25838084-3511-113-01
Statisztical code

01-09-291869
Corp. Reg. Nr.

IT-Solar Kft.

name

1131 Budapest, Babér utca 1-5.
adress

31st December 2018.

Simplified Annual Financial Statements

Budapest, 28th march 2019.

Deloitte.

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Registered by the Capital Court of Regsitration:
Company Registration Number: 01-09-071057

VAT ID: 10443785-2-42
EU VAT ID: HU10443785

Translation of the Hungarian original

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of IT-Solar Kft.

Opinion

We have audited the simplified financial statements of IT-Solar Kft. (the „Company") for the year 2018 which comprise the balance sheet as at December 31, 2018 − which shows total assets of thHUF 894.110 and loss after tax for the year of thHUF 6.595 −, as well as the related profit and loss account for the year then ended and the notes to the simplified financial statements including a summary of significant accounting policies.

In our opinion, the accompanying simplified financial statements give a true and fair view of the financial position of the Company as at December 31, 2018 and its financial performance for the year then ended in accordance with Act C of 2000 on Accounting (the „Accounting Act") effective in Hungary.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the Simplified Financial Statements*" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the "Rules of conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the "Code of Ethics for Professional Accountants" (the IESBA Code) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Simplified Financial Statements

Management is responsible for the preparation and fair presentation of the simplified financial statements in accordance with the Accounting Act, and for such internal control as management determines is

IT-Solar Kft. **25838084-3511-113-01** **01-09-291869** 2018. december 31.

Balance Sheet Statistical code Company reg. Nr.

Assets *Data in THUF*

Nr.	Description	31. Dec 2017.	31. Dec 2018.
1	**A. NON-CURRENT ASSETS**	**1 788**	**846 384**
2	I. INTANGIBLE ASSETS	**0**	**0**
3	II. TANGIBLE ASSETS	**1 788**	**846 384**
4	III. FINANCIAL INVESTMENTS	**0**	**0**
5	**B. CURRENT ASSETS**	**7 821**	**41 307**
6	I. INVENTORIES	**0**	**0**
7	II. RECEIVABLES	**7 469**	**914**
8	III. MARKETABLE SECURITIES	**0**	**0**
9	IV. LIQUID ASSETS	**352**	**40 393**
10	**C. PREPAID EXPENSES AND ACCRUED INCOME**	**0**	**6 419**
11	**TOTAL ASSETS**	**9 609**	**894 110**

Equity and Liabilities *Data in THUF*

Nr.	Description	31. Dec 2017.	31. Dec 2018.
12	**D. SHAREHOLDERS' EQUITY**	**2 263**	**- 281**
13	I. ISSUED CAPITAL	3 000	3 000
14	*thereof: treasury shares repurchased at face value*	0	0
15	II. ISSUED BUT NOT PAID CAPITAL (-)	0	0
16	III.CAPITAL RESERVES	0	0
17	IV. ACCUMULATED PROFIT RESERVE	- 25	- 737
18	V. NON-DISTRIBUTABLE RESERVES	0	4 051
19	VI. REVALUATION RESERVE	0	0
20	VII. PROFIT AFTER TAX	- 712	- 6 595
21	**E. PROVISIONS**	**0**	**0**
22	**F. LIABILITIES**	**7 181**	**890 890**
23	I. SUBORDINATED LIABILITIES	0	219 500
24	II. LONG TERM LIABILITIES	0	593 244
25	III. SHORT TERM LIABILITIES	7181	78 146
26	**G. ACCRUED EXPENSES AND DEFERRED INCOME**	**165**	**3 501**
27	**TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY**	**9 609**	**894 110**

Budapest, 28th march 2019.

Kovács Csaba **Molnár László**

Directors of the Company

Translation only - in case of any difference the Hungarian original prevails

IT-Solar Kft. **25838084-3511-113-01** **01-09-291869**

P/L Statement Statistical code Company reg. Nr.

Data in THUF

Nr.	Description	2017.01.01. - 2017.12.31.	2018.01.01. - 2018.12.31.
I.	**NET SALES REVENUES**	**0**	**2 299**
II.	**CAPITALISED VALUE OF OWN PERFORMANCE**	**0**	**0**
III.	**Other revenues**	**0**	**8**
	of which: reversal of impairment loss provision	0	0
IV.	**MATERIAL TYPE EXPENDITURES**	**686**	**4 600**
V.	**PAYMENTS TO PERSONNEL**	**0**	**0**
VI.	**DEPRECIATION CHARGE AND AMORTIZATION**	**0**	**2 647**
VII.	**Other expenses**	**15**	**57**
	of which: impairment loss provision	0	0
A.	**PROFIT ON OPERATIONG ACTIVITIES** (I.±II.+III.-IV.-V.-VI.-VII.)	**- 701**	**- 4 997**
VIII.	**Financial revenues**	**0**	**0**
IX.	**Financial expenses**	**11**	**1 598**
B.	**PROFIT ON FINANCIAL ACTIVITIES** (VIII.-IX.)	**- 11**	**- 1 598**
C.	**NET PROFIT BEFORE TAXATION (±A.±B.)**	**- 712**	**- 6 595**
X.	**Tax liability**	0	**0**
D.	**PROFIT AFTER TAX (±C.-X)**	**- 712**	**- 6 595**

Budapest, 28th march 2019.

Kovács Csaba **Molnár László**

Directors of the Company

Translation only - in case of any difference the Hungarian original prevails

I PRESENTATION OF THE COMPANY

Key information concerning the Company	
Name	IT-Solar Korlátolt Felelősségű Társaság
Registered office	H-1131 Budapest, Babér utca 1-5.
Company registration number	01-09-291869
Tax number	25838084-2-41
Statistical code	25838084-3511-113-01
Core business	NACE 3511 – Production of electricity
Capital stock on 1/1/2018	HUF 3,000 thousand
Capital stock on the reporting date	HUF 3,000 thousand
Chosen auditor	Deloitte Könyvvizsgáló Kft.

IT-Solar Korlátolt Felelősségű Társaság was founded in 2016, with an initial, fully monetary contribution of HUF 3,000 thousand. Date of incorporation at the court of registration: December 22, 2016. The Company was founded by private individual investors for the purpose of implementing the Monor solar power plant investment project with a total capacity of nearly 4 MW.

On November 6, 2017, ALTEO Nyrt. acquired the business share representing 100% of the ownership rights of IT-Solar Kft.

The Company performed its year-end closing in accordance with the existing Act C of 2000 on accounting (hereinafter: "Accounting Act"). Pursuant to Section 9 of the aforementioned Act, the Company may prepare and publish a simplified annual report for the business year 2018, which is required to be reviewed by an auditor under Sections 155 (2) and (6) of that Act. Pursuant to the aforementioned sources of law, IT-Solar Kft. complies with its reporting obligation by preparing a simplified annual report for its 2018 business year.

ALTEO Nyrt., as parent company, is obligated to prepare a consolidated annual report compiled in accordance with the IFRSs and a consolidated business report. In accordance with Section 10 (2) of the effective Act C of 2000 on Accounting, the parent company complies with its consolidation obligation by publishing a report and a management report compiled in accordance with the IFRSs. The report of ALTEO Nyrt. prepared in accordance with the above can be viewed on the website of the Budapest Stock Exchange and on ALTEO Nyrt.'s own website (www.alteo.hu).

ALTEO Nyrt. and its scope of consolidation is covered by the consolidated annual report prepared by Wallis Portfolió Kft. in accordance with the Accounting Act. The consolidated report of the superior parent company can be viewed at the registered office of Wallis Portfolió Kft. (H-1055 Budapest, Honvéd u. 20).

Pursuant to Section 155 of the Accounting Act, the Company is subject to an audit requirement; its chosen auditor is Deloitte Könyvvizsgáló Kft. The person responsible for auditing is Dr. Attila Hruby (Chamber of Auditors membership number: 007118).

The remuneration for the audit of the simplified annual report is HUF 1,200 thousand + VAT.

Csaba Kovács, managing director, and László Molnár, managing director, are jointly authorized to sign the simplified annual report.

The person commissioned to control and lead the auditing tasks in accordance with Section 88 (9) of Act C of 2000: Gergely Zoltán Lakatos (H-1094 Budapest, Viola u. 43. 5. em. 4., registration number: 164933)as an employee of the company providing bookkeeping services.

The Company publishes its simplified annual report on the electronic reporting portal operated by the Ministry of Justice (www.e-beszamolo.im.gov.hu).

II ACCOUNTING POLICY

a) General information

In its accounting policy, the Company set the preparation date of the simplified annual report for January 31 following the subject year. The reporting date for the Company was December 31, 2018 and its business year corresponds to the calendar year.

The Company opted for the type "A" statement of financial position structure and, for compiling the statement of profit or loss, the total cost method.

Apart from the exceptions highlighted, data in the simplified annual report are expressed in thousand forints.

b) Key elements of the accounting policy

In line with the Accounting Act, the Company developed its policy for money management, inventory and asset and liability valuation.

The Company laid down in its accounting policy that the going concern basis of accounting must be used to ensure that the accounting principles of completeness, faithful representation, understandability, comparability, going concern, consistency, prudence, no netting, individual measurement, accruals, substance over form, relevance and cost-benefit analysis are followed.

An error is regarded as material if in the year of its detection the aggregate value of errors and impacts of errors discovered by various audits and affecting a particular business year (separately for each year) that increase or decrease the equity (irrespective of sign) is greater than HUF 1,000 thousand. An error is always material if the total amount (regardless of sign) of faults and fault effects increasing or decreasing profits, equity, discovered in the year of discovering the fault, in the course of the series of reviews – concerning the same year – exceeds 2 percent of the Company's statement of financial position total of the business year under review.

No material error was identified for the subject year.

An income or expenditure item can be considered to be of exceptional magnitude if it satisfies either of the following criteria:

– One-off significant, unpredictable item (e.g.: loss event)
– Unexpected, excessively change relative to previous years (e.g.: significant change in the portfolio of contracts)

Transactions in foreign currencies are translated into forint using the foreign exchange rate announced by the Central Bank of Hungary, effective on the day of performance.

c) Principles of asset valuation

1. Intangible assets

Intangible assets are recognized at cost and/or production cost less accumulated depreciation, at values not exceeding their known market values. Depreciation is calculated using a linear method based on the depreciation rates required to write off intangible assets over their expected useful lives. The expected useful lives of intangible assets are as follows:

Asset group	Useful life
Capitalized value of foundation/restructuring	5 years
Intangible property rights	5 years
Intellectual property	3-5 years
Low-cost intellectual property and intangible property rights	lump sum

2. Fixed assets

Fixed assets are recognized in the statement of financial position at cost and/or production cost less accumulated depreciation. Depreciation is recognized in the statement of profit or loss using a linear method and taking into account the useful life of the specific asset.

With regard to fixed assets, the Company considers assets of a value not exceeding HUF 100 thousand as low-cost assets. Such assets are written off in a single amount in the month when they are put into operation.

In the case of fixed assets, no residual value was determined based on individual assessment. The Company recognizes depreciation of assets based on analytic entry on a monthly basis.

3. Non-current financial assets

Investments representing ownership interests in companies are valued as the consideration for acquisition, and as the value established in the articles of association for foundation and capital increase until their market values fall permanently and significantly below their carrying amounts. In this case, these are valuated at the market price known at the time of balance sheet preparation.

Securities recognized under non-current assets (owned by the Company for more than a year) are reported in the statement of financial position at purchase price until their market values fall permanently and significantly below their carrying amounts. In this case, similarly to ownership interests held for investment purposes, these are valuated at the market price known at the time of the preparation of the statement of financial position.

4. Inventories

Other procured materials are used immediately, thus, the Company does not engage in stockpiling.

5. Receivables

Receivables are reported in the statement of financial position at values confirmed and recognized by debtors. The Company carries out the valuation of receivables denominated in foreign currency at the reporting date as set out in the accounting policy.

The Company carries out the valuation of receivables, advances given, loans given and amounts recognized under other receivables on an individual basis and records impairment for the difference between the carrying values and amounts of receivables expected to be recovered based on individual assessment.

6. Securities

Securities, which are recognized under current assets according to the accounting policy, are recognized in the statements of financial position at purchase price until their value goes well below the recording price. Securities owned by the Company for more than a year are recognized under non-current financial assets.

7. Accrued income and deferred charges

Deferred charges include expenses in the closed year that can only be recognized as costs next year. The Company reports under accrued income revenues that are for the subject year but will only be paid and recognized next year after the preparation of the report.

8. Provisions

The Company recognizes provisions for expected liabilities and future (non-recurring) costs based on the foreseeable requirements, in line with the information available on the preparation date of the statement of financial positon.

9. Liabilities

IT-Solar Kft. shows liabilities in its statement of financial position in the contractual amounts, to the extent recognized and fulfilled.

10. Accrued expenses and deferred income

Accrued expenses include expenditures that are for the subject year but will only be invoiced in the period following the reporting date. Deferred income includes revenues that were reported for the current year, but are for the period following the subject year.

11. Recognition of transactions in foreign currencies

Transactions in foreign currencies are translated into forint using the foreign exchange rate announced by the Central Bank of Hungary, effective on the day of performance.

During the year the realized exchange rate gain/loss amounts are from the difference between the exchange rates effective on the day of performance and the day of financial performance; these amounts are recognized by the Company among other incomes, expenses of financial transactions.

At the end of the year, foreign-currency receivables, securities and liabilities were valuated using the foreign exchange rate published by the Central Bank of Hungary for December 31, 2018. The resulting aggregated unrealized exchange rate gains or losses are recognized by the Company under other incomes of financial transactions and other expenditures of financial transactions, in line with the direction thereof.

12. Revenue

The net revenue from sales is recognized at the time of performance, without VAT.

13. Changes in the accounting policy and accounting estimations

No changes were made to the accounting policy and the accounting estimates in the subject year.

III ASSETS AND FINANCIAL POSITION, LIQUIDITY

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Profit after taxation to equity	$\frac{\textit{Profit after taxes}}{\textit{Equity}}$	-31.5%	-104.45%
Liquidity indicator	$\frac{\textit{Current assets}}{\textit{Short-term liabilities}}$	108.9%	52.9%
Operating profit margin	$\frac{\textit{Operating profit}}{\textit{Net revenue from sales + Other income}}$	N/A	-217%

a) Capital efficiency

The Company commenced activities on December 1, 2018; profit and loss after taxes is impacted by material expenses.

b) Liquidity indicator

The Company settled its liabilities in the in the subject year.

c) Operating profit margin

The Company commenced activities on December 1, 2018, and as such, it only realized sales revenues for 1 month.

IV ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

a) Intangible assets and Fixed assets

The reporting-date value of fixed assets is HUF 846,384 thousand. Among fixed assets, the Company solely recognizes investment projects relating to the planned solar power plant project.

b) Non-current financial assets

The Company had no non-current financial assets either in the subject year or the preceding period.

c) Current assets

The composition of the Company's current assets changed as follows:

data in thousand HUF	12/31/2017	12/31/2018
Trade receivables	0	914
Other receivables from the tax authority	469	0
Deposit	7,000	0
TOTAL RECEIVABLES	**7,469**	**914**
MKB Bank – HUF	352	40,393
TOTAL LIQUID ASSETS	**352**	**40,393**
TOTAL CURRENT ASSETS	**7,821**	**41,307**

There were no other receivables in 2018.

The cash balance at the reporting date fully corresponds to the closing bank balance.

The significant increase in the balance of the operating account was caused by the opening of the DSRA account relating to borrowing.

d) Accrued income and deferred charges

The accrued income and deferred charges line shows the KÁT bonus for December 2018 against Sinergy Energiakereskedő, the accrued electricity to Mavir and the 2019 invoice to Marsh. Deferred expenditures: In 2018, the Company provided network connection and metering installation services valued at HUF 3,386 thousand to NKM Áramhálózati Kft. free of charge. In 2018, the Company recognized the free-of-charge transfer among extraordinary expenditures, then booked it to accruals, and recognizes the accrual as expenses during the KÁT period, on the grounds that the value of the transferred asset will be recovered by the Company during the project lifetime. For 2018, the Company recognized extraordinary expenditures in the amount of HUF 11 thousand pro rata temporis; for 2019, the Company recognized HUF 135 thousand. The recognition of the carrying value of the transferred asset in this fashion facilitates the enforcement of the principle of comparison.

data in thousand HUF	12/31/2017	12/31/2018
2019 part of Marsh insurance	0	738
Accrued expenses	**0**	**738**
Sinergy En.ker. Kft., December 2018 KÁT bonus	0	8
Mavir electricity for December	0	2,299
Accrued revenue	**0**	**2,307**
Deferred expenditures	**0**	**3,374**
Accrued income and deferred charges	**0**	**6,419**

e) Changes in equity

data in thousand HUF	Issued capital	Capital reserve	Retained earnings	Profit after taxes
Opening balance as at 1/1/2018	**3,000**	**0**	**-25**	**-712**
Profit transfer			-712	712
Subject year profit or loss				-6,595
Closing balance as at 12/31/2018	**3,000**	**0**	**-737**	**-6,595**

The profit and loss after taxes for 2018 is HUF -6,595 thousand.

The Company has no treasury shares.

f) Liabilities

The liabilities of the Company were as follows:

data in thousand HUF	12/31/2017	12/31/2018
Short-term liabilities to affiliated companies	7,046	39,253
Overdraft facilities	8	
Trade payables to non-affiliated companies	127	6,235
Short-term portion of long-term loans	0	32,535
Other short-term liabilities	0	123
TOTAL SHORT-TERM LIABILITIES	**7,181**	**78,146**
Investment loans	0	593,244
TOTAL LONG-TERM LIABILITIES	**0**	**593,244**
Subordinated liabilities to affiliated companies	0	219,500
TOTAL SUBORDINATED LIABILITIES	**0**	**219,500**
LIABILITIES TOTAL	**7,181**	**890,890**

Subordinated liabilities to affiliated companies comprise ALTEO Nyrt.'s member's loan. Short-term liabilities to affiliated companies comprise the accounting and operating fee as well as the investment project's final invoice.

In the interest of implementing the solar power plant investment project, on July 24, 2018, IT-Solar Kft. entered into a long-term investment and development project loan agreement with MKB Bank

Zrt. for an amount of HUF 675,000 thousand. By 12/31/2018, the Company has drawn down HUF 593,244 thousand from the credit facility. The Company repaid HUF 0 thousand of the loan in 2018. Maturity date: June 30, 2033.

Within long-term liabilities, HUF 32,535 thousand was reclassified to short-term liabilities as this amount will be repaid in the year after the subject year.

g) Accrued expenses and deferred income

data in thousand HUF	12/31/2017	12/31/2018
Income accruals	**0**	**0**
Cost accruals	154	625
Interest on bank loans	0	2,820
Interest on loans	11	56
Cost and expense accruals	**165**	**3,501**
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	**165**	**3,501**

ALTEO Zrt.'s electricity fee for December 2018, the auditor's fee for 2018 and the interest payable on member's loans and bank loans are shown under accrued expenses and deferred income.

h) Revenue

In 2018, the Company's net sales revenue was HUF 2,299 thousand, which comprises the electricity invoiced to Mavir.

i) Other income

In 2018, the Company recognized HUF 8 thousand in KÁT bonus as other income.

j) Material expenses

data in thousand HUF	12/31/2017	12/31/2018
Cost of raw materials	**0**	**34**
Audit	150	1,200
Operating, accounting and administration fee	0	1,441
Other	512	26
Value of services used	**662**	**2,667**
Bank charges	24	1,361
Insurance	0	148
Fees paid to authorities, duties	0	390
Value of other services	**24**	**1,899**
Total material expenses	**686**	**4,600**

In 2018, the Company recognized HUF 1,200 thousand as cost of auditing.

k) Depreciation

In 2018, the Company recognized depreciation of HUF 2,647 thousand.

l) Other expenditures

data in thousand HUF	12/31/2017	12/31/2018
Local taxes	0	46
Assets transferred without charge	0	11
Other	15	0
Other expenditure	**15**	**57**

m) Financial profit

In 2018, the Company recognized interest payable on HUF 563 thousand in member's loans and HUF 1,035 thousand in bank loans as expenditures of financial transactions.

V TAXATION

The relationship between accounting profit and taxable profit is outlined below:

data in thousand HUF	12/31/2017	12/31/2018
Profit or loss before taxes	**-712**	**-6,595**
Depreciation and amortization eligible under the Accounting Act	0	2,609
Total items decreasing the tax base	**0**	**2,609**
Recognized depreciation, derecognized value	0	2,647
Assets transferred without charge	0	11
Total items increasing the tax base	**0**	**2,658**
TAX BASE	**-712**	**-6,546**
Corporate tax (10%)	0	0
Profit after taxation	**-712**	**-6,595**

The corporate income tax was calculated based on Section 19 of Act LXXI of 1996.

The tax authority may review books and records at any time within the 6 years following the relevant tax year and may impose additional taxes or fines. The management of the company is not aware of any circumstances from which a significant obligation might originate burdening the Company under such a legal title.

VI TRANSACTIONS WITH THE PARENT COMPANY

During the year, the Company concluded the following transactions with its parent company:

data in thousand HUF	Balance as at 12/31/2018	Turnover in 2018
Accounting and operating fees	1,592	1,830
Investment	37,661	277,997
ALTEO Nyrt.	**39,253**	**279,827**

In the view of the management of the Company, intercompany transactions with affiliated companies were priced on an arm's length basis.

VII THE COMPANY'S ACTIVITY IN RELATION TO ENVIRONMENTAL PROTECTION

No environmental liabilities were incurred for 2018 and the Company did not recognize any provisions.

VIII COMPANY MANAGEMENT, BOARD OF DIRECTORS, SUPERVISORY BOARD

In 2018 executive managers received no fees or other remuneration, and the Company did not extend to them any advances, loans or credit.

In 2018 the Company had no employees; the statistical headcount is zero.

IX LEGAL PROCEEDINGS

There are no ongoing legal proceedings against the Company.

X EVENTS AFTER THE REPORTING DATE

There were no events after the end of the reporting period that would have a significant impact on the financial statements of the Company as of December 31, 2018.

XI ERRORS DISCOVERED, IMPACTS OF ERRORS

No errors pertaining to prior periods were discovered at the Company in 2018.

Budapest, March 28, 2019

....	....
Csaba Kovács	László Molnár
managing director	managing director