

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 17, 2020

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 2019 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. The Supervisory Board held five meetings in 2019 and did not take any decisions by written procedures without holding a session. 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 – heard the report of the auditor of the Company relating to the auditing activities performed or to be performed by him. At each meeting, the Supervisory Board was specifically informed about the legislative and regulatory changes affecting the group’s operations as well as the development of the Company’s share price. The Supervisory Board was kept informed – at its meetings – about the decisions adopted by the Board of Directors and any other 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 17, 2020, 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 fair view of the Company’s management. The opinion of the Supervisory Board in detail:

On agenda item 1: The Supervisory Board – also having regard to the report of the Company’s auditor – proposes to the General Meeting to accept the Company’s stand-alone financial statements for the business year ending on December 31, 2019 (comprehensive income: HUF 174.563 thousand and total assets: HUF 25,009,821 thousand) and business (annual) report as well as the report of the Board of Directors.

- On agenda item 2: The Supervisory Board – also having regard to the report of the Company’s auditor – proposes to the General Meeting to accept the Company’s and its subsidiaries’ consolidated financial statements for the business year ending on December 31, 2019 (comprehensive loss: HUF 1,142,019 and total assets: HUF 37,631,281 thousand) and business (annual) report as well as the report of the Board of Directors.
- On agenda item 3: The Supervisory Board proposes to the General Meeting to accept the corporate governance report prepared by the Board of Directors.
- On agenda item 4: The Supervisory Board proposes to the General Meeting not to pay dividends from the Company’s profit for the year, in order to alleviate the potential economic effects of the epidemic related to the COVID-19 virus.
- On agenda item 5: The Supervisory Board proposes to the General Meeting to grant the discharge to the members of the Board of Directors.
- On agenda item 6: The members of the Supervisory Board, with the exception of Noah M. Steinberg, declare that if they are elected by the General Meeting, they – with the exception of Noah M. Steinberg – will undertake to continue as members of the Supervisory Board with the same personnel and for the same remuneration, i.e. HUF 250,000 gross/month for the chairman of the Supervisory Board and HUF 200,000 gross/month for the members of the Supervisory Board; furthermore, Mr. István Bakács agrees to act as chairman of the Supervisory Board from April 30, 2020 until April 30, 2025. Furthermore, the Supervisory Board proposes to the General Meeting to elect Mr. Attila Sütő as the delegate of ALTEO Nyrt.’s Works Council to the Supervisory Board from April 30, 2020 until April 30, 2025.
- On agenda item 7: The independent members of the Supervisory Board, namely Mr. István Bakács, dr. István Borbíró and Dr. János Lukács declare that, if they are elected by the General Meeting, they will undertake to act as members of the Audit Committee with the same personnel and Mr. István Bakács agrees to also act as chairman of the Audit Committee from April 30, 2020 until April 30, 2025.
- On agenda item 8: The Supervisory Board proposes to the General Meeting to extend the mandate of the members of the Company’s Board of Directors, namely Mr. Gyula Mező, Mr. Attila Chikán, Mr. Zsolt Müllner, Mr. Ferenc Karvalits and Mr. Domonkos Kovács from April 30, 2020 until April 30, 2025. The Board of Directors proposes that the members perform their duties for the same remuneration, i.e. HUF 300,000 gross/month for the chairman of the Board of Directors and HUF 250,000 gross/month for all other members.
- On agenda item 9: The Supervisory Board – based on the recommendation and favorable opinion of the Audit Committee – supports the appointment of the auditor named in the proposal and proposed by the Audit Committee, subject to the conditions specified in the proposal.
- On agenda item 10: The Supervisory Board proposes to the General Meeting to hold an advisory vote to approve the remuneration policy prepared by the Board of Directors.

- On agenda item 11: The Supervisory Board proposes to the General Meeting to acknowledge and approve the Company's transactions involving its own shares.
- On agenda item 12: The Supervisory Board proposes to the General Meeting to extend the scope of Resolution No. 12/2019. (IV.26.) of the General Meeting authorizing the Board of Directors to acquire own shares by eighteen (18) months in line with the proposal.
- On agenda item 13: The Supervisory Board agrees with the amendment of Articles 13.8, 14.8 and 15 of the Company's Articles of Association and the consolidation of such Articles in a single document as well as with the amendment of the Articles of Association to comply with the provisions of Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a view to Legal Harmonization.

Budapest, March 26, 2020

Yours sincerely,

István Zsigmond Bakács
Chairman of the Supervisory Board

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