

ENEFI Asset Management Plc.

# 2020 first half-year report

## H1

30. 06. 2020

*Disclosure: 30. 09. 2020*

**INTRODUCTION**

Evaluation of the events of the first half of the year prepared by the Board of Directors of ENEFI Vagyonkezelő Nyrt. (ENEFI Asset Management Plc.):

'Dear ENEFI Shareholder, Dear Reader,

ENEFI has been through a very busy year. We are pleased to report that the Company has embarked on the path it announced as its new strategy in 2019, becoming a trustee, breaking with the past, in which, despite the Company's achievements, it has undergone an adverse and protracted transformation process due to the non-respecting of contractual agreements and the lack of payment discipline on the part of its contractual partners, which have caused damage to our Company. As we begin to build the future, we will continue to reclaim the value we have created through legal proceeding. As a result, the future will be built not only by looking ahead but also by legally validating the results of the past. We are confident, more than ever. Our legal arguments have been upheld on several occasions in the Romanian courts - as we have consistently reported in recent times – and, in our opinion, we can assume that our rights will be enforced and our claims will lead to monetary compensations for our Company. In the meantime, we have begun to build the new Company and fill the “Pillars” formulated in our asset management plans with valuable assets.

Based on all this, one could argue that ENEFI has a past, present and future, where the past exists in the present by helping build the future and the future will be based on the pillars of a model that is hopefully independent of the past but at the same time reminiscent of its values, combining a multifaceted vision and a business asset management model.

We would like to thank our shareholders for their trust which we strive to return with effective operations”

Board of Directors of ENEFI Asset Management Plc.

#### ***KEY FINANCIAL INFORMATION (Consolidated)***

<b>KEY FINANCIAL INFORMATION</b>	<b>30.06.2019</b>	<b>31.12.2019</b>	<b>30.06.2020</b>
	<b>in thousand HUF</b>		
<b>Total capital and liabilities</b>	<b>1,623,485</b>	<b>1,612,059</b>	<b>5,280,665</b>
<b>Capital attributable to shareholders of the Company</b>	<b>1,346,955</b>	<b>1,383,914</b>	<b>4,183,792</b>
<b>Total non-current liabilities</b>	<b>161,734</b>	<b>48,100</b>	<b>189,304</b>

#### ***KEY PROFITABILITY INFORMATION (Consolidated)***

KEY PROFITABILITY INFORMATION	30.06.2019	30.06.2020
	in thousand HUF	
<b>Sales revenues:</b>	<b>197,380</b>	<b>702,505</b>
<b>Gross profit/loss</b>	<b>(119,933)</b>	<b>(436,572)</b>
<b>Total comprehensive income for the period</b>	<b>14,270</b>	<b>128,213</b>

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

## ACTIVITY

ENEFI Asset Management Plc. presents its financial results for the current period below.

**The report presents its current period operations based on the financial data of the Company and its consolidated companies unaudited by an accountant.**

Budapest-based ENEFI Asset Management Plc. is a group of companies present in Hungary and Romania, whose main activities were heat production and services in certain well-defined geographical areas of the two countries. Starting from 2019-2020, the strategy has been divided into pillars and has been enhanced in the following manner:

## BASIC STRATEGY (PILLARS A., B., C.)

### A. BASIC PILLARS

#### *1. Lawsuits*

In the Company's books, litigation values of HUF 0 are included in the auditors' assessment according to the “most prudent” principle. On the other hand, the management of the Company considers the course of the lawsuits to be fully justified and, in its opinion, there is a good chance of winning the claims formulated in the lawsuits detailed above.

#### *2. Energy efficiency*

The Company's current revenues come from the operation of the previously established energy efficiency business. These revenues are capable of generating a positive cash flow, i.e. the total

value of revenues originating from and received on the revenue side in the ordinary course of ENEFI's annual activities exceeds the total cost-equivalent spending related to the cost on the expenditure side.

## **B. REAL PILLAR**

### ***1. Finance***

Acquisition of essentially minority stakes in companies engaged in the following activities: bank, insurance company, investment bank (service provider). The goal is to acquire shares of business entities with a specific profile, i.e. with a focus on the field of informatics (IT).

### ***2. Tourism***

Exploring potential, primarily unique opportunities in the field of tourism and catering. Uniqueness means that the Company does not focus on the creation and acquisition of general tourism and catering units and services used in the territory of Hungary, but on such individual projects that fulfil a customer need for a service that fills an expectation gap, that offers an experience, that does not exist, or that does not operate efficiently enough.

### ***3. Real Estate***

ENEFI Management sees the existence of real estate investments as essential as part of a responsibly designed investment strategy. Real estate value in the long run is a solid foundation regardless of what is happening in the global and Hungarian economy.

### ***4. Food industry***

One of the basic needs of a person is food, therefore the developed food industry is an indispensable part of today's real economy. The Company would like to have exposure in the field of industry as well as in the dominant part of the real economy, according to its belief that all areas of the real economy bear investment potential.

## **C. CAPITAL MARKET PILLARS**

### ***1. Budapest Stock Exchange***

The market of the Budapest Stock Exchange has undergone significant development in recent years and while an increasing number of retail and institutional investors thought that due to the limited size of the Hungarian market (turnover, number of instruments, product types, etc.) it was better to seek exposure in foreign stock markets, the management of the renewed ENEFI

sees serious potential opportunities in the Hungarian capital market instruments, i.e. basically in the trading of shares of large and medium-sized issuers on the Budapest Stock Exchange.

## ***2. International stock exchanges***

Since March 2009 (i.e. for over 10 years), the key indicators of U.S. stocks, i.e. the DOW 30, SP500 and NASDAQ indices, have been rising almost without any interruption. Long periods of rise are followed by significantly shorter periods of decline over time, and the vehemence of these declining periods and trends can often lead to panic in the markets and undervalued stock prices. An essential element of ENEFI's capital market pillar is value-based investments, which promise interesting, profitable investment opportunities not only in Hungary but also in foreign markets. The goal in international trade is also to achieve yields by way of exchange rate gains and dividends through liquid investments.

## ***3. OTC, - MTF market***

ENEFI's management does not rule out a presence outside of the stock exchange. If it detects an investment opportunity - such as a capital market investment opportunity - that can result in a substantial return, it is ready to allocate resources to this type of investment as well.

*Balance sheet (data in HUF)*

<b>Consolidated balance sheet - Assets</b>	<b>30.06.2019</b>	<b>31.12.2019</b>	<b>30.06.2020</b>
Tangible assets	89,034	83,476	1,567,471
Investment real estate	0	0	953,120
Intangible assets	17,591	14,527	19,219
Investments in associates	11,100	0	137,710
Receivables from concession assets	669,772	608,878	583,539
Goodwill	0	0	469,862
Other non-current receivables	442,773	487,652	496,994
Securities	100,882	100,557	70,663
<b>Total invested assets</b>	<b>1,331,152</b>	<b>1,295,090</b>	<b>4,298,578</b>
Inventories	0	0	3,923
Customer	179,720	78,391	396,641
Other receivables	16,904	75,309	504,730
Active accruals	49,237	40,118	32,641
Financial assets and equivalents	46,472	123,152	44,152
<b>Total current assets</b>	<b>292,333</b>	<b>316,969</b>	<b>982,087</b>
<b>Total assets</b>	<b>1,623,485</b>	<b>1,612,059</b>	<b>5,280,665</b>

<b>Consolidated balance sheet - Capital and liabilities</b>	<b>30.06.2019</b>	<b>31.12.2019</b>	<b>30.06.2020</b>
Subscribed capital	100,000	100,000	166,061
Capital reserve	21,423,391	21,423,391	23,999,774
Accumulated conversion reserve	41,832	43,587	37,626
Reserve for share-based payments	65,520	65,520	65,520
Own shares	-474,225	-474,237	-474,237
Profit reserve	-19,809,563	-19,774,347	-19,610,952
<b>Capital attributable to shareholders of the company</b>	<b>1,346,955</b>	<b>1,383,914</b>	<b>4,183,792</b>
Non-controlling interests	33,630	36,371	39,606
<b>Total capital and reserves</b>	<b>1,380,585</b>	<b>1,420,285</b>	<b>4,223,398</b>
Provisions	145,152	47,600	47,600
Non-current lease liabilities	0	0	113,106
Lease liabilities	0	500	500
Other long-term liabilities	16,582	0	28,098
<b>Total non-current liabilities</b>	<b>161,734</b>	<b>48,100</b>	<b>189,304</b>

Vendor liabilities	55,050	79,170	198,838
Passive accruals	10,297	12,888	175,380
Lease liabilities	0	8,442	3,841
Other current liabilities	15,819	43,175	489,904
<b>Total current liabilities</b>	<b>81,166</b>	<b>143,675</b>	<b>867,963</b>
<b>Total liabilities</b>	<b>242,900</b>	<b>191,775</b>	<b>1,057,267</b>
<b>Total capital and liabilities</b>	<b>1,623,485</b>	<b>1,612,059</b>	<b>5,280,665</b>

### *Evaluation of significant changes:*

#### ***Changes in tangible assets***

As a result of the full consolidation of Sáréna Kft. (Ski Arena Plc.), the effect of the tangible assets of Sáréna Kft. included in the balance sheet.

#### ***Properties with investment purposes***

Basic (determining) effect of the value of the acquired own properties (9 January 2020):

Meder utca (street) real estate – HUF 600 million

14 garages on Meder utca (street) - HUF 40 million

The building plot under the topographical number Balatonfenyves 987/5 - HUF 278 million

#### ***Goodwill***

The effect of the acquisition of Sáréna Kft. on Goodwill value

#### ***Customers***

The impact on the customer base related to the asset elements registered/acquired by the court of registration on 9 January 2020

#### ***Other receivables***

Basically, other receivable claims related to Sáréna Kft.

#### ***Subscribed capital***

As a result of the share capital increase, the Company increased its subscribed capital by issuing new shares.

#### ***Equity attributable to equity holders of an entity***

The effect of the new assets acquired as equity of the Company's shareholders and the change in the profit reserve (positive result).

#### ***Non-current credit liabilities***

The balance sheet effect of the adding of Sáréna Kft.'s bank loan into the accounts.

*Income statement (data in HUF)*

<b>Consolidated income statement</b>	<b>2019H1</b>	<b>2020H1</b>
Sales revenues:	197,380	702,502
Direct costs	-77,447	-265,930
<b>Gross profit/loss</b>	<b>119,933</b>	<b>436,572</b>
Material costs	-2,346	-44,903
Personnel expenses	-57,159	-142,618
Expenses for share-based payments	0	0
<i>Services availed of</i>	-81,191	-156,222
Other income/ expense (-)	4,995	4,523
Depreciation	-9,386	-38,867
Other expense (income) of financial transactions	36,542	65,679
Share of the profit or loss of an associate enterprise	-17,121	13,251
<b>Pre-tax profit/loss</b>	<b>-5,733</b>	<b>137,415</b>
Income tax	-5,854	-3,241
<b>Profit/loss Profit for the current year from continuous operations</b>	<b>-11,587</b>	<b>134,174</b>
<b>Profit/loss for the current year</b>	<b>-11,587</b>	<b>134,174</b>
Parent company shareholders' share of profit or loss	-15,517	130,939
Share of external owners in the result	3,931	3,235
Exchange differences resulting from the conversion of foreign operations	-2,683	-5,961
<b>Total other comprehensive income for the period</b>	<b>-2,683</b>	<b>-5,961</b>
<b>Total comprehensive income for the period</b>	<b>-14,270</b>	<b>128,213</b>
Share of parent company shareholders	-18,200	124,974
Share of external owners	3,930	3,235

**Sales revenues:**

The Company's sales revenue was increased mainly by the consolidated sales revenue of Síréna Kft. and the revenue of the MAHART project.

**Gross profit/loss**

Balance of increased sales and direct costs increasing in lower proportions



***Material costs***

The increasing value of the material expenditure of Sáréna Kft. and the MAHART project compared to the base

***Personnel expenses***

Increasing effect of Sáréna Kft.'s personnel expenses through consolidation

***Services availed of***

The increasing value of the services used by Sáréna Kft. and the MAHART project compared to the base

***Depreciation***

Amortisation of the assets of Sáréna Kft. as a result of the consolidation

***Pre-tax profit/loss***

In addition to the BASIC PILLAR (energy efficiency), the MAHART project, Random Capital Zrt., as an associated company, Sáréna Kft., as a whole consolidated entity, as well as the sum of the first half earnings effect of the investment properties.

	Subscribed capital	Reserves	Conversion reserves	Reserve of share-based payments	Own shares	Accumulated profit	Own equity attributable to one equity holder of the Company	Non-controlling interests	Total capital and reserves
<b>31 December 2018</b>	<b>100,000</b>	21,423,391	<b>44,515</b>	<b>65,520</b>	<b>-474,237</b>	19,796,977	1,362,212	29,699	<b>1,391,911</b>
Movement of own shares	0	0	0	0	12	0	12	0	12
other movements (opening IFRS 16)	0	0	0	0	0	2,931	2,931	0	2,931
Total comprehensive profit/loss	0	0	-2,683	0	0	-15,517	-18,200	3,931	-14,269
<b>30 June 2019</b>	<b>100,000</b>	21,423,391	<b>41,832</b>	<b>65,520</b>	<b>-474,225</b>	19,809,563	1,346,955	33,630	<b>1,380,585</b>
<b>31 December 2019</b>	<b>100,000</b>	21,423,391	<b>43,587</b>	<b>65,520</b>	<b>-474,237</b>	19,774,347	1,383,914	36,371	<b>1,420,285</b>
Share issuance	66,061	2,576,383	0	0	0	0	2,642,444	0	2,642,444
Impact of previous year amendments	0	0	0	0	0	32,456	32,456	0	32,456
Total comprehensive profit/loss	0	0	-5,961	0	0	130,939	124,978	3,235	128,213
<b>30 June 2020</b>	<b>166,061</b>	<b>23,999,774</b>	<b>37,626</b>	<b>65,520</b>	<b>-474,237</b>	19,610,952	4,183,792	39,606	<b>4,223,398</b>

*Equity attributable to one equity holder of the Company (data in HUF)*



*Cash flow (date in thousand HUF)*

	2019 H1	2019H1
<b>Operating cash flow</b>		
Profit for the year from discontinued and continuing operations	-11,587	134,174
Depreciation	9,386	38,867
Other non-cash changes	252	32,456
Unrealised foreign exchange gains/losses	0	-5,961
Impairment of financial assets	57,088	25,339
Change of provisions	284	0
Periodic result of an associate enterprise	12,074	-13,252
Change of other non-current liabilities	13,447	600
<b>Adjusted profit/loss for the current year:</b>	<b>80,944</b>	<b>212,223</b>
<b>Changes in working capital</b>		
Changes in customer and other receivables	99,251	-701,037
Change of accruals	41,980	8,386
Inventory changes	10	7,127
Changes of vendor and other liabilities	-138,240	398,379
<b>Cash flow from operating activities:</b>	<b>3,001</b>	<b>-287,145</b>
<b>Cash flow from investing activities</b>		
Payments related to the purchase of property, plant and equipment	-9,889	-43,289
Funds acquired through a share issue	0	18,659
<b>Cash flow from investing activities</b>	<b>-9,889</b>	<b>-24,630</b>
<b>Cash flow from financial operations</b>		
Purchase of securities	-100,882	29,894
Change in specific loans	-99,462	-9,342
Purchase of own shares	12	0
<b>Cash flow from financial operations</b>	<b>-200,332</b>	<b>20,552</b>
<b>Equivalent net change in cash and cash equivalents</b>	<b>-126,276</b>	<b>-79,000</b>
Cash and cash equivalents at the beginning of the financial year	172,748	123,152
<b>Cash and cash equivalents at the end of the financial year</b>	<b>46,472</b>	<b>44,152</b>

## ISSUER'S STATEMENT

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

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

Mr. Csaba Soós - Mr. Ferenc Virág - Mr. László Bálint - Mr. András Zoltán Petykó  
Members of the Board of Directors  
ENEFI Asset Management Plc.

**ENEFI Asset Management Plc.**

**INTEGRATED (CONSOLIDATED)**

**MANAGEMENT REPORT**

**For the 2020. H1 report**

## PURPOSE OF THE REPORT

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

### *Information about the parent company of ENEFI Asset Management Plc.*

#### *Basic information about the Company*

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

#### *Legal predecessors of the company, changes in the company form*

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

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

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

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

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

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

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

Date of change: 17.02.2011

Registration Date: 04.03.2011

*ENEFI Asset Management Plc. (ENEFI Energiahatékonysági Nyrt.)*

Date of change: 09.12.2013

Registration Date: 17.12.2013

*ENEFI Asset Management Plc.*

Date of change: 29.11.2019

Date of entry: 09.01.2020

### ***Duration of the Company's operation***

The Company was established for an indefinite period of time.

### ***Share capital of the Company***

Share capital of the Joint Stock Company: HUF 166,061,090 (i.e. one hundred and sixty million sixty-one thousand and ninety)

### ***The shares of the Company***

The share capital consists of 11,150,000 registered, dematerialised ordinary shares with a nominal value of HUF 10 (Series A) and 5,456,109 registered, dematerialised, convertible dividend preference shares with a nominal value of HUF 10 (Series H). The total number of shares issued by the company is as follows: 16.606.109 pieces

### ***Information on companies included in the consolidation***

***The following companies are included in the scope of consolidation of ENEFI Asset Management Plc.***

	<b><i>The name of the Company</i></b>	<b><i>Country/Headquarters</i></b>	<b><i>Share capital</i></b>	<b><i>Direct and indirect ownership (%)</i></b>	<b><i>Voting rights (%)</i></b>
1	E-STAR Management Plc.	Hungary 1134 Budapest, Klapka utca 11.	HUF 5,000,000	100%	100%
2	ENEFI Projektársaság Kft.	Hungary 1134 Budapest, Klapka utca 11.	HUF 3,000,000	100%	100%
3	RFV Józsefváros Szolgáltató Kft.	Hungary 1134 Budapest, Klapka utca 11.	HUF 3,000,000	49%	70%
4	Síaréna Korlátolt Felelősségű Társaság	Hungary 8413 Eplény, Veszprémi utca 68/A.	HUF 3,000,000	100%	100%



5	Termoenergy SRL	Romania Gyergyószentmiklós, Szabadság tér 14 (Gheorgheni, p-ța Libertății nr.14)	RON 6,960	99.50%	99.50%
6	E-Star Centrul de Dezvoltare Regionala SRL	Romania Gyergyószentmiklós , Szabadság tér 14 (Gheorgheni, p-ța Libertății nr.14)	RON 525,410	100%	100%
7	E-Star Energy Generation SA	Romania Zilah, Nicolae Titulescu street, nr. 4 , 2nd floor, Room nr. 5. (Zalău, Str. Nicolae Titulescu, nr. 4, Etaj 2, Ap. camera 5) Nicolae Titulescu, nr. 4, Etaj 2, Ap. camera 5)	RON 90,000	99.99%	99.99%
8	E-Star Alternative Energy SA	Romania Gyergyószentmiklós, Szabadság tér 14 (Gheorgheni, p-ța Libertății nr.14)	RON 90,000	99.99%	99.99%
9	SC Faapritek SA	Romania Gyergyószentmiklós , Szabadság tér 14 (Gheorgheni, p-ța Libertății nr.14)	RON 90,000	99.99%	99.99%
10	EETEK Limited	Cyprus 1 Arch. 1 Arch. Makariou III Mitsi Building 3, 2nd Floor, Flat/Office 201 1065 Nicosia	EUR 1,000,000	100%	100%

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

Name	Country/Headquarters	Share capital	Level of participation	Voting rights
E-STAR Mures Energy SA “under liquidation”	România Marosvásárhely, Forradalom utca 1 (Tg. Mureș str. Revolutiei nr.1) Mureș str. Revolutiei nr.1)	RON 90,000	99.99%	99.99%

**Associated enterprises**

Name	Country	Share capital	Level of participation	Voting rights
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Pannon Fuel Kft.	Hungary 1134 Budapest, Klapka utca 11.	EUR 6,169,740	20.00%	20.00%
Random Capital Zrt.	Hungary 1053 Budapest, Szép utca 2.	HUF 271,500,000	9.46%	9.46%

# **BUSINESS ENVIRONMENT, DEVELOPMENT, COMPANY PERFORMANCE, COMPREHENSIVE ANALYSIS OF THE SITUATION, COMPANY'S BUSINESS POLICY**

## *A brief history of the Issuer*

The legal predecessor of the Company, called Regionális Fejlesztési Kft. (Regional Development Ltd.) was founded in 2000 by four Hungarian private individuals. The founders' objective was to create an ESCO company (Energy Service Co., i.e. a company dealing with energy saving). Initially, one of the main activities of the Company was the cost-effective electricity service, which has been a source of revenue to this day. The Company provided continuous advice to its customers so that they could choose the most favourable tariff package from the electricity supplier relevant to the given area. As part of the service, the Company purchased the electricity and then passed it on to its customers at a more favourable price than previously. The cost savings were shared between the customer and the Company based on a long-term contract between the two. However, the free electricity market has been open since 1 January 2008, which means that all entities within the economy are free to choose their electricity supplier and to determine the conditions of the service individually. The Company is also adapting to the changed circumstances, negotiating with several electricity market traders, bringing its partners together, and ensuring a common representation to achieve the best possible conditions. The other main activity of the Company since its foundation has been the control of the luminous flux of public lighting. Subsequently, starting from 2004, the Company added heating upgrading and heat services as a business line to its product range. A significant part of the Company's clients were local governments and municipal institutions, but there were also state institutions, church institutions, condominiums (common space housing estates) and private companies. The Company was transformed into a private limited company on 12 June 2006 and then on 12 March 2007, the Registration Court registered the change of the company form "private limited company" to "public limited company". The Company's shares were listed on the Budapest Stock Exchange on 29 May 2007.

The Company then began international expansion, first in Romania and then in Poland. The Issuer's shares were listed on the Warsaw Stock Exchange on 22 March 2011. In 2012, the Issuer was subject to bankruptcy proceedings, which were successfully concluded by reaching an agreement with the creditors. Due to the breach of contract by the local governments, the Company was forced to terminate its contracts in Romania prematurely. The Company sold its Polish operation in 2016 while its presence in Romania was limited to enforcing its claims arising from terminated contracts. The actual operation of the Company is currently limited to the territory of Hungary; in Romania, legal proceedings related to its terminated contracts are pending.

In 2016, the Company published its strategic goals, in which it focused on selling projects in Hungary and Romania, downsizing its operations, and buying its own shares.

In 2017, the Company sold the public lighting projects previously purchased from EnerIn Kft. back to the same company, in addition to the originally calculated return expectation. As a result of a successful transaction, the Company's public lighting business was completely discontinued.

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

### ***The business environment of the Company***

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

ENEFI no longer operates any project in Romania and it enforces its claims through court proceedings.

### ***Presentation of business activity by field of activity***

#### ***Breakdown by pillar (what the pillars mean)***

In 2019, the Company decided to expand its business activities and formulated "PILLARS" for its activities to be expanded, as a division of new management areas to be activated later. It has decided on an asset management activity that allows it to conduct its business (Energy Efficiency) and to continue the litigation that has arisen in the past within the concept of "BASIC PILLARS". It created "REAL ECONOMY PILLARS" as a focus on 'finance', 'tourism', 'real estate', food industry' and it also classified its cash equivalents and investments and capital market instruments to be acquired under the heading "CAPITAL MARKET PILLARS".

Based on all this, its business activity in the first half of 2020 developed as follows:

## **A. BASIC PILLARS**

### **1. LAWSUITS**

The Company continued litigation cases, the course of which (and related events) it reported on in its disclosures.

### **2. ENERGY EFFICIENCY**

#### **a.) Energy efficiency (Heat supply with heating upgrade)**

*Start of activity:* 2000

#### ***Presentation***

Local governments and state institutions often implement the heating of their institutions in a wasteful manner, using outdated heating systems. In addition, outdated systems are becoming more and more difficult to maintain and lead to ever-increasing maintenance costs. Possible equipment failures can

lead to significant - and unplanned - investments. Due to the scarce resources of local governments, the investment may only be realised through borrowing, thus further deteriorating their borrowing capacity. Following an individual survey of customers' buildings and a preliminary needs assessment with customers, the Company prepares a package of offers in this business line, which includes a proposal for the solution of heat supply at a higher level in the long run. Following the signing of a contract, the Company carries out the energy modernisation prepared in the impact study prepared during the survey as its own investment, without the involvement of the customer's own resources, and then provides long-term (10-25 years) heat services through the upgraded energy system, which includes operation and maintenance tasks. Depending on individual needs, the upgrade may include boiler replacement, making heat use controllable and measurable (converting heating systems to multi-circuit, installing thermostats, installing a heat pump, etc.). The Company procures additional factors necessary for the provision of heat supply (e.g. boiler house rental, electricity, water, etc.) partly from customers. The Company procures the equipment mostly from the domestic representatives of global companies (e.g. in the case of boilers, these companies mainly are Viessmann, Buderus, Hoval, etc.), who usually also carry out the installation and construction tasks. The Company also enters into long-term contracts with a local subcontractor for the maintenance of the assets. Upgrading - under the same conditions - results in significant energy cost savings of up to 40-50%. In order to provide heat supply, the Company generally uses gas-operated equipment. Instead of the previous direct "gas supplier – local government" relationship, the Company buys gas and supplies heat to customers in the "gas supplier (gas trader) - Company" relationship. The customer uses the heat service at a lower cost and their heating system is upgraded. The customer pays a basic or service fee and, in addition, a fee in proportion to their consumption, according to a pre-fixed formula. The Company adjusts the unit price of the heat service to the gas price billed by the regional public utility gas supplier.

The Company has not entered into any new heat supply contracts in recent years; however, it still has five contracts in progress, the last of which will expire in 2024. After 2024, the Company does not plan any additional revenue from the heat services business.

#### ***Key energy efficiency markets (Geographical scope of ENEFI)***

- Initially, ENEFI Plc. implemented successful investments in heat supply, public lighting and kitchen technology in Hungary, mainly in the local government sector.
- Due to the changing economic and social expectations in our region, the demand for the solutions offered by the Company has increased, which has allowed the Company to expand in the region, strengthening its position in Hungary and gaining references.
- Due to the fact that local governments in our region are rather underfunded, the heating technology of public institutions is rather outdated, which means that significant savings can be achieved. As a result, ENEFI turned its attention to the neighbouring countries, mainly Romania, and from 2011 to Poland.

The Company sold its operation in Poland in 2016, the Issuer no longer operates any project in Romania, so its area of operation was limited to the territory of Hungary.

Since 1 January 2017, the Issuer has only received income from Hungary, i.e. from the heat services business. Currently, it does not currently have a public lighting and kitchen technology business branch.

### *The most important energy efficiency services for the group as a whole*

The most important energy efficiency services for the group as a whole are:

- efficient heat and district heating supply based on sustainable primary energy sources
- modernisation of energy supply and conversion equipment and exploiting efficiency

#### **b.) Pannon Fuel Kft. - 20 percent share**

*Date of acquisition:* 2018

**Form of ownership:** investment, share, no consolidation

#### *Presentation*

Pannon Fuel Kft. participates in two LNG projects supported by the European Union:

#### **The PAN-LNG project**

#### **The Clean Fuel Box project**

It is also involved in the MAHART project as a subcontractor

#### **2020 H1**

The half-year data of Pannon Fuel Kft. do not affect the Group's result for the first half of 2020, considering that the value of the shareholding in this associated company decreased to HUF 0 in the previous year due to the Group's recognised profit. Furthermore, due to the initial phase of the business, this associate enterprise is not yet able to contribute to the Group's profitability with a positive result in the first half of the year.

#### ***ENEFI result***

The first half-year result of Pannon Fuel Kft. (unconsolidated) does not appear in the first half-year result of the Issuer. The efficiency of the operation of Pannon Fuel Kft. does not affect directly the results of the Issuer in the first half of the year.

As an investment, the Issuer holds financial interest in Pannon Fuel Kft. through a 20% ownership stake. It may benefit from the positive results of Pannon Fuel Kft. in the form of dividends and the value of its ownership share affects the Issuer's profitability.

#### **c.) MAHART project**

*Date of acquisition:* 20.12.2019

The Company (with the involvement of Pannon Fuel as a subcontractor) won the public procurement procedure announced by MAHART Zrt. for the procurement of the equipment of and complete

installation of 1 (one) piece of a fixed filling station - with shore and water facility elements - to be implemented within the framework of the PAN-LNG-4-DANUBE Project (PL4D).

### ***Presentation***

Description of the public procurement: 1 (one) piece – to be implemented within the PAN-LNG-4-DANUBE Project (PL4D) – the purchase of the equipment of a fixed filling station with shore and water facility elements, the complete installation of the facility on the site). The complete project is the first part of the Danube Regional LNG infrastructure along the Danube in Hungary, which is suitable for 22.10.2019. Procurement - 495874-2019 - TED Tenders Electronic Daily <https://ted.europa.eu/udl?uri=TED:NOTICE:495874-2019:TEXT:EN:HTML&src=0> 3/12 multimodal storage and distribution of LNG in international transport. The facility to be implemented within the project consists of two parts: a water facility and a shore facility. The connection of the two parts must also be implemented. The Facility to be established must consist of two objects: - an anchored water facility or an equivalent technological solution. In the present project, it only serves as a port. The aim is to unload LNG from a tanker into a shore tank and to load LNG as fuel into a watercraft, - a shore facility, in which 1\*100m, (with the possibility to enhance the storage to a further 2\*100 m and 4\*150 m at a later stage) the storage of LNG can be ensured with local unloading or on the direct pipeline delivered from the barge, thus providing an alternative solution in the form of a to bi - directional flow (the location of additional reservoirs is also provided at the onshore facility. The onshore facility already has a direct rail track to receive fuel - the establishment of a rail link is not part of this call and it will be established at a later stage of development. When implementing the project, it must be taken into account that the rail track must remain in their current location. The Facility is a complete station, together with a well column and storage tanks. Following the implementation of the project, the basic process is as follows: LNG needs to be stored in a tank and filled in through an LNG well column. CNG will be produced from the LNG by evaporation, which will have to be charged through a CNG well column from the same tank. An evaporator and a pump must be installed in between. LCNG is produced from a non-piped network by compression. An intermediate process buffer storage is placed, which is only temporary for the compressed gas. A detailed description of the task is provided in the tender dossier (AD), in particular the technical specification that forms part of it.

Pursuant to the public procurement, the investment is to be provided to MAHART Zrt. and Enfi Asset Management Plc. has won the implementation of it. With the implementation of the investment, its subject will be operated by MAHART Zrt. The result of the Issuer's activity is the difference between the public procurement amount and the total amount of the investment.

The amount of the public procurement is in the order of HUF 1.5 billion, which may be supplemented by additional certified and requested cost statements.

The Issuer intends to use subcontractors to facilitate the implementation of the project.

The date of completion of the investment is expected to be 2021. H2. H2

### ***2020 H1***

The Issuer has commenced the implementation of the investment using subcontractors. The Company draws attention to the fact that the precise result content of the implementation of the investment can

be interpreted at the end of the investment. The income and expenses received until then only result in periodic income and expenses as a schedule for the implementation of the task.

### ***ENEFI result***

The Issuer maintained the revenues and expenses related to the investment on the revenues and expense lines of the core business. The profit contribution of the project can be quantified and interpreted in the second quarter of 2021, when the investment is handed over.

## **B. PILLARS OF THE REAL ECONOMY**

### **1. FINANCE**

#### **Random Capital Zrt. - investment services, 9.46 percent share**

(In view of the capital increase of Random Capital Zrt. - independent of ENEFI - the Company's previous 9.9% share decreased to 9.46%.)

*Date of acquisition:* 09.01.2020

*Form of ownership:* investment, shareholding, no consolidation

#### ***Presentation***

Random Capital Zrt. is an investment company headquartered in Hungary and with a Hungarian ownership, the activity of which is supervised and licensed by the Hungarian National Bank.

The Company was established in 2008, acquired the membership of the Budapest Stock Exchange in 2009, is a member of the BSZSZ (Association of Investment Service Providers), and its activities focus on serving the Hungarian retail market, i.e. the “intermediation” of stock exchange transactions.

*The most important audited balance sheet data of Random Capital Zrt*



*Services of Random Capital Zrt .:*

NAME OF THE ITEM	31 December 2019 data
in thousand HUF	
Fixed assets	HUF 47,554
Current assets	HUF 8,797,328
Total assets	HUF 8,950,514
Own equity	HUF 411,166
Liabilities	HUF 8,425,259
Total liabilities	HUF 8,950,514
Revenues from investment services	HUF 879,634
Result of investment services	HUF 308,510
Pre-tax profit/loss	HUF 38,475
Profit/loss after tax	HUF 36,794
Approved dividends and shares	HUF 0

[www.randomcapital.hu](http://www.randomcapital.hu)

*Key indicators of Random Capital's customer activity*

**2020 H1**

Random Capital Zrt. delivered a successful first half of the year in the first half of 2020. It has significantly increased the number of its customers in terms of sales and net profit.

	31 December 2016	31 December 2017	31 December 2018	31 December 2019	30 June 2020
Customers with a device	2,361	2,937	3,441	4,418	7,170
Active customers	1,385	1,772	2045	2,768	5,157
It is active in the Hungarian prompt market	1,200	1,597	1840	2,291	3,861
It is active in the Hungarian futures market	199	211	230	228	303
Active in US market	107	220	329	587	1913
Active in the European market	60	77	118	309	1,073
Currency exchange	72	271	331	674	2,138

Random Capital will not be consolidated, so the Issuer does not have public balance sheet data. It can only evaluate its investment based on the information provided. Since Random Capital Zrt. has a half-year balance sheet in order to meet the legal requirements (monthly balance sheet preparation obligation), it has made available to the Issuer its net profit for the first half of 2020: HUF 140,071 thousand (unaudited, as the balance sheet of Enefi Plc. for the first half of the year was not audited).

### ***ENEFI result***

As an investment, the Issuer holds a financial/ownership interest in Random Capital Zrt. through a 9.46% ownership share. It may receive a dividend from the positive result of Random Capital Zrt. and the value of its ownership share affects the Issuer's profitability.

Random Capital Zrt.'s net profit for the first half of the year is HUF 140,071 thousand, of which 9.46 percent rounded value is the Issuer's share of the profit for the first half of the year **HUF 13,251 thousand**.

## **2. TOURISM**

**SÍARÉNA Kft. (SKI ARENA Plc.)** - operator of Eplény ski resort

*Date of acquisition:* 09.01.2020

*Form of ownership:* 100 percent stake, full consolidation

### ***Presentation***

Síaréna Kft. (Plc.) is a company which operates in the ownership of ENEFI Plc. Its main activity is the operation of the Eplény ski resort. During the operation of the track, it performs activities in the following business lines:

- ski slope and ski lift operation (ski pass sales)
- ski equipment rental
- ski training
- catering

Through continuous developments and investments, Eplény Síaréna is the largest and most modern ski resort in Hungary. There are more than 7 kilometres of ski slopes in Eplény, a significant part of which (4 km) consists of sections marked in blue. The blue tracks can be used even after dark thanks to the track lighting. The snow safety of the slopes is ensured by the snow production system. High-performance pumps deliver water from reservoirs with a total capacity of more than 17,000 cubic meters to the ski slopes, where the 51 snow cannons of Síaréna convert it into snow. The total snow production capacity of the system is 600 cubic metres/hour. This is approximately the same as that of all other ski resorts in Hungary. This huge snow-making performance allows for an average of 90-100 days of ski seasons. In Síaréna, two chair lifts, three drag lifts and three training lifts provide the transport of skiers. Hungry and thirsty guests are served in a total of six places, including a restaurant, pizzeria, oven buffet and panoramic bar.

Winter guest traffic is somewhere between 40 and 60 thousand, depending on the length of the seasons. This is the number of registered ticket purchases that does not include the significant number

of attendants. Education and lending is a dynamically developing business. This is explained by the fact that with rising living standards, more and more people can afford skiing, so the market is growing. To facilitate this, for the last two years, in winter and summer, we have been running our “learn to ski” campaign in the media. The gross sales revenue of the ski seasons varies between HUF 500 and 600 million. According to our plans, we will further develop the capacity available for education (elevator, area, rental equipment), so with this manoeuvre, it will be possible to utilise better the capacity of working day operations. We also plan a significant price increase in the coming years. Thus, through capacity expansion and price increases, gross sales revenue may exceed HUF 600 million.

The facility operates in four seasons. Usually, the closing weekend of the ski season is the start of the chairlift season, which lasts until November, ensuring year-round operation. The number of tourists visiting the cable car is increasing greatly year by year. Four-season operation is in place but the high season can consist of December, January, February, and the first half of March (depending on the weather). The Company is working to extend the high season to four seasons. Plans include the creation of an attraction for the spring, summer and autumn period that can attract up to 200-250 thousand people in the off-season.

The year-round operation also has a stimulating effect on the number of employees. The larger the permanent staff, the more stable the operation of the processes. There are currently 17 people in annual employment. Of these, 4 work in office, 9 in technical and 4 in catering. In winter, in addition to seasonal workers and casual workers, about 140 people work in Eplény.

Through dynamic development and high publicity, the range of our supporters is expanding year by year. The naming sponsor of the ski centre is Intersport Hungary. Another collaboration dating back seven years is Porsche Hungária and within that the Audi sponsorship. In addition to the two most important supporters, even smaller ones have been present for years, such as: Dreher, Monster, Sielók.hu, Festina, Oakley....

The ski resort usually hosts large-scale events such as: Spartan Race, Downhill national championship, World Snow Day....

Due to the events and the special snow-making activity, we have an extremely significant presence in the national media.

More information can be found on our website:

## **2020 H1**

Regarding the management of the main season of Sáréna Kft. (January-February-March-December) and the first half of 2020 (January-February-March), it should be noted that while the renowned Austrian ski tracks located on a significant higher terrain faced difficulties maintaining their opening times due to the significantly warmer than average winter weather, Sáréna Kft. remained open throughout January and February, and finally closed the season at the beginning of March.

While the number of visitors in the first half of the winter has been declining in recent years, the total number of visitors increased in 2018 and 2019. During the months of the first half of 2020, due to the coronavirus, Sáréna Kft. was able to operate only to a limited extent.

Tourism (Sáréna Kft.)

Year	January	February	March	Total H1 season
2018 visitor numbers	9,000	22,864	12,442	44,306
2019 visitor numbers	26,546	13,848	456	40,850
2020 visitor numbers	22,493	9,319		31,812

The number of visitors is strongly influenced by weather patterns. Neither the mild, windy winter nor the hot, rainy summer facilitates the positive development of the number of visitors.

Síaréna is optimistic about the future, with the aim of strengthening the summer season and operating the winter season optimally. Despite the “public belief”, global warming does not have an immediate effect on winter operations. The alternation of milder winters with colder winters is a common

Year	H1	H1-H2
2018 visitor numbers	44,306	78,201
2019 visitor numbers	40,850	79,385
2020 visitor numbers	35,850	n.a.

phenomenon that does not justify the weakening of the Síaréna ’s winter activity.

The definite goal of the Company is to be able to provide more and more attractions in the off-season, thus reducing or eliminating the seasonality of its activities.

The active revenue-generating months are the months of the high season - January, February and partly March (weather-dependent) in the first half of the year and only December in the second half of the year, so the second half of the year of the operation of Síaréna is capable of generating significantly less revenue.

### *ENEFI result*

*The consolidation of Síaréna Kft. contributed to the performance of ENEFI Plc. in the first half of the year in the following manner*

Consolidated income statement	2019H1	2020H1	SÍARÉNA 2020H1
Sales revenues:	197,380	702,502	331,408
Direct costs	-77,447	-265,930	-34,180
<b>Gross profit/loss</b>	<b>119,933</b>	<b>436,572</b>	<b>297,228</b>
Material costs	-2,346	-44,903	-43,449

Personnel expenses	-57,159	-142,618	-74,406
Expenses for share-based payments	0	0	0
Services availed of	-81,191	-156,222	-55,706
Other income/ expense (-)	4,995	4,523	5,491
Depreciation	-9,386	-38,867	-33,631
Other expense (income) of financial transactions	36,542	65,679	-22,549
Share of profit or loss of an associate enterprise	-17,121	13,251	0
<b>Pre-tax profit/loss</b>	<b>-5,733</b>	<b>137,415</b>	<b>72,978</b>
Income tax	-5,854	-3,241	
<b>Profit/loss Profit for the current year from continuous operations</b>	<b>-11,587</b>	<b>134,174</b>	<b>72,978</b>
<b>Profit for the current year</b>	<b>-11,587</b>	<b>134,174</b>	<b>72,978</b>
Parent company shareholders' share of profit or loss	-15,517	130,939	72,978
Share of external owners in the result	3,931	3,235	0
Exchange differences resulting from the conversion of foreign operations	-2,683	-5,961	0
<b>Total other comprehensive income for the period</b>	<b>-2,683</b>	<b>-5,961</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>-14,270</b>	<b>128,213</b>	<b>72,978</b>

### 3. REAL ESTATE

#### a.) MEDER utca 8.

*Date of acquisition:* 09.01.2020

Form of ownership: direct real estate ownership

#### Presentation

MEDER utca 8. The 11138 Budapest, 8 Meder utca (street), Building B, ground floor business premises with the topographical numbers 25910/2/A/198, 25910/2/A/199 and 25910/2/A/200, as well as garages (registered at 25910/2/A/128, 1138 Budapest, 8 Meder utca (street), -1 floor, garage, 3107 m<sup>2</sup> floor area, 1400/12800-th ownership, which in real-estate terms ensures the use of 14 car parking spaces).

Approximately 500 sqm of ground floor office space and 14 garages, which are assigned to the use of the office.

The offices operate at 100 percent occupancy, with two Companies renting the property.

### **2020 H1**

The property on Meder utca (street) was leased out continuously in the first half of the year; however, the payment discipline of the tenants deteriorated significantly. Negotiations on late payments are currently ongoing, with an agreement expected in the third quarter.

### **ENEFI result**

The actual profit effect was HUF 658 thousand in the first half of the year. The amount claimed below (unpaid amount) is HUF 10 million, rounded on the average of the paid months.

### **b.) BALATONFENYVES építési telek**

*Date of acquisition:* 09.01.2020

Revenues 1-6. month	HUF 4,977,552
Expenditures 1-6 months	HUF 4,319,583
Balance	HUF 657,969
Outstanding Revenue 1-6. months (paid on average due to euro difference)	HUF 9,955,104
Outstanding expenses 1-6. month	-

Form of ownership: direct real estate ownership

### **Presentation**

Balatonfenyves, inner area, topographical number 987/5, 1,0445 hectares, occupied residential house, marked yard, actually the property under number 33-34 Mária utca (street), 8649 Balatonfenyves.

The issuer purchased the property for real estate development purposes, but the development itself has not yet commenced.

#### **4. FOOD (INDUSTRY)**

No exposure

### **C. CAPITAL MARKET PILLAR**

No exposure

## **PURPOSE AND STRATEGY OF THE COMPANY'S MANAGEMENT**

In 2019, the Issuer adopted its new unified Strategy

## **MAIN RESOURCES OF THE COMPANY**

The Company's headcount has been reduced to a minimum as a result of the previous, drastic downsizing of the operation. The number of staff is sufficient to maintain daily operations. Operating with a significantly reduced corporate headquarters is comparable to a basic investment operation. When starting new, large projects, additional staff may be required. The successful completion of the previous bankruptcy proceedings stabilised the Company's market position in Hungary. The stock of external liabilities in Hungary decreased essentially to the supplier accounts received during the day-to-day operations. The payment discipline of the remaining customer base is adequate. The Company can cover the financing of the operation from its revenues. Starting new projects required due care and weighing risks. The customer base (local governments and their institutions) carry the possibility of the risk of non-payment. At the moment, the entire Hungarian operation takes place without the use of bank financing. If the capital requirements of the newly launched projects exceed the available resources, the Company will need external financing.

## **RISK FACTORS**

Investing in securities carries a number of risks. All investors are advised to consider risk factors before deciding to buy shares. The Issuer draws attention to the fact that the risk factors cannot be fully delineated, so the emergence of additional risk factors cannot be ruled out.

It is recommended that all investors wishing to invest in the shares issued by the Issuer become aware of the following risks, because only if they familiarise themselves with them in detail can they form a real picture of the Issuer and assess the real risk of investing in the shares.

The listed risk factors do not cover all the risks arising for the Issuer or the securities issued by it. These factors include the range of the most significant risks currently known to the Issuer.

### **Company-specific risks related to the Issuer**

#### ***Risk inherent in the new management and ownership of the Issuer and in the new scope of activities***

As a result of the decisions made at the General Meeting, the composition of the Issuer's management bodies has changed. The persons appointed by the members have been elected to them and the above changes may affect the further operation and decision-making procedure of the Issuer. On July 8, 2019, the Chairman of the Board of Directors, Csaba Soós, informed the public that “If I had to predict now, I would say that in two or three years, I would withdraw quite slowly [from the Company]”.. The professional competence of the new management and ownership will have an impact on the Issuer's performance.



There can be no assurance that the business strategy chosen by the Issuer will be successful and will not result in a decrease in profitability or excessive allocation of resources. By changing the focus of the Issuer's activities, it will enter new markets. As a result, it will be in contact with new partners, will also be responsible for compliance with a new regulatory area and will be exposed to market competition in the new markets.

#### **Risk arising from risky high-value and contracts**

The Issuer won an open accelerated public procurement procedure worth HUF 1.5 billion announced by MAHART Magyar Hajózási Zrt. under the topic "Implementation of fixed LNG-CNG filling stations" ((EKR001321472019). The Issuer won an open accelerated public procurement procedure worth HUF 1.5 billion announced by MAHART Magyar Hajózási Zrt. under the topic "Implementation of fixed LNG-CNG filling stations" ((EKR001321472019). Based on the nature, terms and high value of the agreement, the Issuer has identified that as an increased risk.

#### ***Risk arising from important fixed-term agreements***

The Issuer's current revenue-generating business, the heat services business, is expected to operate based on the already concluded contracts until 2024, after which it will be terminated.

#### ***Financing risk***

There is no guarantee that the Issuer will be able to attract external funding for its operation and growth in the future. In extreme cases, the lack of resources may also result in the Issuer not being able to fulfil its objectives, not being able to start new projects, and thus being forced to change its strategy and business activities.

#### ***Risk related to the energy services market***

In order to provide its own services, the Issuer procures certain services from other market participants and service providers, which, in this case, occupy a significant market position, and on the prices of which the Issuer has no influence, which in turn may adversely affect the Issuer's expenditure and other inputs and thus its profitability.

A significant part of the Issuer's activity is constituted by energy services, changes in the current regulations of which (e.g. gas price regulations, activities subject to licensing, etc.) may result in significant changes for the Issuer. Regulatory changes also include the liberalisation processes affecting the sector, the impact of which on the business environment and on consumers and service providers is currently not fully predictable. Possible changes in the price regulation of public utilities may also affect the operation and profitability of the Issuer through the fee formulas fixed in the long-term contracts of the Issuer. The Issuer may also be affected by the direct and indirect economic effects of climate change in a way that is hard to predict. It cannot be ruled out that a project will become insolvent or unprofitable after a significant investment, due to changed circumstances.

#### ***Partner risk, change in the position of the customer base***

The Issuer provides a significant part of its services to local governments (or institutions under their control). The contractual considerations of local governments and other municipal, state persons, (public) institutions, as often politically influenced actors, may differ from the considerations of a rational, profit-oriented, market client, therefore the fulfilment of contracts signed with such clients carries risks in this regard. The municipal/regional government structure is currently undergoing a

transformation. All these developments, the outcome of which is unpredictable today, may affect the solvency, willingness, conditions and procurement practices of the Issuer's state/ municipal/public sector customers, possibly with a significant negative impact on the Issuer.

It is possible that the economic position of one or more major clients will deteriorate during the term of long-term contracts, and the Issuer may suffer a loss as a result, which may cause it to lose growth, market, financial, liquidity position and profitability.

In the vernacular, it is called the Moratorium Act, i.e. Act XVII of 2014 on Judicial Enforcement. Due to certain provisions of this Act, which does not allow the restriction of the service of non-paying consumers, the suspension of the heat supply, the Issuer may not always limit or stop its service, thus it is not able to reduce or limit the amount of losses due to the customer's payment problems. There is a risk that the partner will not be able to meet all or part of its obligations included in the transaction, which could have a negative impact on the Issuer's results.

According to the information available today, it is realistic to expect that a significant part of the Issuer's receivables will not be recovered due to the significant deterioration of the financial and economic situation of local governments. Due to the above, no guarantee can be given that in such a case the rights arising from the contract can actually be enforced against the given party in the given situation and that the losses will be mitigated.

#### ***Risk related to key employees***

The development, business acquisition and technical activities of the Issuer can increasingly rely on the work of key managers, employees and contractual partners working for the Issuer and to be employed in the future. The possible loss or non-acquisition of such persons may, temporarily or permanently, adversely affect the Issuer's profitability. While the Employee Share Plan may help retain employees by letting them have a stake in the Issuer, there is no guarantee that employees will retain the shares acquired under the Employee Share Plan in the longer term.

#### ***Risk of ongoing legal proceedings***

On several occasions, the Issuer has been forced enter legal proceedings in order to execute its claims related to the equivalent of the performance of the services. Given that these procedures have not yet been completed, it is not possible to estimate the amount and due income of these procedures for the Issuer.

The risk of initiating and pursuing legal and tax proceedings is increased in Romania, where the Romanian tax authorities have initiated a comprehensive tax audit of the group of companies the Issuer had failed to register its bankruptcy proceedings due to non-payment of the registration fee. The Romanian tax authority is still claiming a significant amount of receivables from the Issuer, the legality of which the Issuer disputes.

From 13 December 2012 to 30 August 2013, the Issuer was subject to bankruptcy proceedings. The bankruptcy proceedings have reached a successful and legally binding conclusion; the holders of previous claims not registered in the bankruptcy proceedings may not assert their claims against the Issuer, except for liquidation proceedings initiated by another party. As a result of the above, it is not excluded that in a possible liquidation procedure claims not registered in the previous bankruptcy proceedings and not yet expired, such as claims arising from bonds previously issued by the Issuer,

may also be registered; the amount of enforceable (non-expiring) bond claims arising from these bonds in the possible event of liquidation: Meder utca (street) real estate - 217 million forint

### ***Impact of the coronavirus epidemic on the Issuer***

While the direct effects are small and not significantly higher than other similar health-related determining factors, the human responses to the epidemic are fundamentally different from those known to date. Namely, the real underlying risk factor is to be found in the human responses/reactions to the coronavirus epidemic. It is impossible to calculate the exact system of negative consequences. As a result, the present description takes into account risks and unexplained negative effects, quantifiable facts - the given general approach is not of a scientific nature; it is rather the opinion of the Issuer's management.

The Issuer is also affected by known fundamental negative effects, such as changes in consumption patterns, periodic changes in community and social behaviour, central (governmental) restrictive measures, weakening of economic performance, the possibility of longer-term deflationary and inflationary trends in general.

The “pillars” of the Issuer as a trustee are energy efficiency, tourism-based matrix service (Eplény, Sáréna Kft.), real estate utilisation, development, litigation and enforceability of claims. Of these, the epidemic may have a more significant impact on:

From the point of view of the operation of Sáréna Kft., its operation risk may be constituted by the decrease in the number of visitors and the decrease in the amount of consumption/service per capita expressed in HUF. The issuer sees a significant risk of a possible further decline in service volume from a potential next wave, but the probability and timing of this is unpredictable. The real decrease in service volume may be caused by the time of the additional wave(s) coinciding with the high season (December-March).

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

### ***Risk of controlling influencing owners***

It cannot be ruled out that the interests of the controlling shareholders do not always coincide with the interests of the minority. The price of the Issuer's shares may be significantly affected by the possible larger sale of shares by the controlling shareholders.

### ***Risk of dilution***

During a possible future capital increase, if the shareholder's pre-emptive subscription right is excluded or restricted, or the shareholder does not participate in the capital increase despite the pre-emptive subscription right, her share in the Issuer will decrease (dilute). A Kibocsátó továbbá a 18/2019. 04.30 Furthermore, with the 18/2019. (04.30.) General Meeting decision, the Issuer authorised the Board of Directors to increase the share capital to HUF 400,000,000 over a period of 5 years, on the basis of which the Board of Directors was authorized to carry out further capital increase(s) after this capital increase.

## SUMMARY OF THE CURRENT PERIOD

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

- An amendment to the share capital and company name was registered by the court of registration. Share capital of the joint stock company: (i.e. one hundred and sixty million sixty-one thousand and ninety) The share capital consists of 11,150,000 registered, dematerialised ordinary shares with a nominal value of HUF 10 (Series A)\* and 5,456,109 registered, dematerialised, convertible dividend preference shares with a nominal value of HUF 10 (Series H). The total number of shares issued by the company is as follows: 16.606.109 pieces The name of the company English name of the company: ENEFI Asset Management Plc.
- KELER Zrt. has created new shares related to the private placement capital increase decided at the General Meeting of the Company held on November 18, 2019, which are 1,150,000 Series A dematerialised ordinary shares with a nominal value of HUF 10 per share and an issue value of HUF 400 per share. and 5,456,109 Series H dematerialised convertible preference shares with a nominal value of HUF 10 per share and an issue value of HUF 400. Furthermore, based on the resolutions of the General Meeting of the Company held on 22 March 2019, the change of 2,500,000 previously issued 2,500,000 employee shares with a total nominal value of HUF 25,000,000, each with a nominal value of HUF 10, resulted in 2,500,000 dematerialised ordinary shares with a nominal value of HUF 10 and a total nominal value of 25,000,000 HUF. The shares issued in connection with the capital increase were also allocated to the entitled shareholders.
- Az MNB a Kibocsátó által előterjesztett
  - o During the conversion of 2,500,000 employee shares with ISIN ID HU0000151386 submitted by the Issuer, the Hungarian National Bank issued 2,500,000 “A” series ordinary shares with ISIN ID HU0000173729,
  - o and refused to approve the prospectus prepared for the listing on a regulated market operated by the Budapest Stock Exchange Private Limited Company of 1,150,000 Series “A” Ordinary Shares with ISIN ID HU0000173729 and 5,456,109 Series “H” Convertible Dividend Preference Shares with ISIN ID HU0000173737 issued during the capital increase registered by the Registry Court of the Metropolitan Court on 9 January 2020, and terminated the licensing procedure.
- The Company will repeat the submission and approval of the prospectus.
- Ferenc Bálint resigned from his position as a member of the Supervisory and Audit Committees of the Company due to his other occupations.

## ACHIEVEMENTS AND OUTLOOK FOR THE PERIOD

The risk impact of COVID 19 by segment in the present and in the future

### A. BASIC PILLARS

#### 1. *Lawsuits*

- Risk of pursuing litigation (where the Company is litigating as a plaintiff)
- Invalidity of the outcome of lawsuits
- Regulatory measures

#### 2. *Energy efficiency*

- Deterioration of payment discipline (cross-debts)
- Regulatory measures

### B. REAL PILLARS

#### 1. *Finance (Operation of Random Capital)*

- Deterioration of the operating conditions of Random Capital Zrt., delayed profit, slower growth
- A significant decrease in the value of Random Capital Zrt.

#### 2. *Tourism (Siaréna Kft.)*

- Decrease in solvent demand
- Delay in the implementation of investments
- Decrease in the volume of subsidies and applications
- Regulatory measures

#### 3. *Real Estate*

- Deterioration of willingness to pay rent
- Risk of lease of property
- Reduction in the value of real estate
- Regulatory environment

**Impact of the first half-year activity on each pillar**

**The Issuer achieved a pre-tax profit of HUF 137,415 thousand.**

### *The positive result achieved by segment*

It can be seen from the table above that the profit-increasing effect of the integrated assets is substantial. However, no long-term conclusions can be drawn from the first half-year figures for the following reasons:

- Described risks and coronavirus risk
- Opportunity to acquire future assets
- Future possibility of uploading PILLARS
- Developments and investments on assets
- Lack of continuity of market value of assets

PILLAR	RESULT EFFECT	RESULT WEIGHT
BASIC PILLAR	HUF 50,519,000	37%
REAL PILLAR	HUF 86,896,000	63%
CAPITAL MARKET PILLAR	HUF 0	0%
Pre-tax profit/loss	HUF 137,415,000	100%

- Cyclical activities
- Seasonal effects
- Exchange rate changes
- Legal proceedings
- Regulatory changes

The Issuer considers its operations in the first half of the year to be successful and sees a lot of real potential in the future continuation of the enterprise.

The Company's management is committed to the possibly most efficient implementation and operation of the announced strategy, and considers the maximisation of shareholder values to be its primary goal.

### *Quantitative and qualitative indicators and indicators of performance measurement*

Name of the indicator	30 June 2019	30 June 2020
Fixed assets ratio (fixed assets/balance sheet total)	81.99%	81.40%
Debt ratio (liabilities/assets)	14.96%	20.02%

Liquidity ratio (cash/current liabilities)	360.17%	113.15%
Liquidity ratio (cash / current liabilities)	57.26%	5.09%
Profitability as a proportion of sales (net profit before tax/sales)	-2.90%	19.56%
Return on equity (pre-tax profit/equity)	-0.42%	3.25%

## ISSUER'S STATEMENT

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

Mr. Csaba Soós - Mr. Ferenc Virág - Mr. László Bálint - Mr. András Zoltán Petykó  
Members of the Board of Directors  
ENEFI Asset Management Plc.