

REPORT

of the Supervisory Board

of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság on the proposals for resolution for the ordinary General Meeting of the Company to be held on April 26, 2019

Dear Members of the General Meeting,

The Supervisory Board has been operating at **ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság** (registered office: H-1131 Budapest, Babér u. 1-5; company registration number: 01-10-045985; hereinafter: **"the Company"**) since September 6, 2010.

The members of the Supervisory Board:

- István Bakács, Chairman
- Dr. István Borbíró
- Péter Jancsó
- Dr. János Lukács
- Noah M. Steinberg

The Supervisory Board 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 Supervisory Board. In 2018, it held four meetings and adopted written resolutions on three occasions. Its permanent agenda items included the report of the Board of Directors on the management, financial situation and business policy of the Company in accordance with Section 3:284(1) of Act V of 2013 on the Civil Code of Hungary, and during its meetings, it discussed the details of the Company's business situation, the strategic development of the business lines, and the activities and goals of the Compliance and Ethics organization of the Company. During its meetings, the Supervisory Board - together with the Audit Committee - listened to the report of the auditor of the Company relating to the auditing activities performed or to be performed by him and presenting the key areas and risks, as well as the deficiencies of internal controls detected. The management presented the measures taken to eliminate the identified deficiencies, which the Supervisory Board acknowledged. The Supervisory Board was provided with specific information on the battery storage facility project implemented by the Group, and the management's presentation about changes in the price of the Company's shares and important legislative changes – occurring since the previous meeting – became a permanent item on the agenda of the meetings. In addition, the Supervisory Board was kept informed - at its meetings - about the decisions adopted by the Board of Directors and the issues affecting the Company.

The Supervisory Board examined the proposals for resolution prepared by the Board of Directors of the Company for the General Meeting of the Company to be held on April 26, 2019, as well as the related submissions, and has formed the following opinion on them:

The Supervisory Board has generally found that the reports prepared by the Board of Directors are in compliance with the applicable legal requirements and give a true and correct view of the Company's management. The opinion of the Supervisory Board in detail:

On agenda item 1:

The Supervisory Board – subject to the report of the Company's auditor – proposes to the General Meeting to accept the statement of financial position for the Company's business year ending on December 31, 2018, along with the separate statement (statement of financial position total: HUF 13,626,857 thousand and comprehensive income: HUF 407,512 thousand) and business report prepared in line with the provisions of the



Accounting Act applicable to entities preparing their annual report according to the EU IFRSs.

On agenda item 2:

The Supervisory Board – subject to the report of the Company's auditor – proposes to the General Meeting to accept the Company's statement of financial position for the business year ending on December 31, 2018 and its consolidated statement (comprehensive income: HUF 240,447 thousand and total assets: HUF 22,859,098 thousand) and business report prepared in accordance with the IFRSs.

On agenda item 3:

The Supervisory Board proposes to the General Meeting to accept the separate and consolidated statements of the Board of Directors for the 2018 business year.

On agenda item 4:

The Supervisory Board proposes to the General Meeting to accept the corporate governance report prepared by the Board of Directors.

On agenda item 5:

The Supervisory Board proposes to the General Meeting to pay HUF 250,068,416 as dividend from the free retained earnings (dividend fund) supplemented by the profit after taxation of the Company in the previous business year – calculated according to Section 39(3a) of Act C of 2000 on Accounting – and the subsidiary dividends established after 2018, which corresponds to HUF 16 gross per share at the time of the publication of this proposal (excluding own shares owned by the Company). Furthermore, the Supervisory Board proposes that the General Meeting authorize the Board of Directors to adopt the resolutions specified in Article 18 of the Articles of Association, as well as any other decisions necessary in relation to the payment of dividends.

On agenda item 6:

The Supervisory Board proposes to the General Meeting to grant the discharge to the members of the Board of Directors.

On agenda item 7:

The Supervisory Board – based on the recommendation and favorable opinion of the Audit Committee – supports the appointment of the auditor named in the proposal, with the conditions specified in the proposal.

On agenda item 8:

The Supervisory Board proposes to the General Meeting to acknowledge and approve the Company's transactions involving its own shares.

On agenda item 9:

The Supervisory Board proposes to the General Meeting to extend its Resolution No. 12/2018 (IV. 20.) authorizing the Board of Directors to buy the Company's own shares, for another 18 (eighteen) months, as specified in the proposal.

On agenda item 10:

The Supervisory Board proposes to the General Meeting to grant an authorization to the Board of Directors – concurrently with repealing Resolution No. 3/2015 (XI. 10.) of the General Meeting – to increase the Company's share capital by a maximum amount of HUF 150,000,000 – calculated on the basis of the face value of the shares issued by the Company. The Supervisory Board proposes that the authorization should be valid for five years from April 26, 2019, and that it should cover all cases and means of share capital increase – as set out in the Civil Code of Hungary – as well as the restriction or exclusion of exercising preferential rights regarding subscription for and takeover of the shares.



On agenda item 11: The Supervisory Board proposes to the General Meeting to change the

core activity of the Company to "Engineering services and related technical consulting services" (TEÁOR 7112) for the reasons given in

the proposal.

On agenda item 12: The Supervisory Board agrees with the amendment of Articles 5 and 15

of the Articles of Association regarding the changing of the core activity

and the extension of the auditor's appointment.

Budapest, April 5, 2019

Yours sincerely,

István Zsigmond Bakács Chairman of the Supervisory Board

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