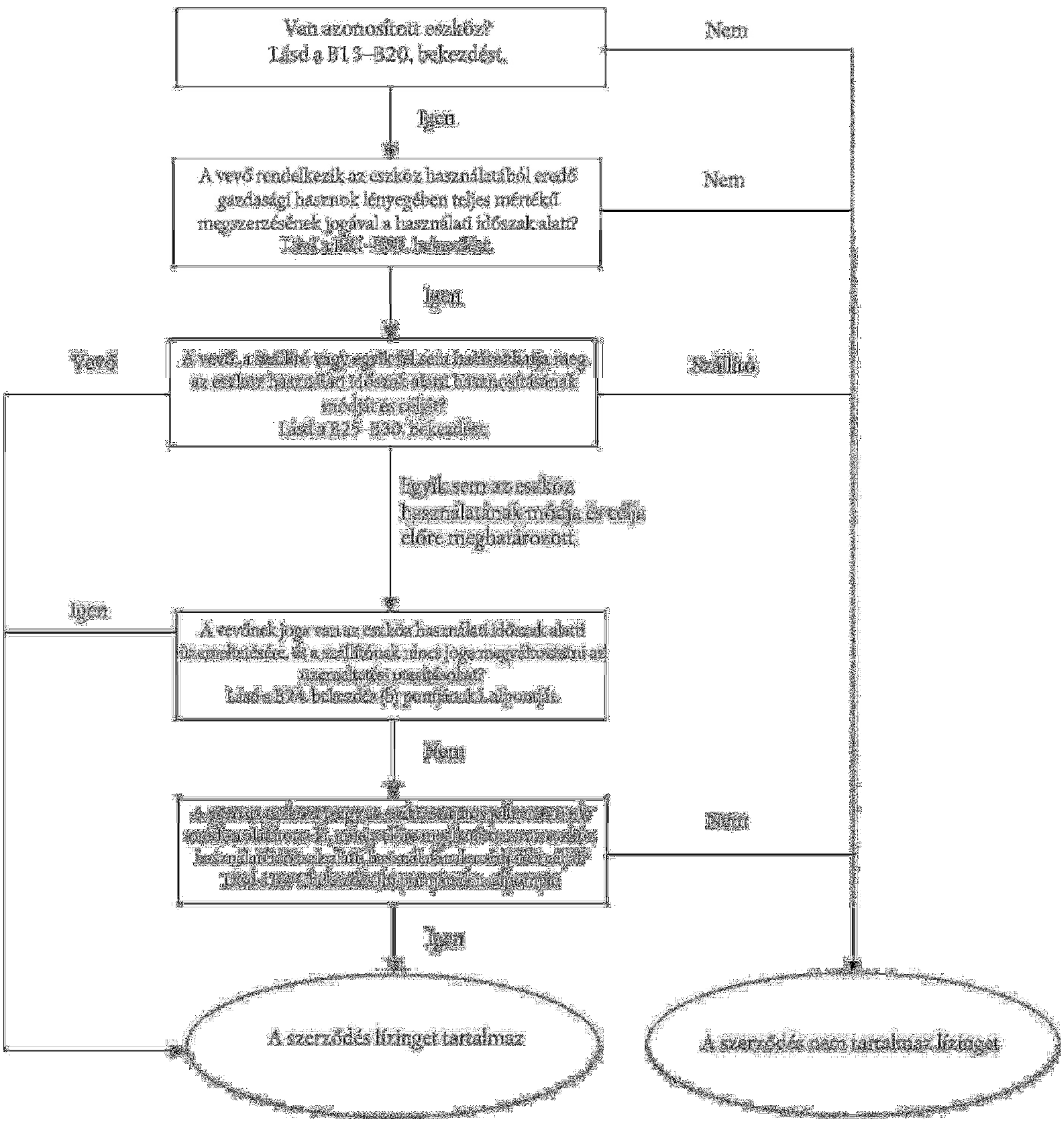
Concerning the other intangible assets, it shall be taken into account whether there is any contractual period that would put limit sas regards the possibility to exercise this right. In such situation, the depreciation period shall not be longer than this period, but may be shorter. By default, the contract period shall be adopted as the useful life.

Softwares and similar intangible assets shall be subject to a depreciation rate at 20-33%. The cost model shall govern the assessment of intangible assest after the initial recongition. The residual value of intangible assets shall be deemed to be zero, unless the contrary is proved.

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 deemd to be a lease contract, or a contract with lease content. Lessee shall be entiteld 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 investigatate 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.

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 rusults, allocated.

Valuation regarding the right-of-use asset

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 extention option, if the lessee has reasonable certainity to exercise the option; and
- periods covered by the leasing termination option, if the lessee has reasonabe certainity not to exercise the option.

The Company as lessee shall re-valuate whether it has reasonable certainity to exercise the extention 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 certainity 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 evetn, 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 forebidden to exercise the option in the previuos 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 recognizes 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 esatblishes the ECL for the lease receivable on the basis of the simplified method.

The lessor shall recognize 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 recognized 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 certainity 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 enforcable period.

Service concession arrangements (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 recognized in the statements at fair value of the contractually agreed, received or receivable consideration. The contractual consideration may be recognized as a financial asset or an intangible asset.

Construction or development services performed by the Company are recognized 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 possiblity 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 recognized 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 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).

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 gorvernment grants

The Company, in principle, accounts for the grants as income. The item non-recognasible to the benefit of the result is recognised among the liabilities as deferred income. The item to be accounted for the benefit of the results is deducted from the related expense, if feasible. The item to be accounted for profit or loss shall be deducted from the related expense, if practicable. In accordance with the above principle, the Company recognizes assets received free of charge.

If a grant is related to expenses, it is primarily accounted for by a reduction in expenses, if this is not possible, it shall be recognized as other income.

Grants should be accounted for when

- it is basically certain that the Company fulfills the conditions related to the grant, and
- it is certain that they obtain the grant.

If the grant shall be repaid afterwards, at the time becoming aware thereof, a liability shall be recognised by way of increasing the asset value or the costs.

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. Fuels should be assumed to be used within a year. The Company determines the closing value of the inventory on the basis of the average initial cost and includes all the cost to the inventory value that is required by the usage of the inventiry at the intended manner and location.

Recognition of impairment

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.

The Company shall carry out the impairment test between December and February.

Provisions

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

If the existence of an obligation cannot be decided unambiguously, the provision should be recognized only if it is more likely that the provision exists than not (present obligation). 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.

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 indemnfication, compensation
- asset decommissioning liability,
- severance payments reogranizational 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 occurance 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 recognisied 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 foragainst 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 recognized as an expense, without inter-period sharing.

The separately recognized 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 applcation 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 recognized for trade receivables has changed, but this has not had a significant impact on the financial statements.

Financial assets

Classification

ClassificationThe 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 regsitered at amortized initial cost.

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

*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 recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets are derecognised 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 recognized in the balance sheet as a net amount if the net settlement of the amounts recognized is legally permitted and the Company intends to settle the amounts on a net basis or intends to realize the asset and settle the liability simultaneously.*Impairment of financial assets*

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:

CHANGE OF CREDIT QUALITY AFTER INITIAL RECOGNITION

RECOGNITION OF VARIABLE CREDIT LOSS

expected credit loss for 12 months	expected credit loss for 12 months	expected credit loss for 12 months

Performing

(Initial recognition)

Non-performing

(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.

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 leasing receivables including a financing component and the receivables under IFRIC 12, the Company, 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.

Derecognition of financial assets

The Company shall only derecognise 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 recognize that financial asset and accounts for the revenues received as collaterilazed credit libaility.

When a financial asset is completely derecognised, 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and equtiy 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

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 recognized, 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 recognized in profit or loss. The Company recognizes 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 borrowied funds, trade and other payables) are measured at amortized cost using the effective interest rate method (the method is describedin 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 derecognised and the consideration paid or payable is recognized in profit or loss.

Actual and deferred income tax

The Company calculates the actual income tax for the current year according to the tax regulations valid in Hungary which is shown among short-term liabilities (possibly receivables). It also estimates the deferred tax that is included in long-term liabilities or non-current assets. Deferred tax is calculated by way of balance sheet method, taking into account the effect of subsequent key changes. A deferred tax asset is recognized only if it can be demonstrated that the item is realizable (reverse). Deferred tax is determined at the rate of expected reversal.

General accounting policies relatod 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.

The foreign currency

The Company present its separate financial statements in HUF. The functional currency is the currency that best describes the operation of a particular company.

The decision points are the following:

- which is the currency in which the firm earns its income;
- what is the currency in which the costs of the given enterprise are incurred;
- what is the main currency of funding.
- These aspects are prioritized.

An entity may have an exchange rate difference only in a foreign currency.

The Company divides its assets and liabilities to monetary and non-monetary assets. Monetary elements are those, the settlement or payment of which requires cash flow or the money itself is monetary element. Those asset-liability natured items (e.g. advances to services, inventories) that do not require cash flow are not monetary elements.

Monetary items denominated in foreign currencies should be revalued at the spot rate of the record date. All entities apply the exchange rate published by the National Bank of Hungary at the record date.

III. Essential estimates used by the preparation of the financial statements and other sources of 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 recognized 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.

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.

Gaining a profit that provides an adequate tax base, against which the deferred tax asset can be enforced

Deferred tax assets are only receivable if it is probable that future taxable profits will be realized against which the deferred tax asset can be utilized. In case of recognisable deferred tax assets, the management shall apply significant assumptions on the timing and amount of the taxable profit that may arise in the light of the tax planning strategy.

In the year under review the Company, based on conservative methodology, determined the expected rate of the deferred tax asset available based on the expected earning capacity of existing and contracted projects. This business plan does not count on external financing or spending on cash generated for the Hungarian operation.

Uncertainty regarding the evaluation of subsidiaries

Recoverable amount of the Company’s subsidiaries means a significant uncertainty in the assessment thereof, the change of which may lead to impairment or the reversal of the impairment. These impairments and reversal of impairments directly affect the net result.

Uncertainty due to assets subject to IFRIC 12

Valuation of assets subject to IFRIC 12 depends on wether the counterparty initiates an amendment to the agreement or on its solvency. The recoverable amount of the asset is influenced by a combination of these factors that are partly independent from the entity.

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 Company did not change its accounting policies of 2019 to 2020. Application of accounting policies relating to the introduction of the new standards shall be exception thereto.

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

- Amendments of certain standards - Development of "IFRSs (in years 2015-2017)" - Amendments made regarding ceratin standards as a result of the IFRS Development Project (IFRS 3 IFRS 11, IAS 12 and IAS 23), preliminary for the termination of inconsistencies and the clarification of interpretations - adopted by the EU on 14 March 2019 (effective from reporting periods beginning on or after 1 January 2019),

- Amendments of standard IAS 19 'Employee Benefits' - Program amendment, -limitation or -settlement - adopted by the EU on 13 Marc 2019 (effective from reporting periods beginning on or after 1 January 2019),

- Amendment of standard IAS 28 'Investments in Associates and Joint Venture' - long term interests in accociates and joint ventures - adopted by the EU on 8 February 2019 (effective from reporting periods beginning on or after 1 January 2019),

- IFRIC 23 'Uncertainty regarding the Profit Tax' - adopted by the EU on 23 October 2018 (effective from reporting period beginning on or after 1 January 2019),

- Amendments of standard IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation - adopted by the EU on 22 march 2018 (effective from the reporting period beginning on or after 1 January 2019),

- IFRS 16 'leases' standard - adopted by the EU on 31 October 2017 (effective from reporting period beginning on or after 1 January 2019)

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, including the lease standard as well that did not bring a fundamental change in the financial statements.

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 of standards IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' - interest rate benchmark reform - adopted by the EU on 16 Januar 2020 (effective from reporting period 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 10 December 2019 (effective from reporting periods beginning on or after 1 January 2020),

- Amendments to References to Conceptual Framework in IFRS (effective for reporting periods beginning on or after 1 January 2020)

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 14 Regulatory Accounts (came into force in the reporting periods beginning on or after January 1, 2016) - the European Commission made a decision not to apply the approval process to the current intermediate standard and to wait for the final standard.

- IFRS 17, Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021),

- 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).

- 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).

- Amendments of standard IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors amendments - Definition of materiality (effective for reporting periods beginning on or after 1 January 2022).

Data in thousand HUF

V. Explanatory notes to the comprehensive income statement

1. Sales revenues:

The breakdown of revenue by activity is as follows:

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Heat sale	142,077	200,258
Lease	222,954	243,121
Income of other operations	4,134	14,615
Total	**369,165**	**457,994**

Revenue includes only yields relating to the entity's principal activity.
The rental line includes the yield from the contracts under by IFRIC 12.

With the exception of accounting for accruals , 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 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.

2. Direct expenditures

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Passed utility charges	(140,889)	(197,463)
Total	**(140,889)**	**(197,463)**

Direct expenditures include expenditures that can be directly related to revenue. The Company recognises only the passed utility charges among direct expenditures.

Data in thousand HUF

3. Material costs

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Office supplies	(210)	(161)
Fuel	(1,618)	(1,714)
Public utility fees	(438)	(1,202)
Other cost of materials	(961)	(408)
Total	**(3,227)**	**(3,485)**

The above table shows the development of the material expenses. Material expenditure value was at quite the same level compared to previuos year.

4. Personnel expenses

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Wages and benefits	(30,580)	(56,996)
Payroll taxes	(12,954)	(11,753)
Other personnel benefits	(31,985)	(1,373)
Total	**(75,519)**	**(70,122)**

The above table shows the development of the value of personnel costs. This table shows that the value of personnel expenses was at the same level as in the previous year.

The Company’s average staff number, also including managing directors, was 11 in 2018 and it was the same in 2019.

Data in thousand HUF

5. Purchased services expenses

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Legal cost	(33,639)	(25,169)
Operational costs	(25,673)	(27,531)
Rental fees	(10,433)	(16,394)
Advisory fees	(17,830)	(28,602)
Bank charges	(1,776)	(1,980)
Other disclosures	(10,752)	(12,605)
Insurance fees	(1,805)	(684)
Communicationcosts	(1,751)	(2,155)
Property costs	(657)	(624)
Maintenance costs	(25,915)	(27,022)
Total	**(130,231)**	**(142,766)**

The above table shows the development of the value of purchased services. Form the above table, it can be seen that the value of purchased services increased by HUF 12535 thousand compared to the previous year. The decrease in rents and consulting fees compared to the previous year mainly drove the cost dicrease.

6. Other incomes and expenses

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Other revenues		
Release of provisions	52,272	0
E-Star Management Zrt. reversal of loan receivable impairment	0	91,500
Heat Energy reversal of loan receivable impairment	4,562	0
CDR reversal of loan receivable impairment	0	9,725
E-Star Investment Management SRL reversal of loan receivable impairment	0	40,186
Reversal of trade impairment		81,276
Default interest received	3,315	13,206
Redemption fee on purchase of leased assets	50	7,154
Revenue on sale of tangible assets	1,400	3,472
Other income	987	886
Total	**62,586**	**247,405**

Data in thousand HUF

Other expenditures		
Asset impairment	(47,630)	(34,903)
Creation of provisions	0	(2,308)
Fines	(13)	(4)
Other taxes	(2,172)	(2,086)
Carrying amount of purchased tangible assets at derecognition	(1,000)	(4,183)
Result of tangible asset write-off		0
Other expenditures	(2,430)	(1,122)
Total	**(53,245)**	**(44,606)**
Other incomes and expenditures (net)	**9,341**	**202,799**

Impairment of the assets was as follows:

	Year ending on 31.12.2019	**Year ending on 31. 12. 2018**
Impairment of tangible assets	0	0
Impairment of receivables towards affiliates		
E-Star Alternative Energy SA	0	(597)
E-Star Centrul de Dezvoltare Regionala SRL	(15,372)	(6,470)
E-Star Energy Generation SA	(9,676)	(9,797)
E-Star Heat Energy SA	0	(0)
E-Star Management Zrt.	0	(3,030)
E-Star Mures Energy SA	(12,841)	(4,118)
E-Star ZA Distriterm SRL	0	0
RFV Slovak	0	0
Depreciation of customer receivables	(9,741)	(9,740)
Impairment of other receivables	0	(1,151)
Total	**(47,630)**	**(34,903)**

Data in thousand HUF

7. Expenditure (income) of financial operations

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
Interest from affiliate	18,103	7,712
Other interest income	180	517
IFRIC 12 interest income	58,180	32,672
Reversal of impairment on EETEK share	310,004	56,372
Reversal of impairment on Enefi Projecttársaság share	52,191	0
Interest on Random bonds	4,392	
Exchange-rate differences	(2,967)	(3,642)
Interest paid to affiliate	(108,723)	(106,647)
IFRS 16 lease interest expense	(825)	
Financial expenses – expected credit loss	5,742	(5,349)
Impairment of E-Star Management Zrt share	(2,609)	(85,801)
Total	**333,668**	**(104,166)**

Details of interest from affiliate:

	Year ending on 31.12.2019	Year ending on 31. 12. 2018
E-Star Centrul de Dezvoltare Regionala SRL	252	43
E-Star Heat Energy SA	0	1,151
E-Star Alternative Energy SA	0	18
E-Star Energy Generation SA	902	752
E-Star Management Zrt.	0	3,030
ENEFI Projekttársaság Kft.	360	0
Pannon Fuel Kft.	16,589	2,718
Total	**18,103**	**7,712**

Details of interest paid to affiliate:

	Year ending on 31.12.2019	Year ending on 31. 12. 2018

EETEK LIMITED	(108,723)	(106,599)
ENEFI Projekttársaság Kft.	0	(48)
Total	**(108,723)**	**(106,647)**

8. Income tax revenue / expense

The Company recognizes only local business tax expense in both periods as income tax expense. Both the innovation contribution and the corporate tax expense are zero.

The deduction of corporate tax is shown in the table below:

	31.12.2019	**31.12.2018**
Pre-tax profit/loss	**345,480**	**275,626**
Tax base increasing items	**66,278**	**48,045**
Impairment	17,828	9,716
Creation of provisions	0	2,308
Fine, default interest	13	4
Impairment of trade receivables	9,741	34,903
Impairment of other receivables	37,890	0
Other increasing item	806	1,114
Items decreasing tax base	**1,418,703**	**1,490,699**
Depreciation under tax regulation	313	2,852
Received dividend	0	0
Irrecoverable receivables	1,348,761	1,348,761
Local business tax	6,457	7,899
Release of provision	52,272	0
Reversal of impairment	10,900	131,187
Tax base	**(1,006,945)**	**(1,167,028)**
Tax payable	**0**	**0**

Data in thousand HUF

VI. Explanatory notes to the balance sheet

9. Intangible assets

At the end of the period, the value of intangible assets was as follows:

	Softwares and other intangible assets	Total
Gross value		
1 January 2018	**37,813**	**37,813**
Write-off	0	0
31 December 2018	**37,813**	**37,813**
Increase	0	0
31 December 2019	**37,813**	**37,813**

Accumulated depreciation		
1 January 2018	**37,813**	**37,813**
Depreciation of current year	0	0
Write-off	0	0
31 December 2018	**37,813**	**37,813**
Depreciation of current year	0	0
31 December 2019	**37,813**	**37,813**

Book value		
January 1, 2018	0	0
31 December 2018	0	0
31 December 2019	**0**	**0**

Data in thousand HUF

10. Tangible assets

The below table shows the changes in the assets:

	Properties and buildings	Technical equipment	Other equipment	Right-to-use assets	Total
Gross value					
1 January 2018	**271,195**	**300,593**	**24,279**	**0**	**596,068**
Procurement		513	64	0	**577**
Sale		(3,472)	(2,515)	0	**(5,987)**
31 December 2018	**271,195**	**297,633**	**21,828**	**0**	**590,656**
Procurement	0	0	3,450	17,717	**21,167**
Sale	0	0	(2,413)	0	**(2,413)**
31 December 2019	**271,195**	**297,633**	**22,865**	**17,717**	**609,410**
Accumulated depreciation					
1 January 2018	**269,334**	**276,186**	**18,129**	**0**	**563,649**
Depreciation of current year	137	8,955	624	0	**9,716**
Derecognition due to sale	0	(1,415)	(391)	0	**(1,806)**
31 December 2018	**269,471**	**284,749**	**17,337**	**0**	**571,556**
Depreciation of current year	137	7,491	149	9,051	**16,828**
Derecognition due to sale	0	0	(1,413)	0	**(1,413)**
31 December 2019	**269,608**	**292,240**	**16,073**	**9,051**	**586,971**
Book value					
January 1, 2018	1,862	24,407	6,150	0	**32,419**
31 December 2018	1,725	13,908	3,466	0	**19,099**
31 December 2019	1,587	5,393	6,792	8,666	**22,439**

The Company does not intend to acquire higher value intangible assets in the upcoming years, and does not have an intangible asset of high value.

Tangible assets include a Romanian site with 0 value, to which the Company had to account for a 100% impairment as it was seized by the Romanian authorities. Litigation proceeding is pending in connection with the seizure. The area thereof within Romania is 29,504 m2 (Zilah). The Romanian authorities appropriated one part of the plot (623 m2), the expropriation involves a monetary redemption. The receivable is not included in the financial statements.

Data in thousand HUF

The Company recognizes the right-to-use and the depreciation related to a lease of a car and a boiler among the roght-to-use assets.

11. Shares in subsidiaries, affiliates and joint ventures

	31.12.2019	31.12.2018
RFV Józsefváros Kft.	1,470	1,470
Termoenergy SRL	38,500	38,500
E-Star Centrul de Dezvoltare Regionala SRL	34,525	34,525
E-Star ZA Distriterm SRL	0	0
E-Star Mures Energy SA	5,913	5,913
E-Star Energy Generation SA	5,913	5,913
E-Star Heat Energy SA	5,913	5,913
E-Star Alternative Energy SA	5,913	5,913
E-Star Management Zrt.	96,500	96,500
Pannon Fuel Kft.	31,177	25,219
EETEK LIMITED	6,384,260	6,384,260
ENEFI Projekttársaság Kft.	52,191	52,191
Total	**6,662,276**	**6,656,317**
Recognised impairment	(2,622,619)	(2,982,204)
Book value	**4,039,657**	**3,674,113**

The below table shows the impairment recognised for the shares:

	31.12.2019	31.12.2018
RFV Józsefváros Kft.	0	0
Termoenergy SRL	(38,500)	(38,500)
E-Star Centrul de Dezvoltare Regionala SRL	(34,525)	(34,525)
E-Star ZA Distriterm SRL	0	0
E-Star Mures Energy SA	(5,913)	(5,913)
E-Star Energy Generation SA	(5,913)	(5,913)
E-Star Heat Energy SA	(5,913)	(5,913)
E-Star Alternative Energy SA	(5,913)	(5,913)
E-Star Management Zrt.	(93,410)	(90,801)
EETEK LIMITED	(2,432,532)	(2,742,535)
ENEFI Projekttársaság Kft.	0	(52,191)
Total	**(2,622,619)**	**(2,982,204)**

Data in thousand HUF

Book value of the investments is shown in the below table:

	31.12.2019	31.12.2018
RFV Józsefváros Kft.	1,470	1,470
Termoenergy SRL	0	0
E-Star Centrul de Dezvoltare Regionala SRL	0	0
E-Star ZA Distriterm SRL	0	0
E-Star Mures Energy SA	0	0
E-Star Energy Generation SA	0	0
E-Star Heat Energy SA	0	0
E-Star Alternative Energy SA	0	0
E-Star Management Zrt.	3,090	5,699
Pannon Fuel Kft.	31,178	25,219
EETEK LIMITED	3,951,728	3,641,725
ENEFI Projekttársaság Kft.	52,191	0
Total	**4,039,657**	**3,674,113**

All of the above Companies are subsidiaries, except for the Pannon Fuel Kft. that is an affiliate company. The Company recognises its investments at initial value less impairment.

On the balance sheet date, the Company recognized an impairment loss of HUF 2,609 thousand on the share at E-Star Menedzsment Zrt, and a reversal of an impairment loss of HUF 183,392 thousand on the share at EETEK LIMITED (of which HUF 126,612 thousand was accounted for against the previous period's profit or profit reserve due to the year-end revaluation of foreign currency-based loan balances that had not taken place in previous years), a reversal of an impairment loss of HUF 52,191 thousand for the share at ENEFI Projekttársaság Kft and an increase of HUF 5,959 thousand with regard to the share at Pannon Fuel Kft.

The Company has determined the recoverable amount of the shares based on the equity of the investments.

Data in thousand HUF

12. Other non-current receivables

	31.12.2019	31.12.2018
E-Star Heat Energy SA loan	15,685	20,247
E-Star Heat Energy SA loan interest	10,821	10,821
Pannon Fuel Kft. loan	487,652	343,311
Total	**514,158**	**375,067**
E-Star Heat Energy SA loan impairment	(15,685)	(20,247)
E-Star Heat Energy SA loan interes impairment	(10,821)	(10,821)
Book value	**487,652**	**343,311**

Among the non-current receivables, the Company recognises the loan provided to E-Star Heat Energy SA and the relating interests, and a loan provided to Pannon Fuel Kft.

The Company recognized an expected credit loss of HUF 977 thousand among the financial expenses in the income statement in accordance with IFRS 9 Impairment Accounting Rules for the loan granted to Pannon Fuel Kft.

13. Long-term debt securities

Securities representing long-term loans	31.12.2019
Finance bond book value	100,000
Finance bond Pro rata temporis interest	863
Finance bond ECL	(306)
Book value	**100,557**

On the 15th of May 2019, the Company purchased 100 piece of 'Finance' bonds, shares with a 1,000,000 HU/piece value issued by Random Capital Zrt. There is an annual 7% interest on the bond, interest payment is quarterly. Effective interest of the bond is identical in subsance to the nominal interest. There is no transactional cost linked to the bond, and the cash-flows of the bond are not amended.

The Company accounted for to the long-term loan securities a HUF 306 thousand of expected credit loss. The Company determined the loss given default rate

Data in thousand HUF

(LGD) at 45% and the probability of the default (PD) at 0.68 % by the calculation of the expected loss.

14. Concession assets

Tangible assets recognized under IFRIC 12:

	31.12.2019	31.12.2018
Assets derived from service concession arrangements	550,255	634,233

Assumptions used to determine fair value at the reporting date:

The Group discounted 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%):

Project	Date	Expiry	31.12.2019	31.12.2018
Józsefváros	01.08.2007	31.07.2022	395,959	466,261
Csurgó	15.10.2005	14.10.2018	0	0
Pápa	01.09.2005	31.05.2018	0	0
Demecser	01.12.2006	30.11.2018	0	0
Fót	21.10.2005	21.10.2018	0	1,358
Gesztely	01.08.2006	31.07.2018	0	0
Inke	01.12.2006	30.11.2018	0	929
Tarnaméra	01.11.2007	31.10.2019	0	2,267
Győr	01.09.2008	31.08.2020	1,833	4,418
Pilisszentkereszt	01.10.2008	30.09.2020	2,437	4,803
Heves	01.11.2006	31.10.2018	0	0
Budapest	01.11.2015	31.10.2021	45,367	48,241
Érd	01.11.2015	30.09.2024	106,149	107,673
Hódmezővásárhely	01.11.2015	06.12.2018	0	0
Total			**551,745**	**635,950**

The Company recorded the following movements for the concession assets:

	31.12.2019	31.12.2018
Opening balance	**634,233**	**581,182**
Adjustment due to IFRS 9	0	(1,569)
Previous year amendment	15,657	(14,071)
New concession asset receivable	0	159,666
Receivable decrease	(99,862)	(90,827)
Expected credit loss	227	(148)

Closing balance	**550,255**	**634,233**

The Company recognized an expected loan loss of HUF 1,490,000 for assets deriving from service concession arrangements. The Company determined the loss given default rate (LGD) at 45% and the probability of the default (PD) at 6 % by the calculation of the expected loss.

15. Deferred tax assets and liabilities

In the course of the deferred tax calculation, the Company 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 accordince with the sign thereof. The Company separately assessed the return on the asset at time of the recognition.

In both years, all companies of the Company calculated the tax with a 9% rate at return, as the particular assets and liabilities become effective taxes at periods when the tax rate is set at 9% in the effective legislation.

The Company has decided not to include deferred tax assets in the books as their recoverability is unlikely. The below table shows the amount of taxable differences including the value of the deferred tax asset not recognised:

Data in thousand HUF

The 2019 tax balance and temporary differences are as follows:

	Accounting value	Tax value	Difference
Tangible assets	22,439	273,675	(251,236)
Investments in affiliated companies	4,039,657	4,039,657	0
Other non-current receivables	487,652	515,135	(27,483)
Long-term debt securities	100,557	100,863	(306)
Financial assets (IFRIC 12)	550,255	0	550,255
Customer	73,162	378,251	(305,089)
Other receivables	97,668	9,257,692	(9,160,024)
Accruals	6,152	6,152	0
Cash and cash equivalents	64,054	64,054	0
Provisions	47,600	0	47,600
IFRS 16 long-term lease liability	500	500	0
Other non-current liabilities	322,205	322,205	0
Short-term credits	3,791,362	3,791,362	0
IFRS 16 short-term lease liability	8,442	8,442	0
Vendor liabilities	40,129	40,129	0
Deferred income	7,895	7,895	0
Other current liabilities	15,156	15,156	0
Loss impairment	0	10,071,556	(10,071,556)
Total	**9,674,885**	**28,892,724**	**(19,217,839)**

Taxable difference	**19,217,839**
Deferred tax receivable	**1,729,606**

The Company does not recognize the deferred tax receivable, since it does not currently have a tax strategy that provides a basis for the recovery of the deferred tax receivable. If the Company subsequently makes a taxable profit or positive tax base adjustment items arise, this asset can be realized.

Data in thousand HUF

16. Trade receivables

The following information is relevant to customer receivables and the impairment thereof:

	31.12.2019	31.12.2018
Customer base	73,162	150,747

	31.12.2019	31.12.2018
Non-due	16,456	45,483
Between 1-90 days	56,388	8,785
Between 91-180 days	0	2,209
Between 181-365 days	203	20,757
More than 1 year overdue	305,204	373,370
Gross trade receivables total	**378,251**	**450,604**
Accounted impairment of trade receivables	(305,089)	(299,857)
Customer base at reporting date	**73,162**	**150,747**

The breakdown of non-impaired trade receivables is as follows

Non-impaired receivables	**31.12.2019**	**31.12.2018**
Non-due	48,806	45,028
Between 1-180 days	24,191	87,038
Between 181-360 days	165	18,681
More than 1 year overdue	0	0
Total:	**73,162**	**150,747**

The impairment made by the Company on trade receivables is as follows:

	31.12.2019	31.12.2018
Balance as of 1 January	**299,857**	**363,842**
Impairment change due to first application of IFRS 9	0	3,037
Impairment for receivables	9,741	9,740
Impairment correction	1,601	0
Reversed depreciation	0	(81,275)
Expected credit loss	(6,110)	4,513
Balance as of 31 December	**305,089**	**299,857**

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

By the examination of the possibility of a specific trade receivable, the Company takes into account any changes in the credit quality of the receivable between the borrowing date and the end of the reporting period. In all cases, the payment deadline for the customer accounts is 8 days.

Data in thousand HUF

17. Other receivables

	31.12.2019	31.12.2018
Affiliated loan	6,392,702	6,336,177
Affiliated loan interest	2,643,448	2,641,934
Granted loan and interest - Hőáramkör Kft.	33,960	33,960
Member’s loan	0	11,271
Default interest receivable	0	13,206
Other tax receivables	7,492	6,381
VAT receivable	20,230	76,558
Other receivables	159,861	114,774
Other receievable gross total	**9,257,693**	**9,234,261**
Recognised impairment	(9,160,025)	(9,122,135)
Other receivables total	**97,668**	**112,126**

The below table shows the details of the affiliated loans and loan interests:

	31.12.2019	31.12.2018
Affiliated loan		
Termoenergy SRL	34,344	34,344
E-Star Centrul de Dezvoltare Regionala SRL	4,550,090	4,534,970
E-Star Mures Energy SA	1,672,409	1,659,568
E-Star Heat Energy SA	11,808	11,808
E-Star Alternative Energy SA	1,396	1,396
E-Star Energy Generation SA	56,637	47,863
E-Star Energy Generation SA	45,418	45,418
RFV Józsefváros Kft.	0	712
ENEFI Projekttársaság Kft.	20,600	98
Total	**6,392,702**	**6,336,177**

	31.12.2019	31.12.2018
Affiliated loan interest		
Termoenergy SRL	19,772	19,772
E-Star Centrul de Dezvoltare Regionala SRL	2,143,978	2,143,726
E-Star Mures Energy SA	345,975	345,975
E-Star Heat Energy SA	3,201	3,201
E-Star Alternative Energy SA	4,751	4,751
E-Star Energy Generation SA	125,411	124,509
E-Star ZA Distriterm SRL	0	0
E-STAR Management Plc.	0	0
ENEFI Projekttársaság Kft.	360	
E-Star Investment Management SRL	0	0

Total	**2,643,448**	**2,641,934**

Data in thousand HUF

The below table shows the impairment of the other receivables:

	31.12.2019	31.12.2018
Affiliated loan		
Termoenergy SRL	(34,344)	(34,344)
E-Star Centrul de Dezvoltare Regionala SRL	(4,550,090)	(4,534,970)
E-Star Mures Energy SA	(1,672,409)	(1,659,568)
E-Star Heat Energy SA	(11,808)	(11,808)
E-Star Alternative Energy SA	(1,396)	(1,396)
E-Star Energy Generation SA	(56,637)	(47,863)
E-Star Energy Generation SA	(45,418)	(45,418)
Total	**(6,372,102)**	**(6,335,367)**
Affiliated loan interest		
Termoenergy SRL	(19,772)	(19,772)
E-Star Centrul de Dezvoltare Regionala SRL	(2,143,978)	(2,143,726)
E-Star Mures Energy SA	(345,975)	(345,975)
E-Star Heat Energy SA	(3,201)	(3,201)
E-Star Alternative Energy SA	(4,751)	(4,751)
E-Star Energy Generation SA	(125,411)	(124,509)
Total	**(2,643,088)**	**(2,641,934)**
Granted loan and interest - Hőáramkör Kft.	(33,960)	(33,960)
Other receivables	(110,875)	(110,877)
Total	**(9,160,025)**	**(9,122,135)**

The below table shows the other claims with a non-zero carrying amount:

	31.12.2019	31.12.2018
RFV Józsefváros Kft.	0	712
Enefi Projekttársaság Kft.	20,960	98
Member's loan	0	11,271
Default interest receivable	0	13,206
Other tax receivables	7,492	6,381
VAT receivable	20,230	76,558
Security, bond	48,071	0
Other receivables	915	3,900
Other receivables total	**97,668**	**112,126**

The Company recognises the taxes recorded by the same tax authority on net basis. Debt-type tax balances are classified as liabilities (if the company has a debt towards the tax authority after all).

18. Active accruals

Data in thousand HUF

The below table shows the details of the accruals:

	31.12.2019	31.12.2018
Active accruals of costs and expenditures	0	1,087
Active accruals of due receivables	6,152	34,350
Total	**6,152**	**35,437**

Breakdown of the active accruals of the costs is as follows:

	31.12.2019	31.12.2018
Insurance fee	0	198
Rental fees	0	696
Passing-on of public utility fee	0	193
Total	**0**	**1,087**

Breakdown of active accruals of due future receivables is as follows:

	31.12.2019	31.12.2018
Heating fee	6,152	32,350
Rental fee	0	2,000
Total	**6,152**	**34,350**

19. Financial assets and equivalents

	31.12.2019	31.12.2018
Bank balances	63,903	110,580
Cash	151	242
Cash and cash equivalent	**64,054**	**110,822**

Financial assets includes only balances that may immediatley be converted to money and used.

Data in thousand HUF

20. 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	**31.12.2019**	**31.12.2018**
Nominal value as of 1 January	100,000	100,000
Nominal value of ordinary shares issued during the year	0	0
Nominal value of own shares withdrawn during the year	0	0
on 31 December 2019	**100,000**	**100,000**

Number of issued and paid ordinary shares	**31.12.2019**	**31.12.2018**
Quantity as of 1 January (piece)	10,000,000	10,000,000
Interim share issuance	0	0
Number of own shares withdrawn	0	0
on 31 December 2019	**10,000,000**	**10,000,000**

The Company's subscribed capital did not changed in the reporting period.

Capital structure of the Company in 2019:

Tranch of share: ISIN: HU0000089198	**Nominal value (HUF/piece)**	**Number of issued shares**	**Total nominal value (HUF)**
Ordinary share	10	10,000,000	100,000,000
Capital size		**10,000,000**	**100,000,000**

All the employee shares has been converted to capital in 2019. Conversion was registered on the 11 of April, 2019.

Data in thousand HUF

Capital structure of the Company in 2018:

Tranch of share: ISIN: HU0000089198	Nominal value (HUF/piece)	Number of issued shares	Total nominal value (HUF)
Ordinary share	10	7,500,000	75,000,000
Employee shares	10	2,500,000	25,000,000
Capital size		**10,000,000**	**100,000,000**

Number of voting rights attached to the shares in 2019:

Tranch of shares	Number of issued shares	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**

Number of voting rights attached to the shares in 2018:

Tranch of shares	Number of issued shares	Shares with voting rights	Voting rights per shares	Total voting rights
Ordinary share	7,500,000	7,500,000	1	7,500,000
Employee shares	2,500,000	2,500,000	1	2,500,000
Total:	**10,000,000**	**10,000,000**	**1**	**10,000,000**

None of the share types are limited in marketability.

Subscribed capital of the Company has been increased on the 9th of January 2020, according to the non-financial asset as of 29 November 2019. As a result thereof, 1,150,000 ordinary shares and 5,456,109 convertible dividend preference shares were issued. The latter capital increase may not yet be included in these financial statements.

Data in thousand HUF

21. Capital reserve (share premium accounts)

	31.12.2019	31.12.2018
Balance at the beginning of the year	21,423,391	21,423,391
Issuance of employee shares I	0	0
Repurchase of employee shares	0	0
Issuance of employee shares II	0	0
Year end balance	**21,423,391**	**21,423,391**

The value of the capital reserves did not change in the current year, its balance includes the amount made available to the Company in charge of the share in addition to the nominal value.

22. Own shares

Development of number of own shares	**31.12.2019 piece**	**31.12.2018 piece**
Opening value	941,811	685,071
Number of repurchased own shares	671,189	256,669
Shares (piece)	**1,613,000**	**941,811**

Development of own shares value	**31.12.2019**	**31.12.2018**
Opening value	60,122	11,652
Carrying amount of repurchased own shares	322,205	48,470
Shares at carrying amount	**382,327**	**60,122**

630,000 piece of own shares have been separated for the settlement of share option (see the next explanatory note).

23. Reserve for share-based payments

The share-based payment reserve includes the fair value of a share option vested in an earlier period. The share option covers 630,000 piece 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 25/09/2020, there is no more relating condition.

24. Calculation of Earnings per Share (EPS)

Data in thousand HUF

The Company decided to recognise the EPS indicator only as per the consolidated data, as allowed by IAS 33.4.

25. Provisions

	Provision made for tax related liabilities	Provision made for employmentship related contingent liabilities	Total
31 December 2018	**51,472**	**48,400**	**99,872**
Current provisions (-)			**0**
Non-current provisions (-)	**51,472**	**48,400**	**99,872**
Provision made during the year			
Provision released during the year	(51,472)		(51,472)
Interim adjustment		(800)	(800)
Effect of exchange-rate changes			0
31 December 2019	**0**	**47,600**	**47,600**
Current provisions (-)	0	0	**0**
Non-current provisions (-)	0	47,600	47,600

The Company has accounted for a provision for tax liabilities in their books in respect of a contingent administrative issue in the previuos years, this provision has been released in 2019 due to expiry of limitation period.

26. Long-term lease liability

On this balance sheet line, the Company records the lease capital liability due over one year for the leased assets. See section 29 for more information.

27. Other non-current liabilities

On 28 June 2019, the Company repurchased 301,283 piece of own shares from ENEFI Projekttársaság and 369,977 piece of own shares from the EETEK LIMITED, in both cases at a price of HUF 480 per share. Pursuant to the share purchase agreement, the Company must pay the purchase price to the above-mentioned two Companies till 31 December 2022.

	Number of shares	Purchase price / share	Liability
ENEFI Projekttársaság Kft.	301,283	480	144,616
EETEK LIMITED	369,977	480	177,589

Data in thousand HUF

Total			**322,205**

28. Short-term credits

	31.12.2019	31.12.2018
Loan from EETEK Limited – loan 1	3,689,071	3,615,515
Loan from EETEK Limited – loan 2	99,156	96,453
Loan – Gábor Dácz	3,135	3,135
Total	**3,791,362**	**3,715,103**

The below table shows the conditions of the loan liabilities towards EETEK LIMITED:

	Payment frequency	Interest volume	Nominal debt on 31.12.2019	Foreign currency	Expiry
EETEK LIMITED - loan 1	at the end of the maturity	**1 month BUBOR + 3%**	3,407,029	thousand HUF	31.12.2019
EETEK LIMITED - loan 2	at the end of the maturity	interest-free	300,000	EUR	31.10.2018

THe below table shows the changes to the loan from EETEK LIMITED in 2019:

Loan 1 from EETEK LIMITED	Amount
Balance 01.01.2019	3,615,515
Repayment of the loan	(35,167)
Interest	108,723
Total	**3,689,071**

Loan 2 from EETEK LIMITED	Amount
Balance 01.01.2018	96,453
Revaluation surplus at the end of the year	2,703
Total	**99,156**

Data in thousand HUF

29. Current lease liabilities

	31.12.2019
Non-current liabilities for asset leasing fees	500
Current liabilities for asset leasing fees	8,442
Total	**8,942**

The Company rents a car and a boiler under lease. The present value of lease payments payable within one year is included in this liability position.

Presentation of lease liabilities

The Company recognises an adjustment item in the financial statements due to leases relating to the below factors:

- car rental,
- boiler rental.

The Company transitioned to the application of IFRS 16 by way of the amended retrospective method so that without re-defining the value of the right-of-use asset, but specifying that in the present value of the remaining cash flows. This had the below effect on the balance sheet as of 1 January 2019:

Amendment on 1 January 2019:	**ROU**	**Lease liability**
Values under IAS 17 rules	0	0
IFRS 16 transition effect	17,717	17,717
Values under IFRS 16 rules	**17,717**	**17,717**

Given the chosen transition methodology, the transition had no impact on opening retained earnnings.

The interest rate applied during the transition to IFRS 16 - an incremental interest rate - is 6% pa.

The below table shows the lease fees:

	Lease fees
within 1 year	8,700
between 1 and 5 year	500
over 5 year	0
Total lease fee	**9,200**
Interest not yet due	(258)
Present value of lease fees	**8,942**

Data in thousand HUF

The below table shows the lease liabilities:

	31.12.2019
Opening balance	0
Transition opening balance due to IFRS 16	17,717
Lease payments decrease	(8,775)
Total	**8,942**

30. Deferred income

Breakdown of the balance sheet line is as follows:

	31.12.2019	31.12.2018
Accrued revenue	77	860
Accrued costs	7,818	45,108
Total	**7,895**	**45,968**

Breakdown of deferred revenue is as follows:

	31.12.2019	31.12.2018
Heating fee	77	860
Total	**77**	**860**

Breakdown of deferred liabilities of costs is as follows:

	31.12.2019	31.12.2018
Gas fee	826	32,350
Audit	2,500	9,750
Accounting fee	2,992	1,929
Management fee	0	345
Facility management fee	0	320
Public utility fees	0	324
Other expert fee	1,500	90
Total	**7,818**	**45,108**

31. Other short-term liabilities

Breakdown of the balance sheet line is as follows:

	31.12.2019	31.12.2018
Value Added Tax	8,420	15,044
Payable remuneration	3,954	2,907
Payroll taxes	2,597	2,567
Other liabilities	184	1,602

Total	**15,156**	**22,120**

VII. Other disclosures

32. Operational segments

The 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 Company's opeartion, so the management has prepared the financial statements regarding the establishment of segments with the consideration of the statements prepared for them. The Board of Directors members have established that the Company's operation is essentially focused on one activity: the Company makes investments for its customers / future customers primarily energy investments that provides return from savings which also provides energy with high efficiency along a long-term operation. The Company's activity is exclusively focused on Hungary, so break down the operating segments is not possible neither by activity or by geographical region. The Board of Directors members also found that there are no segments the operational results of which would be reviewed on a regular basis in order to decide on the resources to be allocated to that segment.

In light of the above, the Board of Directors members of the Company have found that the Company, as a listed entity, is obliged to disclose operational segment information , the Company cannot however establish segments based on either the activity or the geographic region, so disclosure of these segment information is not possible.

Data in thousand HUF

33. Related party disclosures

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, chairman of the Board of Directors, from 30.12.2016
András Zoltán PEtykó, Board of Directors member, from 18.11.2019
László Bálint, Board of Directors member, from 30.12.2016
Ferenc Virág, Board of Direcotrs member, from 30.04.2019
Attila György, Gagyi Pálffy, Board of Directors member, deleted on 30.04.2019

There has been no transactions with the above related parties in 2019 and the balance sheet shows no reporting date balance against these related parties, except for the benefits granted to executive officers.

The below table shows the remuneration of executive officers.

	31.12.2019	**31.12.2018**
Gross remuneration, commission fee, honorarium	38,377	36,466
Share-based payments	0	0
Total	**38,377**	**36,466**

Data in thousand HUF

The Company conducted the following transactions with affiliated companies in 2019, and the following highlighted balances characterize the relationship (pricing of transactions on a market basis):

	Amount
EETEK LIMITED	
Result positions	
Interest expense	(108,723)
Reversal income on share impairment	310,004
Balance sheet positions	
Other non-current liabilities	(177,589)
Participation	6,384,260
Impairment of participations	(2,432,531)
Short-term loans	(3,506,185)
Interest of short-term loans	(282,042)
ENEFI Projekttársaság Kft.	
Result positions	
Interest revenue	360
Management fee revenue	180
Reversal income on share impairment	52,191
Balance sheet positions	
Other non-current liabilities	(144,616)
Loan receivables	20,600
Loan interest receivables	360
Participation	52,191
Trade receivables	914
E-Star Alternative Energy SA	
Balance sheet positions	
Loan receivables	1,396
Impairment on loan receivables	(1,396)
Loan interest receivables	4,751
Impairment on loan interest receivables	(4,751)
Participation	5,913
Impairment of participations	(5,913)
E-Star CDR SRL	
Result positions	
Interest revenue	252
Impairment on loan receivables	(15,372)
Management fee	(4,112)
Balance sheet positions	
Loan receivables	4,550,090
Impairment on loan receivables	(4,550,090)

Data in thousand HUF

Loan interest receivables	2,143,978
Impairment on loan interest receivables	(2,143,978)
Participation	34,525
Impairment of participations	(34,525)
Vendor liabilities	(1,726)

E-Star Energy Generation SA	
Result positions	
Interest revenue	902
Impairment on loan receivables	(9,676)
Balance sheet positions	
Loan receivables	102,055
Impairment on loan receivables	(102,055)
Loan interest receivables	125,411
Impairment on loan interest receivables	(125,411)
Participation	5,913
Impairment of participations	(5,913)

E-Star Heat Energy SA	
Result positions	
Reversal income on share impairment	4,562
Balance sheet positions	
Loan receivables	11,808
Impairment on loan receivables	(11,808)
Loan interest receivables	3,201
Impairment on loan interest receivables	(3,201)
Participation	5,913
Impairment of participations	(5,913)
Long-term loan	26,506
Impairment on long-term loan	(26,506)

E-Star Management Zrt.	
Result positions	
Management fee revenue	80
Impairment of participations	(2,609)
Balance sheet positions	
Participation	96,500
Impairment of participations	(93,410)
Trade receivables	111

E-Star Mures Energy SA	
Result positions	
Impairment on loan receivables	(12,842)
Balance sheet positions	
Loan receivables	1,672,409
Impairment on loan receivables	(1,672,409)
Loan interest receivables	345,975
Impairment on loan interest receivables	(345,975)

Data in thousand HUF

Participation	5,913
Impairment of participations	(5,913)
Trade receivables	18,485
Impairment on trade receivables	(18,485)

Pannon Fuel Kft.	
Result positions	
Interest revenue	16,589
ECL loan expense	(289)
Balance sheet positions	
Loan receivables	488,630
Loan receivables ECL	(977)
Participation	31,177

RFV Józsefváros Kft.	
Result positions	
IFRIC 12 revenue	92,988
IFRIC 12 interest income	42,918
Management fee revenue	3,120
Recharged public utility fees	87,430
Balance sheet positions	
VAT liability	11,900
Financial asset - IFRIC 12	395,959
Participation	1,470
Trade receivables	19,369

Síaréna Kft.	
Result positions	
Rental fee	2,000
Balance sheet positions	
Trade receivables	2,540

Termoenergy SRL	
Balance sheet positions	
Loan receivables	34,344
Impairment on loan receivables	(34,344)
Loan interest receivables	19,772
Impairment on loan interest receivables	(19,772)
Participation	38,500
Impairment of participations	(38,500)

RANDOM CAPITAL BROKER Zrt.	
Result positions	
Interest revenue on bonds	4,392

Balance sheet positions

Bond	100,000
Bond interest	863
ECL bond	(306)

Further related parties:

- LNG Tech Kft.
- 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.
- RND Solutions Zrt.

Data in thousand HUF

Special disclosures to be included in the separate financial statement (IAS 27)

The Company, as parent company, discloses consolidated financial statements. These consolidated financial statements are disclosed and deposited in accordance with the Hungarian regulations.

Subsidiaries of the Company:

Name	Country	2019		2018	
		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%
E-STAR Management Plc.	Hungary	100.00%	100.00%	100.00%	100.00%
ENEFI Projekttársaság Kft.	Hungary	100.00%	100.00%	100.00%	100.00%
Pannon Fuel Kft.	Hungary	20.00%	20.00%	20.00%	20.00%
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%

Group companies under liquidation that are not included in the consolidation, as the Company does not have any control over those:

Name	Country	2019		2018	
		Level of participation	Voting rights	Level of participation	Voting rights
E-STAR ZA Distriterm SRL „under liquidation”	Romania	51.00%	51.00%	51.00%	51.00%
E-STAR Mures Energy SA “under liquidation”	Romania	99.99%	99.99%	99.99%	99.99%
E-STAR Investment Management SRL „felszámolás alatt”	Romania	99.93%	99.93%	99.93%	99.93%

The Company manages the subsidiary participation based on the cost model.

Data in thousand HUF

34. Sensitivity analysis

The Company found that its results substantially depend on two financial key variables (interest rate, foreign exchange rate). Sensitivity analysis has been made for these.

The Company has the following values applying the current exchange rates:

	31.12.2019	31.12.2018
Foreign currency assets	0	0
Foreign currency liabilities	99,156	96,453
Net foreign currency portfolio	**99,156**	**96,453**

The Company has significant foreign currency trade and loan receivables from affiliated companies, however, taking into account the later feasibility thereof, these foreign currency balances have been fully impaired in previous years. The Company consequently did not consider these foreign exchange assets by the analyzation of the exchange rate fluctuations' risk. In addition to the above-mentioned foreign exchange assets, the Company has a EUR-denominated short-term debt with an affiliated company. The analysis of foreign exchange risk was made for this debt.

The same values for interest rates are:

	31.12.2019	31.12.2018
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(86,048)	(101,135)
Pre-tax profit/loss	**345,480**	**275,626**

Data in thousand HUF

Outcome of the interest sensitivity analysis (as a percentage of interest rate change):

+0.5%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(100,205)	(117,632)
Pre-tax profit/loss	**331,323**	**259,129**
Change in the pre-tax result	**(14,157)**	**(16,497)**

+1%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(114,400)	(134,121)
Pre-tax profit/loss	**317,128**	**242,640**
Change in the pre-tax result	**(28,352)**	**(32,986)**

+3%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(171,359)	(200,077)
Pre-tax profit/loss	**259,989**	**176,684**
Change in the pre-tax result	**(85,491)**	**(98,942)**

-0.5%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(71,928)	(84,655)
Pre-tax profit/loss	**359,600**	**292,106**
Change in the pre-tax result	**14,120**	**16,480**

-1%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(57,847)	(68,166)
Pre-tax profit/loss	**373,681**	**308,595**
Change in the pre-tax result	**28,201**	**32,969**

-3%	**31.12.2019**	**31.12.2018**
Pre-tax result – without interest expense	431,528	376,761
Net interest expense	(1,234)	(1,651)
Pre-tax profit/loss	**430,294**	**375,110**
Change in the pre-tax result	**84,814**	**99,484**

Data in thousand HUF

Sensitivity analysis of foreign exchange change (as a percentage of exchange rate change):

+1%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0
Foreign currency liabilities	100,148	97,418
Net foreign currency portfolio	**100,148**	**97,418**
Change in net foreign currency portfolio	**3,695**	**965**

+5%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0
Foreign currency liabilities	104,114	101,276
Net foreign currency portfolio	**104,114**	**101,276**
Change in net foreign currency portfolio	**7,661**	**4,823**

+10%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0
Foreign currency liabilities	109,072	106,098
Net foreign currency portfolio	**109,072**	**106,098**
Change in net foreign currency portfolio	**12,619**	**9,645**

-1%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0
Foreign currency liabilities	98,164	95,488
Net foreign currency portfolio	**98,164**	**95,488**
Change in net foreign currency portfolio	**(1,711)**	**(965)**

-5%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0
Foreign currency liabilities	94,198	91,630
Net foreign currency portfolio	**94,198**	**91,630**
Change in net foreign currency portfolio	**(2,255)**	**(4,823)**

-10%	**31.12.2019**	**31.12.2018**
Foreign currency assets	0	0

Data in thousand HUF

Foreign currency liabilities	89,240	86,808
Net foreign currency portfolio	**89,240**	**86,808**
Change in net foreign currency portfolio	**(7,213)**	**(9,645)**

33. Equity Correlation Table

Pursuant to Section 114 / B of the Act C of 2000 on Accounting, an entity that draws up its annual financial statements in accordance with IFRSs, it shall also prepare an equity correlation table on the reporting date, presented as part of the explanatory notes.
Our Company hereby complies with this requirement:

	Euqity under IFRSs (that is the difference of the assets and liabilities under IFRSs)	1,208,307
+	+Amount of received grant recognised as liability under IFRSs	0
-	amount of provided grant recognised as asset under IFRSs	0
+	funds received to be added to capital reserve, if that is a deferred income (IFRS)	0
+	value of assets received, if that is recognised as a deferred income (IFRS)	0
-	capital increase resulting in an equity instrument, if it was to be recognised as a receivable from the owners (IFRS)	0
	Equity (aligned)	**1,208,307**
	Subscribed capital under IFRS	*100,000*
	Subscribed capital included in the deed of founddation is equal to the subscribed capital registered at company registry court	100,000
	Subscribed but not paid capital	*0*
	Subscribed but not paid capital	0
	Committed reserve	*0*
	Received grant	0
	Development reserve (adjusted with tax effect)	0
	Committed reserve (aligned)	**0**
	Accumulated profit reserve	
	Accumulated earnings from previous years taxed under IFRS	(2,231,158)

Data in thousand HUF

	and not distributed (without current year part)	
+/-	Amounts accounted for to the benefit or for the burden of the retained earnings under IFRSs	0
-	Provided grant amount recognised as asset	0
-	Amount of development reserve not used less relating deferred tax (tied-up reserve)	0
+	Closing retained earning before transition year, adjusted with transition adjustments	(17,979,530)
	Accumulated profit reserve (aligned)	**(20,210,688)**
	Profit/loss after tax	339,023
	Profit / loss after tax, point 9 of Section 114/A of Accounting Act	**339,023**
	Revaluation reserve	*0*
	Accumulated amount of items recognized in other comprehensive income	0
	Capital reserve	0
	Aligned equity	1,208,307
	Subscribed capital under IFRSs	100,000
	Subscribed but not paid capital	0
	Committed reserve	0
	Accumulated profit reserve	(20,210,688)
	After-tax profit	339,023
	Revaluation reserve	0
	Capital reserve (aligned)	**20,979,972**
	Aligned equity (under Section 114/B of Accounting Act)	**1,208,307**
	Subscribed capital	**100,000**
	Subscribed but not paid capital	**0**
	Capital reserve	**20,979,972**
	Accumulated profit reserve	**(20,210,688)**
	Committed reserve	**0**
	Revaluation reserve	**0**
	After-tax profit	**339,023**

Accumulated profit reserve available for dividend payment available for dividend payment (under point b) paragraph

Data in thousand HUF

(5) Section 114/B of Accounting Act)	
Accumulated profit reserve (aligned)	(20,210,688)
Profit/loss after tax for current year	339,023
Increase in the value of the properties with investment purposes(adjusted with tax effect)	0
Accumulated profit reserve available for dividend payment	**(19,871,665)**

There is no source available for dividend payment.

34. Contingent liabilities and contingent assets

In addition to contingent liabilities arising from litigation (see Note 38), there is no liability that would not be included in the financial statements of the Company because its occurrence would depend on a future event.

The Company has already filed several litigation cases seeking to enforce its contractual claims. Many of these litigations are still pending or have not been concluded by a final judgement when the financial statements were authorized for disclosure. Note 38 shows more detailed information on the volume of the claim submitted in the litigations. The Company recognises these receivables as contingent receivables. These could not yet be shown in the balance sheet.

35. Events after balance sheet date: general disclosures

The most significant events between the balance sheet date and the date when the financial statements were authorized for issue were as follows:

- In 2019 and 2020, the Company took significant steps to enforce its receivables in Romania, which was continuously notified to the public on the Company's surfaces for disclosures. In accordance with the above, both the Marosvásárhely and Gyergyószentmiklós projects have been found to have been legally terminated by the Company, it is accordingly entitled to enforce its claims arising from the contracts, the amount of which is currently in dispute and litigation between the parties.
- In 2020 the Company generated the shares issued during the Capital Increase, which are currently being in IPO.
- The coronavirus epidemic fundamentally changed the social and economic environment in 2020. The Company's management has concluded that the potential effects of the epidemic shall not be considered as a modifying economic event. The Company is still investigating the effects of the epidemic. So far, there are no indications that the business continuity principle has been violated, nor has any circumstance been identified that would have a material impact on the events of 2020 so far.

- The Company implemented a significant capital increase in 2020, as a result of which a number of new assets will arrive at the Company in 2020. See section 36 for more details.
- The Company has been fined by the competent authority for delaying the listing of certain shares on the BSE. The amount of the fine is approximately HUF 1,000 thousand, and the Company is working on the listing of the shares.

36. Significant capital increase registered in 2020 (event after balance sheet date)

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 in Random Capital Kft.

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 incerase is 9 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 happenned 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.

37. Major economic events

Major Economic Events and Assessment of 2018

ENEFI presented its major economic events of 2018 in details in its announcements of the reference year, of which the following shall be highlighted here:

- In 2018, the Company Group continued the share repurchase program accepted by the shareholders.
- Litigation related to the operation in Romania will continue (for more details see paragraph 37 of the explanatory notes)
- The Company has acquired a stake in Pannon Fuel Ltd to participate in the implementation of 2 EU-supported projects. The Company provides proprietary, professional and financial assistance for the successful completion of the projects (for more details see paragraph 15 of the explanatory notes).

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 Company's Board of Directors expanded with new members in 2019, and the Company 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 Company, announced that he had sold 400,000 piece of ENEFI shares. Csaba Sooós furthermore notified the public that, according to his plans, he terminates both his positions and shares in the company in the near future.
- The Company's General Meeting has decided the conversion of the previuosly issued employee shares into ordinary shares.
- The Company'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

Data in thousand HUF

share and an issue value of HUF 400, dematerialized ordinary shares in tranch 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 tranh H were issued. The capital increase was registered by the Company Registry Court of the Budapest on January 9, 2020.

- The Company informed its investors that the Company, 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".

38. Litigation cases

Plaintiff	**Defendant**	**Matter in dispute**
Enefi Energy Efficiency Plc.	Finance Department of Maros	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.
Enefi Energy Efficiency Plc.	Finance Department of Maros	Challenging an enforced booking to bank account in the amount of lei 7,602,338 ordered by Finance Dept.
Enefi Energy Efficiency Plc.	Finance Dept. of Szilágy County	Challanging the second protocol on the confiscation of a land at Zilah.
Enefi Energy Efficiency Plc.	Finance Department of Maros	Remedy against the new seizure decision of the Finance Dept. (25,761 lei)
Enefi Energy Efficiency Plc.	Finance Dept. of Szilágy County	Remedy against the new seizure decision of the Finance Dept. (66,518 lei)

Data in thousand HUF

Finance Dept. of Szilágy County Intervener: Enefi Energy Efficiency Plc.	Municipality of Zilah	- challenging the public interest expropriation price of a 623 m2 land

39. Re-definition of the previuos period

The Company has found with regard to one of the Company's participations, that it had mismanaged the exchange rate in the previous periods during the valuation. The value of the subsidiary participation shall have been amended accordingly that has also concerned the opening data. The Company has re-defined the data and disclosed the opening balance sheet of 2018 in accordance with the provisions of IAS 8. Effect of the default valuation on each period:

Period	Value
until 2017	15,939
2018 effect	- 142,551
Total re-definition:	- 126,612

The 2019 effect is already included among the current period data. The amendment affected the participation vaue in the balance sheet (or the accumulated profit reserve), and in the income statement the expense and income position of financial operations in the income statement.

40. Dividends to the Company's owners

There has been no establishment or payment of dividend for the Company's owner in 2019. The management may not propose the distribution of dividends at the General Meeting that approves the financial statements of the 2019 business year.

41. Authorization of financial statements for disclosure

The management of the Company authorized the current form of the financial statements for disclosure on 27 March 2020.

Budapest on 27 April 2020.

On behalf of the Enefi Energy Efficiency Plc.

Csaba Soós	Zoltán András Petykó	Bálint László
Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors

Ferenc Virág
member of the Board of Directors