

24715179-3514-113-01

Statistical Nr.

01-09-178667

Corp. Reg. Nr

Sinergy Energiakereskedő Kft.

1131 Budapest, Babér utca 1-5.

address

31 December 2018

Financial Statement



Budapest, 28th February 2018.

Translation of the Hungarian original

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of Sinergy Energiakereskedő Kft.

Opinion

We have audited the financial statements of Sinergy Energiakereskedő Kft. (the „Company”) for the year 2018 which comprise the balance sheet as at December 31, 2018 – which shows total assets of thHUF 2.003.171 and profit after tax for the year of thHUF 14.642 –, 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.

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.
1	A. Non Current Assets (02.+10.+18. rows)	82 671	69 503
2	I. INTANGIBLE ASSETS (03.-09. rows)	33 556	19 319
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	33 556	19 319
6	Intellectual property	0	0
7	Goodwill	0	0
8	Advance payments on intangible assets	0	0
9	Revaluation of intangible assets	0	0
10	II. FIXED ASSETS (11.-17. rows)	1 819	1 154
11	Land and buildings and related concessions and similar rights	0	0
12	Technical equipment, machinery and vehicles	0	0
13	Other equipment, fittings and vehicles	1 819	1 154
14	Breeding stock	0	0
15	Capital WIP, renovations	0	0
16	Advance payments on Capital WIP	0	0
17	Revaluation of tangible assets	0	0
18	III. FINANCIAL INVESTMENTS (19.-25. rows)	47 296	49 030
19	Long term investments in related companies	0	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	47 296	49 030
24	Securities representing long term loans	0	0
25	Revaluation of financial investments	0	0
26	B. Current Assets (27.+34.+40.+45. rows)	1 442 948	1 625 516
27	I. INVENTORIES (28.-33. rows)	0	0
28	Raw materials and consumables	0	0
29	Work in progress and semi-finished products	0	0
30	Animals	0	0
31	Finished goods	0	0
32	Goods	0	0
33	Advance payments on inventories	0	0
34	II. RECEIVABLES (35.-39. rows)	1 260 010	1 224 124
35	Trade accounts receivable	569 222	567 631
36	Receivables from related companies	387 708	307 045
37	Receivables from other investees	0	0
38	Bills of exchange receivable	0	0
39	Other receivables	303 080	349 448
40	III. MARCHETABLE SECURITIES (41.-44.sorok)	0	0
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
45	IV. LIQUID ASSETS (46.-47. rows)	182 938	401 392
46	Cash in hand, cheques	0	0
47	Bank deposits	182 938	401 392
48	C. Prepaid expenses and Accrued incomes (49.-51. rows)	243 420	308 152
49	Accrued income	242 278	306 960
50	Prepaid expenses	1 142	1 192
51	Deferred expenses	0	0
52	TOTAL ASSETS (01.+26.+48. rows)	1 769 039	2 003 171

Budapest, 28th February 2018.

Bodó Sándor Luczay Péter
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.
53	D. Shareholders' Equity (54.+56.+57.+58.+59.+60.+61. rows)	137 185	151 827
54	I. ISSUED CAPITAL	100 000	100 000
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	22 145	37 185
59	V. NON-DISTRIBUTABLE RESERVES	0	0
60	VI. REVALUATION RESERVE	0	0
61	VII. PROFIT AFTER TAX	15 040	14 642
62	E. Provisions (63.-65. rows)	0	0
63	Provisions for expected liabilities	0	0
64	Provisions for future expenses	0	0
65	Other provision	0	0
66	F. Liabilities (67.+71.+80. rows)	722 567	307 869
67	I. SUBORDINATED LIABILITIES (68.-70. rows)	0	0
68	Subordinated liabilities to related companies	0	0
69	Subordinated liabilities to other investees	0	0
70	Subordinated liabilities to other enterprises	0	0
71	II. LONG TERM LIABILITIES (72.-79. rows)	0	0
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
80	III. SHORT TERM LIABILITIES (81. és 83.-89. rows)	722 567	307 869
81	Short term loans	0	0
82	- thereof: Convertible bonds	0	0
83	Short term credits	273 722	0
84	Advance payments received from customers	0	0
85	Trade accounts payable	25 669	14 178
86	Bills of exchange payable	0	0
87	Short term liabilities to related companies	422 318	272 510
88	Short term liabilities to other investees	0	0
89	Other short term liabilities	858	21 181
90	G. Accrued expenses and deferred incomes (91.-93. rows)	909 287	1 543 475
91	Deferred revenues	0	0
92	Accrued expenses	909 287	1 543 475
93	Deferred income	0	0
94	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (53.+62.+66.+90. rows)	1 769 039	2 003 171

Budapest, 28th February 2018.

Bodó Sándor Luczay Péter
 Directors of the Company

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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	4 189 765	4 499 297
02.	Net export sales revenues	1 734 917	1 484 759
I.	NET SALES REVENUES	5 924 682	5 984 056
03.	Change in self-manufactured inventories	0	0
04.	Capitalised value of self-manufactured assets	0	0
II.	CAPITALISED VALUE OF OWN PERFORMANCE	0	0
III.	Other revenues	167 974	434 602
	<i>of which: reversal of impairment loss provision</i>	0	0
05.	Cost of raw materials	0	1
06.	Value of services used	774 722	1 147 371
07.	Value of other services	9 407	15 150
08.	Cost of goods sold	5 870 816	5 694 317
09.	Value of recharged services	0	0
IV.	MATERIAL TYPE EXPENDITURES	6 654 945	6 856 839
10.	Wages	0	0
11.	Other payments to personnel	0	0
12.	Personnel related contributions	0	0
V.	PAYMENTS TO PERSONNEL	0	0
VI.	DEPRECIATION CHARGE AND AMORTIZATION	17 428	18 962
VII.	Other expenses	36 279	408 215
	<i>of which: impairment loss provision</i>	0	0
A.	PROFIT ON OPERATING ACTIVITIES (I.±II.+III.-IV.-V.-VI.-VII.)	- 615 996	- 865 358
13.	Dividend received or due	0	0
	<i>of which: with related parties</i>	0	0
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	801	0
	<i>of which: with related parties</i>	0	0
16.	Other interest received or due	153	0
	<i>of which: with related parties</i>	0	0
17.	Other revenues from financial transactions	715 586	990 056
VIII.	Financial revenues	716 540	990 056
18.	Loss on financial investments	3	0
	<i>of which: with related parties</i>	0	0
19.	Interest paid	315	0
	<i>of which: with related parties</i>	0	0
20.	Impairment loss of financial investment, securities and bank deposits	0	0
21.	Other expenditures of financial transactions	76 982	100 289
IX.	Financial expenses	77 300	100 289
B.	PROFIT ON FINANCIAL ACTIVITIES (VIII.-IX.)	639 240	889 767
C.	NET PROFIT BEFORE TAXATION (±A.±B.)	23 244	24 409
X.	Tax liability	8 204	9 767
F.	PROFIT AFTER TAX (±C.-X)	15 040	14 642

Budapest, 28th February 2018.

Bodó Sándor Luczay Péter
Directors of the Company

Data in THUF

Nr.	Description	2017	2018
I.	Net cash from operating activities	-1 254 446	373 024
1.	Profit before tax	23 244	24 409
	Unrealized FX losses/gains	0	- 1 890
2.	Add back depreciation	17 428	18 962
3.	Add back impairment of assets	0	0
4.	Changes in provision	- 371	0
5.	Profit/loss on sale of non current assets	0	0
6.	Changes in trade payables	- 676 264	- 161 299
7.	Changes in other receivables	- 272	20 323
	<i>correction due to related parties</i>	0	0
8.	Changes in accruals	- 245 405	634 188
9.	Changes in trade receivables	- 159 070	1 591
10.	Changes in other non current assets	- 82 317	- 88 761
	<i>correction due to impairments</i>	0	0
11.	Changes in prepayments	- 123 215	- 64 732
12.	Income taxes paid	- 8 204	- 9 767
13.	Dividend paid	0	0
II.	Cash flows from investment activities	- 18 174	- 4 060
14.	Purchase of Non current assets	- 18 174	- 4 060
15.	Sale of Non current assets	0	0
16.	Dividend received	0	0
III.	Cash flows from financing activities	344 841	- 150 510
17.	Issue of share capital	57 300	0
18.	Issued bonds and other securities	0	0
19.	Bank loan received	273 722	0
20.	Decrease of given loans	13 819	123 212
21.	Received grants donations	0	0
22.	Decrease of share capital	0	0
23.	Repayment of bonds and other securities	0	0
24.	Repayment of bank loan	0	- 273 722
25.	Loans given	0	0
26.	Donations, grants paid	0	0
27.	Changes in liabilities against founders	0	0
IV.	TOTAL Changes in Cash and Equivalents (± I.± II.± III.)	- 927 779	218 454

Opening Cash and Equivalents

1 110 717

182 938

Closing Cash and Equivalents

182 938

401 392

Budapest, 28th February 2018.

Bodó Sándor

Luczay Péter

Directors of the Company

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I PRESENTATION OF THE COMPANY

Key information concerning the Company	
Name	Sinergy Energiakereskedő Korlátolt Felelősségű Társaság
Registered office	H-1131 Budapest, Babér utca 1-5.
Company registration number	01-09-178667
Tax number	24715179-2-41
Core business	NACE 3514 - Trade of electricity
Capital stock on 1/1/2018	HUF 100,000 thousand
Capital stock on the reporting date	HUF 100,000 thousand
Chosen auditor	Deloitte Könyvvizsgáló Kft.

Sinergy Energiakereskedő Kft. is a single-member company owned by ALTEO Energiaszolgáltató Nyrt. (company registration number: 01-10-045985).

ALTEO Nyrt. 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).

The Company is consolidated by Wallis Portfólió Kft., as superior parent company in its own consolidated report prepared to Hungarian accounting standards.

Sinergy Energiakereskedő Korlátolt Felelősségű Társaság was established by Sinergy Kft. on September 18, 2013. The court of registration incorporated the Company on October 3, 2013. Up to that point, the Company had operated as a "preliminary" company. The latest amendment of the Articles of Association occurred on September 26, 2017, when the owner, Sinergy Kft., increased the amount of the capital stock by HUF 57,300,000, from HUF 42,700,000 to HUF 100,000,000.

The Company was founded to sell the electricity produced by and the electricity production capacities available at independent market players as well as Sinergy Kft. and its affiliated companies, on the organized electric market power market and on the system services market.

The Company publishes its annual report on the electronic reporting portal operated by the Ministry of Justice (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. The date of the preparation of financial statements is January 31 of the year following the subject year.

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

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 Company prepares its annual report in conformity with the Accounting Act, with the statement of financial position prepared 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.

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

Sándor Bodó, managing director (H-1106 Budapest, Dorogi utca 21/A) and Péter Luczay, managing director (H-4241 Bocskai kert, Báthory u. 30.) are jointly authorized to sign the annual report.

Zoltán Gergely Lakatos is responsible for the tasks relating to bookkeeping services and the preparation of the annual report. Number of the authorization to perform such activities: 164933.

The definition of material error is set out in the Accounting Policy. 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 total assets of the Company or, if 2 per cent of total assets does not exceed HUF 1 million, it is HUF 1 million. Section 3 (3).

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. establishment of the useful life of the asset;
2. estimation of 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).

Valuation of inventories

Purchased inventories are measured at purchase price. The initial recognition cost is the value calculated in accordance with Section 47 (1) to (4) of the Accounting Act: purchase price adjusted for related (ancillary) items.

In accordance with the accounting principles, the Company maintains records in value terms only. One of the special features of the Company's activity is the that electricity cannot be stockpiled due to its nature. Other procured materials are used immediately, thus, the Company does not engage in stockpiling.

Valuation of receivables

Receivables are measured individually. Individual measurement is based on item-by-item records. Impairment and the reversal of impairment losses of receivables and receivable-type assets are recognized in accordance with Section 55 of the Accounting Act.

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.

c) Fixed assets

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

In the case of fixed assets, residual value is determined based on individual assessment. The Company recognizes depreciation of assets based on analytic entry on a monthly basis.

For other equipment, the Company determines the useful life of specific assets on an individual basis. For other equipment, useful life may vary between 1 and 12 years.

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.

d) Receivables

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

e) 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 for an extended period. Securities owned by the Company for more than a year are recognized under non-current financial assets.

f) 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 position.

g) Revenue

The net revenue from sales is recognized at the time of performance, without VAT. The Company records as revenue the amount stated on invoices calculated and issued in the manner specified in the service contract and accepted by the customer. The Company recognizes revenue invoiced by the end of the year but relating to the business year in question from the perspective of performance as accrued income in the statement of financial position.

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	$\frac{\text{Equity}}{\text{Liabilities}}$	19.0%	49.3%
Equity to issued capital ratio	$\frac{\text{Equity}}{\text{Issued capital}}$	137.2%	151.8%
Coverage of non-current assets	$\frac{\text{Equity}}{\text{Non-current assets}}$	165.9%	218.4%
Asset structure	$\frac{\text{Non-current assets}}{\text{Current assets}}$	5.7%	4.3
Ratio of non-current assets	$\frac{\text{Non-current assets}}{\text{Total assets}}$	4.7%	3.5%

Short-term indicators of financial position:

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Quick ratio	$\frac{\text{Liquid assets} + \text{Receivables}}{\text{Short term liabilities}}$	199.7%	528.0%
Net working capital	$\text{Current assets} - \text{Short-term liabilities}$	HUF 720,381 thousand	HUF 1,317,647 thousand
Accounts receivable in days	$\frac{\text{Closing balance of accounts receivable}}{\text{Revenue per day}}$	56 days	52 days

Profitability indicators:

NAME OF INDICATOR	CALCULATION OF INDICATOR	PREVIOUS YEAR	SUBJECT YEAR
Profit after taxation to equity	$\frac{\text{Profit after taxes}}{\text{Equity}}$	11.0%	9.6%
Asset efficiency	$\frac{\text{Profit after taxes}}{\text{Total assets}}$	0.9%	0.7%

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>	Opening balance	Increase	Decrease	Closing balance
Change in gross value				
Intangible property rights	86,534	4,060	0	90,594
Intangible assets	86,534	4,060	0	90,594
Other plant, equipment and vehicles	3,418	0	0	3,418
Total investments, renovations	0	4,060	4,060	0
TOTAL GROSS VALUE	89,952	8,120	4,060	94,012
Accumulated depreciation				
Intangible property rights	52,978	18,297	0	71,275
Intangible assets	52,978	18,297	0	71,275
Other plant, equipment and vehicles	1,599	665	0	2,264
Total investments, renovations	0	0	0	0
TOTAL ACCUMULATED DEPRECIATION	54,577	18,962	0	73,539
Change in net value				
Intangible property rights	33,556	4,060	18,297	19,319
Intangible assets	33,556	4,060	18,297	19,319
Other plant, equipment and vehicles	1,819	0	665	1,154
Total investments, renovations	0	4,060	4,060	0
TOTAL NET VALUE	35,375	8,120	23,022	20,473

No extraordinary depreciation was recognized in the reporting period.

b) Non-current financial assets

The Company has a long-term deposit amounting to EUR 152,500 on its account with KELER Zrt. as at 12/31/2018.

c) Receivables

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Trade receivables	569,222	567,631
Receivables from affiliated companies	387,708	307,045
Other receivables	303,080	349,448
TOTAL RECEIVABLES	1,260,010	1,224,124

Outstanding receivables from affiliated companies are payable by the following parent companies and subsidiaries:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
ALTEO Nyrt.	190,080	0
ALTEO Zrt.	0	277,452
Sinergy Kft.	53,797	0
Kazinc-Therm Kft.	52,594	635
Tisza-Therm Kft.	28,611	635
Ózdi Erőmű Kft.	26,455	15,742
Soproni Erőmű Kft.	24,656	5,653
Győri Erőmű Kft.	11,515	6,928
TOTAL RECEIVABLES	387,708	307,045

Other receivables include VAT recoverable by the Company in an amount of HUF 7,917 thousand, innovation contribution, local business tax and deposits in an amount of HUF 333,370 thousand, and supplier receivables in an amount of HUF 6,816 thousand.

d) Financial assets

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Erste operating account – HUF	0	18,099
Erste operating account – EUR	100,443	305,610
Erste investment account – HUF	0	0
Keler payment account – EUR	82,495	77,683
TOTAL LIQUID ASSETS	182,938	401,392

The liquid assets are freely available for the Company.

e) Accrued income and deferred charges

Accrued income and deferred charges include the accrued incomes that affect the business year below but have not been invoiced:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Accr. ING financial profit	123,821	34,009
Mavir fee for fast reserve balancing services	28,414	107,908
Zugló-Therm Kft. compensation fees, penalties, service fees	56,047	51,213
Kazinc-Therm Kft. compensation fees, penalties, service fees, options	9,788	7,062
Tisza-Therm Kft. compensation fees, penalties, service fees, options	7,819	2,097
Soproni Erőmű Kft. compensation fees, penalties, service fees, balancing	6,939	14,025
Győri Erőmű Kft. compensation fees, penalties, service fees, balancing	4,450	5,187
Ózdi Erőmű Kft. compensation fees, penalties, service fees, balancing	2,954	16,877
Komló contingency fees, penalties, service fees	1,862	8,730
MET gas agent's commission	0	2,070
Sinergy, balancing energy, Gibárt	0	397
ALTEO Zrt. electricity, spot	0	55,222
Arrabona balancing energy	0	2,046
Other	184	117
Accrued revenue	242,278	306,960
Bloomberg terminal use	1,142	1,192
Energy market rate for 2017	0	0
Accrued expenses	1,142	1,192
Accrued income and deferred charges	243,420	308,152

f) Equity

<i>data in thousand HUF</i>	Issued capital	Capital reserve	Retained earnings	Profit after taxes
Opening balance, 1/1/2018	100,000	0	22,145	15,040
Addition of profit after taxation to retained earnings			15,040	-15,040
Issued capital increase				
Profit after taxation for the year				14,642
Closing balance on 12/31/2018	100,000	0	37,185	14,642

The Company reallocated its HUF 14,642 thousand profit after tax for 2018 to retained earnings.

The Company has no treasury shares.

g) Provisions

Provisions were as follows:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Accrued penalties, fines	0	0
Provisions	0	0

h) Liabilities

The liabilities of the Company were as follows:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
TOTAL LONG-TERM LIABILITIES	0	0
Trade payables	25,669	14,178
Short-term liabilities to affiliated companies	422,318	272,510
Short-term loans	273,722	0
Other short-term liabilities	858	21,181
TOTAL SHORT-TERM LIABILITIES	722,567	307,869
LIABILITIES TOTAL	722,567	307,869

The Company does not have long-term liabilities either in the subject year or in the previous period. Other short-term liabilities include corporate tax liabilities, the income tax of energy suppliers and other customer liabilities.

Outstanding liabilities to affiliated companies are payable to the following parent companies and subsidiaries:

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Kazinc-Therm Kft.	104,529	0
ALTEO Nyrt.	99,122	126,941
ALTEO Zrt.	0	49,054
Soproni Erőmű Kft.	62,100	0
Tisza-Therm Kft.	63,515	0
Ózdi Erőmű Kft.	47,529	0
Venteo Kft.	16,691	0
Windeo Kft.	15,273	84,985
Győri Erőmű Kft.	13,559	0
Sinergy Kft.	0	11,530
LIABILITIES TOTAL	422,318	272,510

i) Accrued expenses and deferred income

<i>data in thousand HUF</i>	12/31/2017	12/31/2018
Due fees of Sinergy-Gibárt	0	7,549
Due fees of Kazinc-Therm Kft.	43,919	66,684
Due fees of Tisza-Therm Kft.	24,305	39,688
Due fees of Soproni Erőmű Kft.	17,225	59,090
Due fees of Ózdi Erőmű Kft.	7,184	64,434
Due fees of Győri Erőmű Kft.	3,129	10,473
Mavir penalty, balancing energy, KÁT surcharge	26	5,186
Auditor's fee	1,150	1,400
Komló electricity, capacity	0	37,190
Arrabona electricity	0	3,829
Due fees of Zugló-Therm Kft.	199,712	266,818
ALTEO - trade management	598,571	972,725
ING exchange rate losses	0	7,514
Tax advisory services	13,938	0
Other	128	895
Cost accruals	909,287	1,543,475
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	909,287	1,543,475

j) Revenue

<i>data in thousand HUF</i>	2017	2018
Electricity	1,915,935	2,077,581
Fast reserve balancing and capacity	1,506,991	1,937,588
Electricity export	1,734,917	1,484,759
Compensation fees	590,585	229,724
Service fees	161,013	167,480
Agent's commission	0	80,070
Balancing energy	15,241	5,111
Other	0	1,743
Net revenue from sales	5,924,682	5,984,056

Export sales cover sales to ALPIQ SE, a company registered in the Czech Republic. This electricity sale is recognized as an export transaction because of the foreign consumer involved. The company, however, does not have any cross-border capacity.

k) Other revenues

<i>data in thousand HUF</i>	2017	2018
Quota sales	0	420,667
Penalties received	167,603	13,818
Other revenues	371	117
Other revenues	167,974	434,602

l) Material expenses

Key components of material expenses:

<i>data in thousand HUF</i>	2017	2018
Other materials	0	1
Cost of raw materials	0	1
Operating fees, contingency fees paid	691,571	1,072,757
Administration costs	25,280	22,800
Expert fees/counselling	18,315	8,589
Membership fees	6,964	11,771
Auditor's fee	2,565	2,800
Legal costs, lawyers' fees	22	0
Other	27,005	28,654
Value of services used	774,722	1,147,371
Bank expenses	5,747	9,343
Fees paid to authorities	2,937	4,943
Insurance	723	864
Value of other services	9,407	15,150
Electricity	4,698,613	4,196,728
Fast reserve balancing, capacity	598,971	467,587
Compensation fees	519,880	973,087
Control EStorage	0	39,000
Balancing energy	53,352	17,915
Purchase value of goods sold	5,870,816	5,694,317
Material expenses	6,654,945	6,856,839

In 2018, the Company recognized HUF 2,800 thousand as cost of auditing.

m) Other expenditures

<i>data in thousand HUF</i>	2017	2018
Local tax paid	-1,512	17,107
Penalties, default interests, fines	34,055	20,278
Support for sports	1,281	0
Quota purchases	0	368,004
Other	0	150
Other taxes and contributions	2,455	2,676
Other expenditures	36,279	408,215

The recognized and declared amount of local taxes for 2016 is negative due to the adjusted tax base calculation required due to the affiliated companies. The difference between the calculations is so significant because of the different statement of financial position preparation dates. The relevant

part of the law was amended in 2017, therefore, no such adjustment will have to be done in the future related to this tax category.

n) Finance income

Key components of the Finance income include the following:

<i>data in thousand HUF</i>	2017	2018
Recognized profits from hedge transactions	684,236	929,942
Exchange rate gain on assets and liabilities denominated in foreign currency	31,350	60,114
Exchange rate gains from investments	801	0
Interests received	153	0
Income from financial transactions	716,540	990,056
Interests on investment units and bonds	315	0
Exchange rate losses from investments	3	0
Recognized losses from hedge transactions	48,188	67,803
Exchange rate loss on assets and liabilities denominated in foreign currency	28,794	32,486
Expenditures of financial transactions	77,300	100,289
Financial profit	639,240	889,767

V TAXATION

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

<i>data in thousand HUF</i>	2017	2018
Profit or loss before taxes	23,244	24,409
Depreciation and amortization eligible under the Accounting Act	17,537	18,928
Amount used from the provisions of previous years	371	0
Total items decreasing the tax base	17,908	18,928
Recognized depreciation	17,428	18,962
Expenses not related to business activities	81	0
Fines	18	0
Total items increasing the tax base	17,527	18,962
TAX BASE	22,863	24,443
Corporate tax	2,058	2,200
Tax benefits (support for sports)	1,200	0
Corporate tax payable	858	2,200
Special tax of energy suppliers (31%)	7,346	7,567
Profit after taxation	15,040	14,642

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

In the course of the year the Company engaged in the following inter-company transactions with affiliated companies:

The Company realized its revenues based on its existing contracts from ALTEO Zrt., Kazinc-Therm Kft., Tisza-Therm Kft., Ózdi Erőmű Kft., Soproni Erőmű Kft., Győri Erőmű Kft., Domaszék Kft. and Zuglót-Therm Kft., as broken down below:

<i>data in thousand HUF</i>	Flows in 2018
Electricity	1,247,679
Service fees	133,655
Compensation fees	221,582
Balancing energy	397
Total	1,603,313

Under its contracts, the Company used material services and COGS (cost of goods sold) of ALTEO Energiaszolgáltató Nyrt., Kazinc-Therm Kft., Tisza-Therm Kft., Soproni Erőmű Kft., Győri Erőmű Kft., Zuglót-Therm Kft., Windeo Kft. and Ózdi Erőmű Kft., as broken down below:

<i>data in thousand HUF</i>	Flows in 2018
Electricity	2,464,206
Trade management fees, contingency fees	1,035,725
Compensation fees	812,540
Fast reserve balancing, capacity	413,031
Operating fee paid to parent company	37,032
Administration costs	22,800
Control EStorage	39,000
Total	4,824,334

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

VII MAJOR RISKS FACING THE COMPANY, AND THE RELEVANT CHANGES AND UNCERTAINTIES

In recent years, the Hungarian National Assembly adopted a number of amendments to tax legislation that have an adverse effect on enterprises operating in the electricity sector: the rate of energy suppliers' income tax increased to 31% as of January 1, 2013, and a new tax, the tax on public utility

lines was also introduced. We cannot exclude the possibility that companies operating in this sector will have to face additional changes in the tax system with unfavorable effects on their businesses.

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

Sinergy Energiakereskedő Kft. received a letter from VPP Magyarország Zrt. (registered office: H-1113 Budapest, Bocskai út 134-146. C. ép. 3. em.; company registration number: 01-10-048666) in the beginning of 2018; in this letter the sender assumed - based on information of unclear origin - that the control center of Sinergy Energiakereskedő Kft. performs its activity in violation of the patent "Decentralized energy production system, control tool and procedure, controlling the energy production of the system" registered for VPP Magyarország Zrt. as holder under the number E031332. In its letter, VPP Magyarország Zrt. initiated negotiations to clarify the situation and envisaged filing a lawsuit should such negotiations remain unsuccessful. Sinergy Energiakereskedő Kft. reviewed the patent and the related claim, involving the professionals developing the system and a renowned patent agent with expertise in the technology involved. Based on the reviews it can be stated with certainty that the system operating the control center of Sinergy Energiakereskedő Kft. is not and never was covered by patent protection, since a significant part of the characteristics of the claims related to the patent of VPP Magyarország Zrt. is not realized in the course of the operation of the system used by Sinergy Energiakereskedő Kft. After the analysis and based on its findings, Sinergy Energiakereskedő Kft. explicitly and completely denied the claim of VPP Magyarország Zrt.

On March 14, 2018, Sinergy Energiakereskedő Kft. requested the Hungarian Intellectual Property Office to establish that the six control procedures in total it uses in the course of operating the control center are not in violation of the patent "Decentralized energy production system, control tool and procedure, controlling the energy production of the system" registered for VPP Magyarország Zrt. as holder under number E031332. Sinergy Energiakereskedő Kft. initiated the procedures for the so-called negative clearance with the goal to clearly and definitively disprove the infringement assumed by VPP Magyarország Zrt. and presented in the announcement of ALTEO Nyrt. published on February 14, 2018. In the opinion of the Company management, the above procedure will not have a significant impact on the financial standing or the profitability of the Company. The proceedings are still ongoing.

X Events after the reporting date

There were no events after 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.

Budapest, March 28, 2019

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Sándor Bodó
managing director

.....
Péter Luczay
managing director