

**11865865-3530-113-01**

Statistical code

**01-09-680396**

Corp. Reg. Nr.

**Sinergy Kft**

name

**1131 Budapest, Babér utca 1-5.**

address

**2018. december 31**

## **Annual Financial Statements**



Budapest, 19th March 2019.

*Translation of the Hungarian original*

## INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of Sinergy Kft.

### ***Opinion***

We have audited the financial statements of Sinergy Kft. (the „Company”) for the year 2018 which comprise the balance sheet as at December 31, 2018 – which shows total assets of thHUF 1.342.730 and profit after tax for the year of thHUF 700.187 –, as well as the related profit and loss account for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying 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 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.

### ***Other Information: The Business Report***

Other information includes the business report of the Company for 2018. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the financial statements is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the financial statements.

In our opinion, the business report of the Company for 2018 corresponds to the financial statements of the Company for 2018 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern principle, and preparing the financial statements using the going concern basis of accounting. Management must apply the going concern principle, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### ***The Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives during the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements in accordance with the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Company's internal control that we identify during the audit.

#### ***Other reporting obligation regarding the divisional financial statements***

In accordance with Section 105/A (1) of Act LXXXVI of 2007 on Electricity and Section 18/B (1) of Act XVIII of 2005 on District Heat Supply, we reviewed Note XII of the notes to the financial statements for 2018, Activity reports, which presents the distribution of activities for accounting purposes.

The management is responsible for developing and applying an accounting policy for the distribution of activities, and the pricing of the individual activities to avoid cross-financing between the various divisions of the company, as well as for disclosing the individual activities separately in accordance with Section 105 (2)-(4) of Act LXXXVI of 2007 on Electricity and Section 18/A (2)-(4) of Act XVIII. of 2008 on District Heat Supply.

We are responsible for issuing a report on the information in Note XII. The review was conducted in accordance with the Hungarian International Standard on Review Engagements no. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Such a review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is of significantly limited scope compared to an audit performed in line with the auditing standards; therefore we were unable to obtain assurance to have reviewed all significant matters that would potentially be identified in the course of an audit. Accordingly, we shall not issue an audit report.

Based on the review no facts or circumstances came to our attention that would cause us to believe that the accounting rules applied by the Company or the information disclosed in Note XII would not be in line with the provisions of the Accounting Act in all material respects, the provisions of Section 105 (2)-(4) of Act LXXXVI of 2007 on Electricity, the provision of Section 18/A (2)-(4) of Act XVIII. of 2008 on District Heat Supply and recommendations issued by the Hungarian Energy and Public Utility Regulatory Authority on the unbundling of activities and avoidance of cross-financing.

Budapest, April 3, 2019

*The original Hungarian version has been signed.*

.....  
Horváth Tamás  
Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

.....  
dr. Hruby Attila  
Statutory registered auditor  
Registration number: 007118

Assets

Data in THUF

Nr.	Description	2017.12.31	2018.12.31
<b>1</b>	<b>A. Non Current Assets (02.+10.+18. rows)</b>	<b>1 297 782</b>	<b>309 218</b>
2	I. INTANGIBLE ASSETS (03.-09. rows)	9 264	0
3	Capitalised value of foundation and restructuring costs	0	0
4	Capitalised value of research and development costs	0	0
5	Concessions and similar rights and assets	9 264	0
6	Intellectual property	0	0
7	Goodwill	0	0
8	Advance payments on intangible assets	0	0
9	Revaluation of intangible assets	0	0
<b>10</b>	<b>II. FIXED ASSETS (11.-17. rows)</b>	<b>475 518</b>	<b>309 218</b>
11	Land and buildings and related concessions and similar rights	205 716	138 221
12	Technical equipment, machinery and vehicles	260 611	159 937
13	Other equipment, fittings and vehicles	7 833	42
14	Breeding stock	0	0
15	Capital WIP, renovations	1 358	11 018
16	Advance payments on Capital WIP	0	0
17	Revaluation of tangible assets	0	0
<b>18</b>	<b>III. FINANCIAL INVESTMENTS (19.-25. rows)</b>	<b>813 000</b>	<b>0</b>
19	Long term investments in related companies	813 000	0
20	Long term loans given to related companies	0	0
21	Other long term investments	0	0
22	Long term loans given to other investees	0	0
23	Other long term loans given	0	0
24	Securities representing long term loans	0	0
25	Revaluation of financial investments	0	0
<b>26</b>	<b>B. Current Assets (27.+34.+40.+45. rows)</b>	<b>4 553 187</b>	<b>907 562</b>
27	I. INVENTORIES (28.-33. rows)	435 607	22 652
28	Raw materials and consumables	80 707	0
29	Work in progress and semi-finished products	0	0
30	Animals	0	0
31	Finished goods	0	0
32	Goods	354 900	22 652
33	Advance payments on inventories	0	0
34	II. RECEIVABLES (35.-39. rows)	3 721 555	776 695
35	Trade accounts receivable	787 630	198 140
36	Receivables from related companies	2 644 699	478 348
37	Receivables from other investees	0	0
38	Bills of exchange receivable	0	0
39	Other receivables	289 226	100 207
<b>40</b>	<b>III. MARCETABLE SECURITIES (41.-44.sorok)</b>	<b>0</b>	<b>0</b>
41	Investments in related companies	0	0
42	Other investments	0	0
43	Own shares, own quotas	0	0
44	Securities representing loans held for sale	0	0
<b>45</b>	<b>IV. LIQUID ASSETS (46.-47. rows)</b>	<b>396 025</b>	<b>108 215</b>
46	Cash in hand, cheques	0	0
47	Bank deposits	396 025	108 215
<b>48</b>	<b>C. Prepaid expenses and Accrued incomes (49.-51. rows)</b>	<b>265 410</b>	<b>125 950</b>
49	Accrued income	155 861	124 026
50	Prepaid expenses	109 549	1 924
51	Deferred expenses	0	0
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48. rows)</b>	<b>6 116 379</b>	<b>1 342 730</b>

Budapest, 19th March 2019.

Papp András      Bodó Sándor  
Directors of the Company

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

Equity and Liabilities

Data in THUF

Nr.	Description	2017.12.31	2018.12.31
<b>53</b>	<b>D. Shareholders' Equity (54.+56.+57.+58.+59.+60.+61. rows)</b>	<b>3 906 563</b>	<b>488 742</b>
54	I. ISSUED CAPITAL	1 707 500	3 000
55	thereof: treasury shares repurchased at face value	0	0
56	II. ISSUED BUT NOT PAID CAPITAL (-)	0	0
57	III. CAPITAL RESERVES	0	0
58	IV. ACCUMULATED PROFIT RESERVE	155 920	- 605 947
59	V. NON-DISTRIBUTABLE RESERVES	1 000 000	391 502
60	VI. REVALUATION RESERVE	0	0
61	VII. PROFIT AFTER TAX	1 043 143	700 187
<b>62</b>	<b>E. Provisions (63.-65. rows)</b>	<b>152 758</b>	<b>0</b>
63	Provisions for expected liabilities	0	0
64	Provisions for future expenses	152 758	0
65	Other provision	0	0
<b>66</b>	<b>F. Liabilities (67.+71.+80. rows)</b>	<b>1 596 713</b>	<b>610 705</b>
<b>67</b>	<b>I. SUBORDINATED LIABILITIES (68.-70. rows)</b>	<b>0</b>	<b>0</b>
68	Subordinated liabilities to related companies	0	0
69	Subordinated liabilities to other investees	0	0
70	Subordinated liabilities to other enterprises	0	0
<b>71</b>	<b>II. LONG TERM LIABILITIES (72.-79. rows)</b>	<b>0</b>	<b>0</b>
72	Long term credits	0	0
73	Convertible bonds	0	0
74	Debts on the issue of bonds	0	0
75	Investment and development loans	0	0
76	Other long term loans	0	0
77	Long term liabilities to related companies	0	0
78	Long term liabilities to other investees	0	0
79	Other long term liabilities	0	0
<b>80</b>	<b>III. SHORT TERM LIABILITIES (81. és 83.-89. rows)</b>	<b>1 596 713</b>	<b>610 705</b>
81	Short term loans	0	345 249
82	- thereof: Convertible bonds	0	0
83	Short term credits	0	0
84	Advance payments received from customers	36 887	0
85	Trade accounts payable	745 760	108 717
86	Bills of exchange payable	0	0
87	Short term liabilities to related companies	103 290	153 708
88	Short term liabilities to other investees	0	0
89	Other short term liabilities	710 776	3 031
<b>90</b>	<b>G. Accrued expenses and deferred incomes (91.-93. rows)</b>	<b>460 345</b>	<b>243 283</b>
91	Deferred revenues	47 663	2 186
92	Accrued expenses	249 176	126 636
93	Deferred income	163 506	114 461
<b>94</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (53.+62.+66.+90. rows)</b>	<b>6 116 379</b>	<b>1 342 730</b>

Budapest, 19th March 2019.

Papp András      Bodó Sándor  
Directors of the Company

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

Total cost method

Data in THUF

Nr.	Description	2017.01.01. - 2017.12.31.	2018.01.01. - 2018.12.31.
01.	Net domestic sales revenues	7 151 059	6 051 574
02.	Net export sales revenues	14 614	46 074
<b>I.</b>	<b>NET SALES REVENUES</b>	<b>7 165 673</b>	<b>6 097 648</b>
03.	Change in self-manufactured inventories	0	33 731
04.	Capitalised value of self-manufactured assets	0	459 324
<b>II.</b>	<b>CAPITALISED VALUE OF OWN PERFORMANCE</b>	<b>0</b>	<b>493 055</b>
<b>III.</b>	<b>Other revenues</b>	<b>342 379</b>	<b>692 181</b>
	<i>of which: reversal of impairment loss provision</i>	886	1 010
05.	Cost of raw materials	732 778	1 030 355
06.	Value of services used	666 303	933 761
07.	Value of other services	39 138	48 527
08.	Cost of goods sold	2 449 418	2 158 381
09.	Value of recharged services	887 221	961 348
<b>IV.</b>	<b>MATERIAL TYPE EXPENDITURES</b>	<b>4 774 858</b>	<b>5 132 372</b>
10.	Wages	1 136 163	971 058
11.	Other payments to personnel	145 484	120 837
12.	Personnel related contributions	290 727	226 183
<b>V.</b>	<b>PAYMENTS TO PERSONNEL</b>	<b>1 572 374</b>	<b>1 318 078</b>
<b>VI.</b>	<b>DEPRECIATION CHARGE AND AMORTIZATION</b>	<b>158 121</b>	<b>154 618</b>
<b>VII.</b>	<b>Other expenses</b>	<b>168 312</b>	<b>69 933</b>
	<i>of which: impairment loss provision</i>	1 966	2 266
<b>A.</b>	<b>PROFIT ON OPERATING ACTIVITIES (I.±II.+III.-IV.-V.-VI.-VII.)</b>	<b>834 387</b>	<b>607 883</b>
13.	Dividend received or due	227 294	83 977
	<i>of which: with related parties</i>	227 294	83 977
14.	Gain on sale of investment	0	0
	<i>of which: with related parties</i>	0	0
15.	Interest received and gain on financial investments	0	225
	<i>of which: with related parties</i>	0	225
16.	Other interest received or due	5 003	5 155
	<i>of which: with related parties</i>	950	385
17.	Other revenues from financial transactions	15 138	35 270
<b>VIII.</b>	<b>Financial revenues</b>	<b>247 435</b>	<b>124 627</b>
18.	Loss on financial investments	0	0
	<i>of which: with related parties</i>	0	0
19.	Interest paid	1 346	2 257
	<i>of which: with related parties</i>	0	414
20.	Impairment loss of financial investment, securities and bank deposits	0	0
21.	Other expenditures of financial transactions	30 432	24 075
<b>IX.</b>	<b>Financial expenses</b>	<b>31 778</b>	<b>26 332</b>
<b>B.</b>	<b>PROFIT ON FINANCIAL ACTIVITIES (VIII.-IX.)</b>	<b>215 657</b>	<b>98 295</b>
<b>C.</b>	<b>NET PROFIT BEFORE TAXATION (±A.±B.)</b>	<b>1 050 044</b>	<b>706 178</b>
<b>X.</b>	<b>Tax liability</b>	<b>6 901</b>	<b>5 991</b>
<b>F.</b>	<b>PROFIT AFTER TAX (±C.-X)</b>	<b>1 043 143</b>	<b>700 187</b>

Budapest, 19th March 2019.

Papp András                      Bodó Sándor  
Directors of the Company



Assets		Data in THUF				
Nr.	Description	2018.12.31	Gibárt - Water plant	Felsődoboz - Water plant	MOM	Other
<b>1</b>	<b>A. Non Current Assets (02.+10.+18. rows)</b>	<b>309 218</b>	<b>10 754</b>	<b>290 615</b>	<b>7 849</b>	<b>0</b>
2	I. INTANGIBLE ASSETS (03.-09. rows)	0	0	0	0	0
3	Capitalised value of foundation and restructuring costs	0	0	0	0	0
4	Capitalised value of research and development costs	0	0	0	0	0
5	Concessions and similar rights and assets	0	0	0	0	0
6	Intellectual property	0	0	0	0	0
7	Goodwill	0	0	0	0	0
8	Advance payments on intangible assets	0	0	0	0	0
9	Revaluation of intangible assets	0	0	0	0	0
<b>10</b>	<b>II. FIXED ASSETS (11.-17. rows)</b>	<b>309 218</b>	<b>10 754</b>	<b>290 615</b>	<b>7 849</b>	<b>0</b>
11	Land and buildings and related concessions and similar rights	138 221		138 221		0
12	Technical equipment, machinery and vehicles	159 937		152 394	7 543	0
13	Other equipment, fittings and vehicles	42		0	42	0
14	Breeding stock	0		0		0
15	Capital WIP, renovations	11 018	10 754	0	264	0
16	Advance payments on Capital WIP	0		0		0
17	Revaluation of tangible assets	0		0		0
<b>18</b>	<b>III. FINANCIAL INVESTMENTS (19.-25. rows)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
19	Long term investments in related companies	0	0	0	0	0
20	Long term loans given to related companies	0	0	0	0	0
21	Other long term investments	0	0	0	0	0
22	Long term loans given to other investees	0	0	0	0	0
23	Other long term loans given	0	0	0	0	0
24	Securities representing long term loans	0	0	0	0	0
25	Revaluation of financial investments	0	0	0	0	0
<b>26</b>	<b>B. Current Assets (27.+34.+40.+45. rows)</b>	<b>907 562</b>	<b>11 530</b>	<b>8 539</b>	<b>101 388</b>	<b>786 105</b>
27	I. INVENTORIES (28.-33. rows)	22 652	0	0	0	22 652
28	Raw materials and consumables	0	0	0	0	0
29	Work in progress and semi-finished products	0	0	0	0	0
30	Animals	0	0	0	0	0
31	Finished goods	0	0	0	0	0
32	Goods	22 652	0	0	0	22 652
33	Advance payments on inventories	0	0	0	0	0
34	II. RECEIVABLES (35.-39. rows)	776 695	11 530	8 539	101 388	655 238
35	Trade accounts receivable	198 140	11 530	8 539	101 388	76 683
36	Receivables from related companies	478 348		0		478 348
37	Receivables from other investees	0		0		0
38	Bills of exchange receivable	0		0		0
39	Other receivables	100 207		0		100 207
40	III. MARCETABLE SECURITIES (41.-44.sorok)	0	0	0	0	0
41	Investments in related companies	0	0	0	0	0
42	Other investments	0	0	0	0	0
43	Own shares, own quotas	0	0	0	0	0
44	Securities representing loans held for sale	0	0	0	0	0
45	IV. LIQUID ASSETS (46.-47. rows)	108 215	0	0	0	108 215
46	Cash in hand, cheques	0	0	0	0	0
47	Bank deposits	108 215	0	0	0	108 215
48	<b>C. Prepaid expenses and Accrued incomes (49.-51. rows)</b>	<b>125 950</b>	<b>7 549</b>	<b>467</b>	<b>80 566</b>	<b>37 368</b>
49	Accrued income	124 026	7 549	0	79 109	37 368
50	Prepaid expenses	1 924	0	467	1 457	0
51	Deferred expenses	0	0	0	0	0
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48. rows)</b>	<b>1 342 730</b>	<b>29 833</b>	<b>299 621</b>	<b>189 803</b>	<b>823 473</b>

## Equity and Liabilities

Data in THUF

Nr.	Description	2018.12.31	Gibárt - Water plant	Felsődobozsa - Water plant	MOM	Other
53	<b>D. Shareholders' Equity (54.+56.+57.+58.+59.+60.+61. rows)</b>	<b>488 742</b>	<b>26 421</b>	<b>181 748</b>	<b>22 745</b>	<b>257 828</b>
54	I. ISSUED CAPITAL	3 000	1 000	1 000	1 000	0
55	<i>thereof: treasury shares repurchased at face value</i>	0				0
56	II. ISSUED BUT NOT PAID CAPITAL (-)	0				0
57	III. CAPITAL RESERVES	0				0
58	IV. ACCUMULATED PROFIT RESERVE	- 605 947	- 31 150	191 660	- 27 492	- 738 964
59	V. NON-DISTRIBUTABLE RESERVES	391 502	38 382			353 120
60	VI. REVALUATION RESERVE	0	0	0	0	0
61	VII. PROFIT AFTER TAX	700 187	18 189	- 10 912	49 237	643 672
62	<b>E. Provisions (63.-65. rows)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
63	Provisions for expected liabilities	0				0
64	Provisions for future expenses	0				0
65	Other provision	0				0
66	<b>F. Liabilities (67.+71.+80. rows)</b>	<b>610 705</b>	<b>762</b>	<b>762</b>	<b>92 188</b>	<b>516 993</b>
67	I. SUBORDINATED LIABILITIES (68.-70. rows)	0	0	0	0	0
68	Subordinated liabilities to related companies	0	0	0	0	0
69	Subordinated liabilities to other investees	0	0	0	0	0
70	Subordinated liabilities to other enterprises	0	0	0	0	0
71	II. LONG TERM LIABILITIES (72.-79. rows)	0	0	0	0	0
72	Long term credits	0	0	0	0	0
73	Convertible bonds	0	0	0	0	0
74	Debts on the issue of bonds	0	0	0	0	0
75	Investment and development loans	0	0	0	0	0
76	Other long term loans	0	0	0	0	0
77	Long term liabilities to related companies	0	0	0	0	0
78	Long term liabilities to other investees	0	0	0	0	0
79	Other long term liabilities	0	0	0	0	0
80	III. SHORT TERM LIABILITIES (81. és 83.-89. rows)	610 705	762	762	92 188	516 993
81	Short term loans	345 249				345 249
82	<i>thereof: Convertible bonds</i>	0				0
83	Short term credits	0				0
84	Advance payments received from customers	0				0
85	Trade accounts payable	108 717	762	762	5	107 188
86	Bills of exchange payable	0				0
87	Short term liabilities to related companies	153 708			92 183	61 525
88	Short term liabilities to other investees	0				0
89	Other short term liabilities	3 031				3 031
90	<b>G. Accrued expenses and deferred incomes (91.-93. rows)</b>	<b>243 283</b>	<b>2 650</b>	<b>117 111</b>	<b>74 870</b>	<b>48 652</b>
91	Deferred revenues	2 186			2 186	0
92	Accrued expenses	126 636	2 650	2 650	72 684	48 652
93	Deferred income	114 461		114 461		0
94	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (53.+62.+66.-90. rows)</b>	<b>1 342 730</b>	<b>29 833</b>	<b>299 621</b>	<b>189 803</b>	<b>823 473</b>

Total cost method

Data in THUF

Nr.	Description	2018.01.01.- 2018.12.31.	Gibárt - Water plant	Felsődoboz - Water plant	MOM	Other
01.	Net domestic sales revenues	6 051 574	91 005	136 022	813 891	5 010 656
02.	Net export sales revenues	46 074	0	0	0	46 074
<b>I.</b>	<b>NET SALES REVENUES</b>	<b>6 097 648</b>	<b>91 005</b>	<b>136 022</b>	<b>813 891</b>	<b>5 056 730</b>
03.	Change in self-manufactured inventories	33 731	0	0	0	33 731
04.	Capitalised value of self-manufactured assets	459 324	0	0	0	459 324
<b>II.</b>	<b>CAPITALISED VALUE OF OWN PERFORMANCE</b>	<b>493 055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>493 055</b>
<b>III.</b>	<b>Other revenues</b>	<b>692 181</b>	<b>0</b>	<b>49 045</b>	<b>753</b>	<b>642 383</b>
	<i>of which: reversal of impairment loss provision</i>	<i>1 010</i>	<i>0</i>	<i>0</i>	<i>753</i>	<i>257</i>
05.	Cost of raw materials	1 030 355	1 261	1 493	243 783	783 818
06.	Value of services used	933 761	30 510	31 060	26 846	845 345
07.	Value of other services	48 527	153	2 731	2 052	43 591
08.	Cost of goods sold	2 158 381	397	0	0	2 157 984
09.	Value of recharged services	961 348	0	0	466 164	495 184
<b>IV.</b>	<b>MATERIAL TYPE EXPENDITURES</b>	<b>5 132 372</b>	<b>32 321</b>	<b>35 284</b>	<b>738 845</b>	<b>4 325 922</b>
10.	Wages	971 058	26 167	27 694	13 961	903 236
11.	Other payments to personnel	120 837	4 852	5 063	1 686	109 236
12.	Personnel related contributions	226 183	6 136	6 236	3 155	210 656
<b>V.</b>	<b>PAYMENTS TO PERSONNEL</b>	<b>1 318 078</b>	<b>37 155</b>	<b>38 993</b>	<b>18 802</b>	<b>1 223 128</b>
<b>VI.</b>	<b>DEPRECIATION CHARGE AND AMORTIZATION</b>	<b>154 618</b>	<b>14</b>	<b>120 823</b>	<b>971</b>	<b>32 810</b>
<b>VII.</b>	<b>Other expenses</b>	<b>69 933</b>	<b>1 527</b>	<b>1 958</b>	<b>1 919</b>	<b>64 529</b>
	<i>of which: impairment loss provision</i>	<i>2 266</i>	<i>0</i>	<i>0</i>	<i>1 620</i>	<i>646</i>
<b>A.</b>	<b>PROFIT ON OPERATING ACTIVITIES (I.±II.+III.-IV.-V.-VI.-VII.)</b>	<b>607 883</b>	<b>19 988</b>	<b>- 11 991</b>	<b>54 107</b>	<b>545 779</b>
13.	Dividend received or due	83 977				83 977
	<i>of which: with related parties</i>	<i>83 977</i>				<i>83 977</i>
14.	Gain on sale of investment	0				0
	<i>of which: with related parties</i>	<i>0</i>				<i>0</i>
15.	Interest received and gain on financial investments	225				225
	<i>of which: with related parties</i>	<i>225</i>				<i>225</i>
16.	Other interest received or due	5 155				5 155
	<i>of which: with related parties</i>	<i>385</i>				<i>385</i>
17.	Other revenues from financial transactions	35 270				35 270
<b>VIII.</b>	<b>Financial revenues</b>	<b>124 627</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124 627</b>
18.	Loss on financial investments	0				0
	<i>of which: with related parties</i>	<i>0</i>				<i>0</i>
19.	Interest paid	2 257				2 257
	<i>of which: with related parties</i>	<i>414</i>				<i>414</i>
20.	Impairment loss of financial investment, securities and bank deposits	0				0
21.	Other expenditures of financial transactions	24 075				24 075
<b>IX.</b>	<b>Financial expenses</b>	<b>26 332</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26 332</b>
<b>B.</b>	<b>PROFIT ON FINANCIAL ACTIVITIES (VIII.-IX.)</b>	<b>98 295</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98 295</b>
<b>C.</b>	<b>NET PROFIT BEFORE TAXATION (±A.±B.)</b>	<b>706 178</b>	<b>19 988</b>	<b>- 11 991</b>	<b>54 107</b>	<b>644 074</b>
<b>X.</b>	<b>Tax liability</b>	<b>5 991</b>	<b>1 799</b>	<b>- 1 079</b>	<b>4 870</b>	<b>402</b>
<b>F.</b>	<b>PROFIT AFTER TAX (±C.-X)</b>	<b>700 187</b>	<b>18 189</b>	<b>- 10 912</b>	<b>49 237</b>	<b>643 672</b>

Data in THUF

Nr.	Description	2017.01.01.- 2017.12.31.	2018.01.01.- 2018.12.31.
<b>I.</b>	<b>Net cash from operating activities</b>	<b>1 640 427</b>	<b>1 567 364</b>
1.	Profit before tax	1 050 044	706 178
	Dividend received	- 227 294	- 83 977
	Unrealized FX losses/gains	828	0
2.	Add back depreciation	158 121	154 618
3.	Add back impairment of assets	1 080	0
4.	Changes in provision	- 109 751	- 152 758
5.	Profit/loss on sale of non current assets	120 000	338
6.	Changes in trade payables	136 260	- 586 625
7.	Changes in other receivables	2 483 763	- 744 632
	<i>correction due to related parties</i>	0	0
8.	Changes in accruals	- 361 992	- 217 062
9.	Changes in trade receivables	403 146	2 755 841
10.	Changes in other non current assets	- 908 185	601 974
	<i>correction due to impairments</i>	0	0
11.	Changes in prepayments	901 308	139 460
12.	Income taxes paid	- 6 901	- 5 991
13.	Dividend paid	-2 000 000	-1 000 000
<b>II.</b>	<b>Cash flows from investment activities</b>	<b>143 667</b>	<b>917 583</b>
14.	Purchase of Non current assets	- 83 627	-1 240 152
15.	Sale of Non current assets	0	2 073 758
16.	Dividend received	227 294	83 977
<b>III.</b>	<b>Cash flows from financing activities</b>	<b>-2 021 599</b>	<b>-2 772 757</b>
17.	Issue of share capital	-2 053 223	0
18.	Issued bonds and other securities	0	0
19.	Bank loan received	0	0
20.	Decrease of given loans	31 624	0
21.	Received grants donations	0	0
22.	Decrease of share capital	0	-3 118 006
23.	Repayment of bonds and other securities	0	0
24.	Repayment of bank loan	0	0
25.	Loans given	0	0
26.	Donations, grants paid	0	0
27.	Changes in liabilities against founders	0	345 249
<b>IV.</b>	<b>TOTAL Changes in Cash and Equivalents (± I.± II.± III.)</b>	<b>- 237 505</b>	<b>- 287 810</b>

Opening Cash and Equivalents

633 530

396 025

Closing Cash and Equivalents

396 025

108 215

Budapest, 19th March 2019.

Papp András

Bodó Sándor

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	Sinergy Energiaszolgáltató, Beruházó és Tanácsadó Korlátolt Felelősségű Társaság
Registered office	H-1131 Budapest, Babér utca 1-5.
Company registration number	01-09-680396
Tax number	11865865-2-41
Core business	NACE 3530 – Steam and air conditioning supply
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.

Sinergy Energiaszolgáltató, Beruházó és Tanácsadó Kft. is fully owned by ALTEO Energiaszolgáltató Nyrt. (company registration number: 01-10-045985).

The Company is included by ALTEO Nyrt. in its consolidated annual report compiled in accordance with the IFRSs and its consolidated business report, and consolidated by Wallis Portfólió Kft. as a superior parent company in its report.

The Company, which the shareholders established to fulfill consumers' special energy-related needs beyond supplying electricity (the Company's core business), started its operations in 1999.

The Company has the following core businesses:

- Steam and air conditioning supply.
- Electricity procurement, supply and sale to fulfill consumer needs.
- Electricity and heat production in in-plant heating plants and industrial power plants for use by industrial and community consumers, as well as provision of cooling and energy management services.
- Business consultancy activities.
- Architectural and engineering activities and related technical consultancy.

The Company has participated in the implementation of the following projects:

- MOM Park Energy Center: provides the heating, cooling and electricity supply of the building complex.
- Operating the BorsodChem Power Plant owned by BC-Erőmű Kft.: the Company operates the power plant under a 20-year operation and maintenance contract. The Company also carries out preventive maintenance on the main equipment of the power plant.
- Operating cogeneration equipment in FŐTÁV Zrt.'s heating power plant on Füredi utca.
- Operating the Kazincbarcika Heating Power Plant (Kazinc-Therm Kft.).
- Operating the Tiszaújváros Heating Power Plant (Tisza-Therm Kft.).
- Operating the Ózd Heating Power Plant (Ózdi-Erőmű Kft.).
- Operating the TVK Water Treatment Plant (Tisza-WTP Kft.).

- Operating the TVK Power Plant owned by TVK-Erőmű Kft.: the Company operates the power plant under a 20-year operation and maintenance contract. The Company also carries out preventive maintenance on the main equipment of the power plant.
- Producing electricity in the Gibárt and Felsődobosza hydropower plants.
- Long-term operation and maintenance of the steam boiler implemented as an investment of BC-Therm Kft. and providing heat energy supply to BorsodChem.

The operation, maintenance and administration activities of the Company were terminated as of 10/1/2018 and were transferred to the parent company through an absorption-type demerger.

The hydropower plants and MOM Park Energy Center remained in the ownership of the Company.

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

## II ACCOUNTING SYSTEM, ACCOUNTING POLICY

### a) General information

The Company prepares an annual report and, accordingly, maintains its book in conformity with the rules of double entry book-keeping.

The business year of the Company coincides with the calendar year. January 31 following the reporting date was defined as the date for preparing the statement of financial position.

The annual report is prepared in compliance with the Hungarian Accounting Act, using the cost principle.

The Company prepares its statement of financial position in the structure required for version “A” set forth in Appendix 1 to the Accounting Act.

The Company prepares a version “A” statement of profit or loss relying on the total cost method.

When using the term “affiliated companies”, the Company refers to its parent and subsidiary companies.

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

András Papp, managing director, and Sándor Bodó, managing director, are jointly authorized to sign the annual report.

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

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).

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 profit or loss, equity (irrespective of sign) is greater than 2 per cent of the statement of financial position total of the Company.

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)

#### **b) Valuation principles and procedures**

##### **Accounting for amortization**

Valuable rights and interests, intellectual properties and fixed assets with an initial recognition cost under HUF 100,000 are written off in a single amount upon their first use.

In case of fixed assets with an initial recognition cost above HUF 100,000, depreciation is established in the following steps:

1. determining the useful life of the given asset;
2. estimating the realizable value (as residual value) at the end of its useful life.

For assets used for its core business, the Company specifies, on the basis of an individual assessment, a residual value depending on the nature and use of the specific assets, using estimates based on technical information and market intelligence. The Company reckons with no residual value for its present asset inventory. Other asset categories represent an immaterial portion within the aggregate value of fixed assets; consequently, their residual value is also zero.

The depreciation charge is based on gross value as depreciable initial recognition cost. The initial recognition cost is depreciated using rates established taking into account period of use and useful life, with the straight-line method.

The depreciation charge is recognized as a cost from the first day of the month after the asset is first used for its intended purpose (is commissioned).

**Method of recognizing provisions**

The Company recognizes (may recognize) provisions under Section 41 of the Accounting Act to cover foreseeable liabilities and future costs.

The Company recognizes provisions related to future costs when the cost expected to be incurred under a specific legal title is significant, i.e. it exceeds HUF 10 million.

The Company uses this method in the following cases:

The Company recognizes a provision to cover the costs of the scheduled maintenance of the gas engines running in the Kazincbarcika and Tiszaújváros heating power plants to be carried out after 48,000 hours of service.

**Recognition of exchange rate changes**

Upon acquisition:

- all FX assets and FX liabilities relating to the date of performance of the contract or the date of acquisition are converted into HUF using the official foreign exchange rate published by the MNB (Central Bank of Hungary).

Upon financial settlement:

- liabilities and receivables are converted into HUF at the official foreign exchange selling rate or buying rate, respectively, published by the financial institution executing the financial transaction.

Valuation at the end of the reporting period:

- Assets and liabilities denominated in foreign currency must be re-valued using the official exchange rates of the Central Bank of Hungary published on the last day of the reporting period.

Recognition of the aggregate revaluation difference:

- In case of exchange rate losses: other expenses of financial transactions,
- In case of exchange rate gains: other incomes of financial transactions.

We use the principle of prudence when measuring all outstanding foreign exchange liabilities and receivables.

**c) Intangible assets**

The Company measures intangible assets on an individual basis as required by the Accounting Act; such individual measurement is based on item-by-item records.

The depreciation of intangible assets is recognized based on the following rates:

- |   |        |
|---|--------|
| – capitalized value of completed foundation/restructuring               | 20%    |
| – intangible property rights (except for those related to real estates) | 20%    |
| – software  | 20-33% |
| – other intellectual property   | 20-33% |



If a contract provides for a period of use in the case of intangible property rights or rights related to real estates, the stipulations set out in the contract will be governing. If a contract about the rights related to a real estate does not cover the period of use, the depreciation rate associated with real estates must be applied also in relation to the right.

#### **d) Fixed assets**

The Company's major assets include heating power plants, as well as heating power plant and energy center equipment.

Fixed assets are recognized in the statement of financial position at cost and/or production cost less accumulated depreciation. Depreciation is calculated using a linear method based on the depreciation rates required to write off the value of the assets over their expected useful lives.

##### Depreciation of Energy Centers:

The depreciation rate of the fixed asset concerned is based on its useful life as evidenced by long-term contracts.

This can be:

- 10 years            10.00%
- 15 years            6.67%
- 20 years            5.00%

The components making up the initial recognition cost (purchase value) of a specific fixed asset are set out in Section 47 (1) to (8) of the Accounting Act.

In the case of the Company, this is the date when the fixed asset is first used or installed for its intended purpose, completes its successful trial run, when the official permit is received or the asset is retrieved from the warehouse.

Fixed assets are measured by the Company on an individual basis as required by the Accounting Act; such individual measurement is based on item-by-item records.

#### **e) Non-current financial assets**

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

An impairment or an impairment reversal must be recognized if, based on the information available at the time of individual investment measurement or the preparation of the statement of financial position, it seems probable that the investment representing the ownership interest will not be recovered, or if the conditions of a previously recognized impairment do not exist any longer.

The carrying value of an investment significantly exceeds its market value at the time of preparing the statement of financial position, i.e. an impairment has to be recognized, if the equity to issued capital rate drops by at least 30 percent when the investment is measured individually, or when its foreseeable ability to generate profits justifies that.

When a difference is found while determining impairment, it will be categorized as permanent if it has been recognized for at least two years in a row. The same criterion applies to categorizing impairment reversal as permanent.

Under Section 116 of the Accounting Act, the Company is not required to prepare consolidated annual reports. ALTEO Nyrt. includes the Company in its (consolidated) annual report compiled in accordance with the IFRSs and its (consolidated) business report. This report is available on the [www.alteo.hu](http://www.alteo.hu) website.

Furthermore, the Company is consolidated by Wallis Portfolió Kft., as superior parent company.

**f) Receivables**

The Company measures receivables on an individual basis. Individual measurement is supported by item-by-item records.

**g) Revenue**

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

**h) Corporate tax**

Corporate tax is recognized through profit or loss in accordance with tax legislation in effect in the subject year.

**i) Changes in the accounting policy**

There were no changes in the accounting policy of the Company during the year.

**III Analysis of the financial position and liquidity**

Indicators of financial position and capital structure:

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Leverage ratio	$\frac{\text{Equity}}{\text{Liabilities}}$	244.7%	80.03%
Equity to issued capital ratio	$\frac{\text{Equity}}{\text{Issued capital}}$	228.8%	16,291.40%
Coverage of non-current assets	$\frac{\text{Equity}}{\text{Non-current assets}}$	301%	158.06%
Asset structure	$\frac{\text{Non-current assets}}{\text{Current assets}}$	28.5%	34.07%
Ratio of non-current assets	$\frac{\text{Non-current assets}}{\text{Total assets}}$	21.2%	23.03%

Short-term indicators of financial position:

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Quick ratio	$\frac{\text{Liquid assets} + \text{Receivables}}{\text{Short term liabilities}}$	257.88%	0
Net working capital	$\text{Current assets} - \text{Short-term liabilities}$	2,956,474	296,857
Accounts receivable in days	$\frac{\text{Closing balance of accounts receivable}}{\text{Revenue per day}}$	151 days	12 days

Profitability indicators:

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Profit after taxation to equity	$\frac{\text{Profit after taxes}}{\text{Equity}}$	26.7%	143.26%
Asset efficiency	$\frac{\text{Profit after taxes}}{\text{Total assets}}$	17.1%	52.15%

**IV ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**
**a) Intangible assets and Fixed assets**

The value of the Company's intangible assets and fixed assets changed during the year as follows:

<i>data in thousand HUF</i>	<b>Opening balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Closing balance</b>
<b>Change in gross value</b>				
Intangible assets	101,652	9,594	88,562	22,684
Real estates and related intangible property rights	473,862	0	37,382	436,480
Technical equipment, machines, vehicles	1,560,910	961,618	1,242,688	1,279,840
Other plant, equipment and vehicles	61,905	8,940	68,692	2,153
Total investments, renovations	1,358	969,888	960,228	11,018
<b>TOTAL GROSS VALUE</b>	<b>2,199,687</b>	<b>1,950,040</b>	<b>2,397,552</b>	<b>1,752,175</b>
<b>Accumulated depreciation</b>				
Intangible assets	92,387	10,180	79,883	22,684
Real estates and related intangible property rights	268,146	59,805	29,692	298,259
Technical equipment, machines, vehicles	1,300,299	77,069	257,465	1,119,903
Other plant, equipment and vehicles	54,072	7,564	59,525	2,111
Total investments, renovations	0	0	0	0
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>1,714,904</b>	<b>154,618</b>	<b>426,565</b>	<b>1,442,957</b>
<b>Net values</b>				
<b>Net value of intangible assets</b>	<b>9,264</b>			<b>0</b>
<b>Net value of fixed assets</b>	<b>475,518</b>			<b>309,218</b>

The opening balance of the capitalized value of foundation/restructuring includes the capitalized costs of the introduction of the ISO quality assurance system in 2003.

The implementation of the EStorage in Füredi utca in the amount of HUF 933,982 thousand was its most significant investment in 2018.

The fixed assets of the Company were derecognized in the course of the absorption-type demerger, and only the following three projects and the related assets remained in the enterprise:

- Gibárt Power Plant
- Felsődobsza Power Plant
- MOM Park Energy Center

The preparatory work on the reconstruction of the Gibárt hydropower plant was recognized among investments, in the amount of HUF 11,018 thousand.

Extraordinary depreciation was recognized in the amount of HUF 961 thousand.

**b) Non-current financial assets**

The total amount of non-current invested assets includes the carrying value of the shares in the following companies.

Name and address of the company	Issued capital (in thousand HUF)	Ownership	Carrying value, previous year (in thousand HUF)	Carrying value, subject year (in thousand HUF)
BC-Therm Kft. H-1131 Budapest, Babér utca 1-5.	663,000	100%	423,000	0
Tisza-WTP Kft. H-3580 Tiszaújváros, Ipartelep, topographical lot no. 2069.	405,000	100%	290,000	0
Sinergy Energiakereskedő Kft. H-1131 Budapest, Babér utca 1-5.	42,700	100%	100,000	0
Ózdi Erőmű Kft. H-3700 Kazincbarcika, Gorkij u 1, Hungary	147,465	100%	0	0
Tisza BioTerm Kft. H-1131 Budapest, Babér utca 1-5.	65,500	60%	0	0
Kazinc-Therm Kft. H-3700 Kazincbarcika, Gorkij u 1, Hungary	3,000	100%	0	0
Tisza-Therm Kft. H-3580 Tiszaújváros, Tisza út 1/D	3,000	100%	0	0
Tisza-BioEnergy Kft. H-1131 Budapest, Babér utca 1-5.	3,000	100%	0	0
Kazinc-BioEnergy Kft. H-1131 Budapest, Babér utca 1-5.	3,000	100%	0	0
Balassagyarmati Biogáz Erőmű Kft. H-1131 Budapest, Babér utca 1-5.	3,000	100%	0	0
Zugló-Therm Kft. H-1091 Budapest, Köztársaság tér 20.	902,000	49%	0	0

All shares the Company had in other companies were terminated during the absorption-type demerger and transferred to ALTEO Nyrt.

**c) Inventories**

The composition of the inventories of the Company changed as follows:

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
Spare parts for maintenance	80,707	0
Uninvoiced jobs completed as part of project developments and maintenance	345,900	22,652
<b>TOTAL INVENTORIES</b>	<b>435,607</b>	<b>22,652</b>

The Company uses the Goods category to record subcontractor deliveries not yet settled with its contracted partners.

**d) Receivables**

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
Trade receivables	787,630	198,140
<i>Kazinc-Therm Kft.</i>	897,611	0
<i>Tisza-Therm Kft.</i>	622,828	0
<i>Ózdi Erőmű Kft.</i>	338,581	0
<i>Soproni Erőmű Kft.</i>	300,467	0
<i>Tisza WTP Kft.</i>	221,365	0
<i>ALTEO Energiakereskedő Zrt.</i>	124,056	0
<i>BC-Therm Kft.</i>	30,617	0
<i>Győri Erőmű Kft.</i>	60,798	0
<i>Tisza-BioTerm Kft.</i>	15,082	0
<i>Kazinc-BioEnergy Kft.</i>	9,253	0
<i>Civis Biogáz Kft.</i>	8,966	0
<i>Tisza-BioEnergy Kft.</i>	7,805	0
<i>ALTEO Energiaszolgáltató Nyrt.</i>	4,354	0
<i>E-Wind Kft.</i>	963	0
<i>Windeo Kft.</i>	773	0
<i>Venteo Kft.</i>	478	0
<i>ALTEO-Agraria Kft.</i>	362	0
<i>ALTSOLAR Kft.</i>	258	0
<i>Balassagyarmati Biogáz Erőmű Kft.</i>	49	0
<i>Exim Invest Biogáz Kft.</i>	32	0
<i>ALTEO Nyrt., trade receivables</i>	0	22,054
<i>ALTEO Nyrt., loan</i>	0	152,920
<i>ALTEO Nyrt., other receivables</i>	0	291,844
<i>Sinergy Energiakereskedő Kft., trade receivables</i>	0	11,530
Receivables from affiliated companies	2,644,699	478,348
Other receivables	289,226	100,207
<b>TOTAL RECEIVABLES</b>	<b>3,721,555</b>	<b>776,695</b>

Other receivables include the corporate tax, the local business tax and the pollution charges recoverable by the Company, overpayments to suppliers and other items.

**e) Securities**

As at December 31, 2018, the Company holds no securities.

**f) Financial assets**

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
Operating account – EURO	33,380	61,148
Operating accounts – HUF	312,645	38,115
Investment account	50,000	8,952
<b>TOTAL LIQUID ASSETS</b>	<b>396,025</b>	<b>108,215</b>

The cash balance at the reporting date only shows the closing bank balance.

**g) Accrued income and deferred charges**

The accrued income and deferred charges line includes the following items:

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
MOM Park, energy fee for December	52,710	72,427
Zugló-Therm, maintenance work	44,813	0
Ózd Power Plant, re-invoicing maintenance	15,766	0
Sopron Power Plant, re-invoicing maintenance	15,095	0
Default interests, Kazinc-Therm, Tisza-Therm	11,208	0
BC-Therm, open-book settlement	9,013	0
Maintenance fees of landfill projects	5,097	0
Troubleshooting BC, TVK	1,792	0
Operating contingency fee (biogas power plant)	241	0
Interest on member's loan	126	0
MOM Park, other income	0	6,871
Revenues from intermediated services	0	44,728
<b>Accrued revenue</b>	<b>155,861</b>	<b>124,026</b>
Maintenance costs	108,092	0
System usage fees for January (gas, electricity)	1,457	1,458
Insurance premiums	0	466
<b>Accrued expenses</b>	<b>109,549</b>	<b>1,924</b>
<b>Accrued income and deferred charges</b>	<b>265,410</b>	<b>125,950</b>

**h) Equity**

<i>data in thousand HUF</i>	Issued capital	Capital reserve	Retained earnings	Allocated reserves	Profit after taxes
<b>Opening balance, 1/1/2018</b>	<b>1,707,500</b>	<b>0</b>	<b>155,920</b>	<b>1,000,000</b>	<b>1,043,143</b>
Transferring profit after taxes to RE			1,043,143		-1,043,143
Demerger	-1,704,500	0	-1,413,508		0
Allocated reserves			608,498	-608,498	0
Dividends			-1,000,000		0
Settling the equity of subsidiaries					0
Subject year profit or loss					700,187
<b>Closing balance on 12/31/2018</b>	<b>3,000</b>	<b>0</b>	<b>-605,947</b>	<b>391,502</b>	<b>700,187</b>

In 2018, the profit after tax was HUF 700,187 thousand. HUF 353,120 thousand used as development tax benefit was transferred to allocated reserve, and HUF 961,618 thousand of the development reserve raised in 2017 was used in 2018. The Company has no treasury shares.

**i) Provisions**

Provisions were as follows:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
MPK boiler	137,258	0
Replacing the filling in mixed beds, WTP	15,500	0
<b>Provisions for future costs</b>	<b>152,758</b>	<b>0</b>

The Company released previously recognized provisions in 2018.

**j) Liabilities**

The liabilities of the Company were as follows:

The Company had no long-term liabilities in 2018.

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Short-term loans	0	345,249
Advances received from customers	36,887	0
Trade payables	745,760	108,717
Short-term liabilities to affiliated companies	103,290	153,708
Other short-term liabilities	710,776	3,031
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>1,596,713</b>	<b>610,705</b>
<b>LIABILITIES TOTAL</b>	<b>1,596,713</b>	<b>610,705</b>



Among short-term loans, we recognize those amounts granted by banks where the balance is negative. Liabilities toward affiliated companies are trade payables.

- Trade payables due to ALTEO Zrt.: HUF 92.183 thousand.
- Trade payables due to ALTEO Nyrt.: HUF 61,525 thousand.

Other short-term liabilities include VAT payables, customer overpayments and other parafiscal liabilities.

**k) Accrued expenses and deferred income**

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
Revenues from maintenance, 2018	36,880	0
Management fees, 2016/2017	10,783	0
MOM residential settlement	0	2,186
<b>Income accruals</b>	<b>47,663</b>	<b>2,186</b>
Operation and maintenance costs	120,021	3,925
Bonuses and related contributions	66,967	0
Project development expenditures	38,773	0
Other costs	22,366	56,659
Electricity costs	0	34,220
Gas costs	0	22,552
Rent	0	6,504
Audit	1,049	2,777
<b>Cost accruals</b>	<b>249,176</b>	<b>126,636</b>
<b>Deferred income</b>	<b>163,506</b>	<b>114,461</b>
<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>460,345</b>	<b>243,283</b>

The HUF 114,461 thousand granted by the Environment and Energy Operational Program in the subject year for the reconstruction of the Felsődobsza hydropower plant is recognized under Deferred income.

**l) Revenue**

<i>data in thousand HUF</i>	<b>2017</b>	<b>2018</b>
Operation and maintenance revenues	4,783,882	4,099,946
Project development revenues	2,184,426	1,889,271
Administration and management fees	179,604	60,375
Other	3,147	1,982
<b>Net revenue from domestic sales</b>	<b>7,151,059</b>	<b>6,051,574</b>

The Company realized HUF 46,074 thousand from export revenues.

**m) Production performance of the Company**

<i>data in thousand HUF</i>	<b>2017</b>	<b>2018</b>
Changes in the inventory of stocks produced by the Company	0	33,731
Changes in the quantity of assets produced by the Company	0	459,324
<b>Other revenues</b>	<b>0</b>	<b>493,055</b>

**n)**

<i>data in thousand HUF</i>	<b>2017</b>	<b>2018</b>
Provisions released	194,051	137,258
Prorated acceptance without charge	104,528	287,245
Penalties and default interests received	40,207	265,385
Other income	2,057	1,236
Reversal of impairment loss	886	1,010
Revenue from the sale of fixed assets	650	47
<b>Other revenues</b>	<b>342,379</b>	<b>692,181</b>

**o) Material expenses**

Key components of material expenses:

<i>data in thousand HUF</i>	<b>2017</b>	<b>2018</b>
Energy costs (gas, electricity, water, energy base materials)	280,379	239,445
Parts related to operation and maintenance	320,253	663,485
Auxiliary materials for operation	65,350	74,388
Fuel	42,487	36,369
Working clothing, protective equipment	16,449	14,281
Stationeries, other materials	7,860	2,387
<b>Cost of raw materials</b>	<b>732,778</b>	<b>1,030,355</b>
Project management services used	-291,557	0
Maintenance and operating services	372,406	420,743
Management fees	321,117	243,204
Rent (vehicle, real estate, IT equipment)	104,284	132,485
Expert fees (technical, legal, payroll preparation, audit)	61,391	79,575
HSE services	54,138	25,427
Travel, posting, conference, training, postal service	41,893	27,233
Advertisement, marketing	1,000	905
Other	1,631	4,189
<b>Value of services used</b>	<b>666,303</b>	<b>933,761</b>
Bank charges	23,544	24,112
Insurance premiums	11,649	18,091
Fees paid to authorities, duties	3,945	6,324
<b>Value of other services</b>	<b>39,138</b>	<b>48,527</b>
<b>Purchase value of goods sold</b>	<b>2,449,418</b>	<b>2,158,381</b>
<b>Value of intermediated services sold</b>	<b>887,221</b>	<b>961,348</b>

In 2018, the Company recognized HUF 5,815 thousand as cost of auditing.

**p) Personnel expenses**

As at December 31, 2018, the closing headcount of the Company staff was zero.

The distribution of personnel expenses was as follows:

<i>data in thousand HUF</i>	<b>2017</b>	<b>2018</b>
Wages	1,136,163	971,058
Other personnel expenses	145,484	120,837
Wage contributions	290,727	226,183
<b>Personnel expenses</b>	<b>1,572,374</b>	<b>1,318,078</b>

**q) Other expenditures**

<i>data in thousand HUF</i>	2017	2018
Provisions recognized	84,301	0
Taxes (local business tax, innovation contribution, water abstraction fee etc.)	72,805	66,266
Penalties and default interests paid	7,685	-80
Impairment	1,967	2,266
Support given, financial assets permanently transferred, receivables released	1,290	312
Other expenditures	264	970
Expenditures related to fixed assets sold	0	199
<b>Other expenditures</b>	<b>168,312</b>	<b>69,933</b>

**r) Finance income**

Key components of the Finance income include the following:

<i>data in thousand HUF</i>	2017	2018
Other incomes of financial transactions	15,138	35,270
Other interests received	5,003	5,380
Dividend received (due)	227,294	83,977
<b>Income from financial transactions</b>	<b>247,435</b>	<b>124,627</b>
Other expenditures of financial transactions	30,432	24,075
Payable interests	1,346	2,257
<b>Expenditures of financial transactions</b>	<b>31,778</b>	<b>26,332</b>
<b>Financial profit</b>	<b>215,657</b>	<b>98,295</b>

**V TAXATION**

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

<i>data in thousand HUF</i>	<b>12/31/2017</b>	<b>12/31/2018</b>
<b>Profit or loss before taxes</b>	<b>1,050,044</b>	<b>706,178</b>
Development tax benefit of tax base	500,000	353,120
Depreciation and amortization eligible under the Accounting Act	132,185	194,774
Amount used from the provisions of previous years	194,052	137,258
Dividend income from subsidiary	227,294	83,977
Reversal of impairment loss	886	1,010
<b>Total items decreasing the tax base</b>	<b>1,054,417</b>	<b>770,139</b>
Depreciation under the Accounting Act, carrying value of derecognized fixed assets	158,121	155,779
Provisions recognized	84,301	0
Other	0	63
Interest on unpaid dividends	349	135
Support granted to offset costs	1,110	0
Impairment recognized related to receivables	1,967	2,266
Receivable released	9,808	312
Tax fines, default interests	255	63
<b>Total items increasing the tax base</b>	<b>259,941</b>	<b>158,618</b>
<b>TAX BASE</b>	<b>255,567</b>	<b>94,657</b>
<b>Corporate tax</b>	<b>23,001</b>	<b>8,525</b>
<b>Adjustment of previous years' data</b>	<b>0</b>	<b>0</b>
<b>Tax benefits</b>	<b>16,100</b>	<b>2,638</b>
<b>Profit after taxes</b>	<b>1,043,143</b>	<b>700,187</b>

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 INTERCOMPANY TRANSACTIONS WITH AFFILIATED COMPANIES**

During the year, the Company concluded the following transactions with companies it was affiliated with as at 12/31/2018:

The Company realized its revenues based on its existing contracts from ALTEO Energiaszolgáltató Nyrt., Kazinc-Therm Kft., Tisza-Therm Kft., Tisza-WTP Kft., Ózdi Erőmű Kft., BC-Therm Kft., Sinergy Energiakereskedő Kft., Soproni Erőmű Kft., Győri Erőmű Kft., ALTEO-Agria Kft., Civis Biogáz Kft., Windeo Kft., Venteo Kft., Hidrogáz Kft. and E-Wind Kft., as broken down below:

<i>data in thousand HUF</i>		<b>Turnover in 2018</b>
Operating and maintenance fee		1,133,951
Project management fees		1,325,497
Re-invoiced services		250,624
Administration and management fees		22,766
Other		0
<b>Total</b>		<b>2,732,838</b>

Under its contracts, the Company used material services of ALTEO Energiaszolgáltató Nyrt., ALTEO Energiakereskedő Zrt., Kazinc-Therm Kft., Tisza-Therm Kft. and Ózdi Erőmű Kft., as broken down below:

<i>data in thousand HUF</i>		<b>Turnover in 2018</b>
Management services		243,204
Electricity		77,516
Gas procurement		127,639
Accounting fee		22,341
Real estate rent		22,349
Operating fees		35,478
Other		1,740
<b>Total</b>		<b>530,267</b>

The Company booked member's loan interests related to ALTEO Energiaszolgáltató Nyrt., Tisza-Bioterm Kft., Kazinc-BioEnergy Kft. and Tisza-BioEnergy Kft., as detailed below.

<i>data in thousand HUF</i>		<b>Turnover in 2018</b>
Interests paid		414
Interests received		610
<b>Total</b>		<b>1,024</b>

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

**VII LIABILITIES OFF THE STATEMENT OF FINANCIAL POSITION**

The Company does not have any liabilities off the statement of financial position.

**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.

**IX LEGAL PROCEEDINGS**

There are no major ongoing legal proceedings against the Company. The Company has an ongoing labor dispute, but it is the opinion of the management that no provision needs to be recognized related to it.

**X EVENTS AFTER THE REPORTING DATE**

There were no other events after the end of the reporting date 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.

**XII Activity reports**

The applicable directives of the Hungarian Energy Office and the European Union stipulate that integrated electricity companies unbundle their accounts for their authorized activities as if they were carried out by companies with separate legal personalities.

Accordingly, as part of its accounting policy, Sinergy Kft. has completed the recognition and distribution rules underlying its reports on

- electricity production
- heat energy production, service provision and
- other activities

The statement of financial position of the activity report of Sinergy Kft.: on a separate sheet

The statement of profit or loss of the activity report of Sinergy Kft.: on a separate sheet

Budapest, March 19, 2019

.....  
András Papp  
managing director

.....  
Sándor Bodó  
managing director