

**REPORT and RECOMMENDATION**  
**of the Audit Committee**  
**of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság**  
**on the financial statements of the Company for 2018**

The Audit Committee has been operating at the Company since September 6, 2010.

The members of the Audit Committee:

- **István Bakács**, Chairman, energy expert
- **Dr. István Borbíró**, attorney-at-law
- **Dr. János Lukács**, chartered accountant

The Audit Committee performed its activity in 2018 in accordance with the provisions of Act V of 2013 on the Civil Code of Hungary, the Articles of Association of the Company and the Rules of Procedure of the Audit Committee. In 2018, it held four meetings and adopted written resolutions on six occasions. No doubt regarding the independence of the members and no conflict of interest arose during the operation of the Audit Committee; the members attending the meeting of the Audit Committee expressly confirmed their independence in writing by signing the resolution of the Committee adopted on March 29, 2019.

The Audit Committee declares that based on its prior written consent given according to Regulation (EU) No 537/2014 of the European Parliament and of the Council, Deloitte Kft. – as the Company’s auditor engaged to perform the auditing of the annual financial statements of the Company – and another company belonging to the network of the auditor provided non-audit services to the Company and its subsidiaries in 2018. When giving its prior consent, the Audit Committee properly assessed the threats to independence and the relevant safeguards. Furthermore, the Audit Committee states in respect of these services that their total fees did not reach the thresholds determined in Regulation (EU) No 537/2014.

The Audit Committee examined the proposals underlying its resolution adopted on March 29, 2019, and – taking into account the report of the Company’s auditor – in a resolution adopted unanimously by its members, it approved and accepted the Company’s separate statement (with a statement of financial position total of HUF 13,626,857 thousand and a comprehensive income of HUF 407,512 thousand) and business report prepared for the 2018 financial year in line with the provisions of the Hungarian Accounting Act applicable to entities preparing their annual report according to the EU IFRSs, as well as the Company’s consolidated annual report (with total assets of HUF 22,859,098 thousand and with a comprehensive income of HUF 240,447 thousand) and business report prepared for the 2018 financial year according to the IFRSs.

The Audit Committee declares that the reports are in compliance with the applicable legal requirements and give a true and correct view of the Company’s management, and therefore it proposes their acceptance by the General Meeting.

In the opinion of the Audit Committee, during the past four years, the Company’s auditor performed the auditing of the Company to appropriate standards as required by the applicable legal provisions, and therefore the Audit Committee proposes to the General Meeting to reappoint Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság (Deloitte Auditing and Consulting Ltd.; registered office: H-1068 Budapest, Dózsa György út 84/C; company registration number: 01-09-071057; registration number with the Chamber of Hungarian Auditors: 000083) as the permanent auditor of the Company, for the period from April 26, 2019 until the date of adoption of the General Meeting’s resolution on the report for the business year ending on December 31, 2019 but no later than

May 31, 2020. The Audit Committee proposes the appointment of dr. Attila Hraby (mother's name: Katalin Szerdahelyi; address: H-1174 Budapest, Ósrepülő utca 21. Fsz. 2; registration number with the Chamber of Hungarian Auditors: 007118) as the auditor personally responsible for the Company's audit. The Audit Committee proposes a remuneration of HUF 6,300,000 + VAT for the auditor.

Budapest, April 5, 2019

Yours sincerely,

István Zsigmond Bakács  
the Chairman of the Audit Committee

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