



**Quarterly Report**

**of**

**ENEFI Energy Efficiency Plc**

**for H1 2018**

**H1**

**30/06/2018**

Published: 07/09/2018  
Modification: 25/09/2018  
Modification: 09/12/2020

ENEFI Energy Efficiency Plc hereby presents its financial results of the reference period.

**The report presents the operations in the reference period on the basis of the financial figures of the Company and the companies consolidated by the Company *not audited* by an auditor.**

ENEFI Energy Efficiency Plc is a corporate group consisting of companies with its registered seat in Budapest present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity well-established areas of the two countries mentioned above. Additionally certain companies of the Group deal with the operation of street lighting systems in Hungarian projects.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website ([www.e-star.hu](http://www.e-star.hu) , [www.enefi.hu](http://www.enefi.hu)) and on the website of Budapest Stock Exchange Plc. ([www.bet.hu](http://www.bet.hu)) as well as the website operated by MNB ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).

## 1. Balance sheet (data in HUF thousands)

| Consolidated statement of financial position -<br>Assets | 12.31.2016<br>(modified) | 6.30.2017        | 12.31.2017       | 6.30.2018        |
|----------------------------------------------------------|--------------------------|------------------|------------------|------------------|
| Property, plant and equipment                            | 279 322                  | 418 093          | 113 311          | 107 528          |
| Intangible assets                                        | 6 218                    | 6 271            | 5 846            | 5 846            |
| Investments in affiliated companies                      | 0                        | 0                | 0                | 0                |
| Financial Asset                                          | 642 290                  | 585 825          | 581 182          | 516 996          |
| Finance lease receivables                                | 499 102                  | 474 782          | 276 871          | 296 457          |
| Deferred tax assets                                      | 69 881                   | 0                | 286 718          | 303 000          |
| <b>Total non-current assets</b>                          | <b>1 496 813</b>         | <b>1 484 971</b> | <b>1 263 928</b> | <b>1 229 827</b> |
| Assets held for sale                                     | 0                        | 0                | 0                | 0                |
| <b>Total assets held for sale</b>                        | <b>0</b>                 | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| Inventories                                              | 10 054                   | 3 061            | 59               | 144              |
| Trade receivables                                        | 226 530                  | 102 829          | 135 882          | 145 222          |
| Other receivables due w ithin a year                     | 445 745                  | 251 385          | 146 682          | 24 409           |
| Accruals and prepaid expenses                            | 90 885                   | 107 606          | 75 831           | 67 120           |
| Cash and cash equivalents                                | 109 078                  | 87 685           | 416 588          | 435 914          |
| <b>Total current assets</b>                              | <b>882 292</b>           | <b>552 565</b>   | <b>775 042</b>   | <b>672 809</b>   |
|                                                          |                          |                  |                  | <b>0</b>         |
| <b>Total assets</b>                                      | <b>2 379 105</b>         | <b>2 037 536</b> | <b>2 038 970</b> | <b>1 902 636</b> |

  

| Consolidated statement of financial position -<br>Equity and liabilities | 12.31.2016       | 6.30.2017        | 12.31.2017       | 6.30.2018        |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Share capital                                                            | 271 726          | 271 726          | 100 000          | 100 000          |
| Reserves                                                                 | 21 254 954       | 21 254 954       | 21 423 391       | 21 423 391       |
| Valuation reserve                                                        | 33 881           | 22 328           | 44 448           | -18 439          |
| IFRS2 reserve                                                            | 230 516          | 230 516          | 65 520           | 65 520           |
| Treasury shares                                                          | -5 099 748       | -5 146 490       | -425 877         | -470 497         |
| Retained earnings                                                        | -15 406 796      | -15 285 542      | -19 738 767      | -19 644 943      |
| <b>Equity attributable to owners of the Company</b>                      | <b>1 284 533</b> | <b>1 347 492</b> | <b>1 468 715</b> | <b>1 455 032</b> |
| Non-controlling interests                                                | 22 459           | 13 812           | 29 588           | 28 777           |
| <b>Total equity</b>                                                      | <b>1 306 992</b> | <b>1 361 304</b> | <b>1 498 303</b> | <b>1 483 809</b> |
| Provisions                                                               | 198 629          | 103 140          | 97 564           | 97 564           |
| Deferred income                                                          | 0                | 14 692           | 0                | 0                |
| Other long-term liabilities                                              | 0                | 1 385            | 0                | 0                |
| <b>Total non-current liabilities</b>                                     | <b>198 629</b>   | <b>119 217</b>   | <b>97 564</b>    | <b>97 564</b>    |
| Liabilities held for sale                                                | 0                | 0                | 0                | 0                |
| <b>Total liabilities held for sale</b>                                   | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| Trade payables                                                           | 198 571          | 46 275           | 66 453           | 54 260           |
| Accruals and deferred income                                             | 132 676          | 139 522          | 11 321           | 7 434            |
| Other liabilities                                                        | 542 237          | 371 218          | 365 329          | 259 569          |
| <b>Total current liabilities</b>                                         | <b>873 484</b>   | <b>557 015</b>   | <b>443 103</b>   | <b>321 263</b>   |
| <b>Total liabilities</b>                                                 | <b>1 072 113</b> | <b>676 233</b>   | <b>540 667</b>   | <b>418 827</b>   |
| <b>Total equity and liabilities</b>                                      | <b>2 379 105</b> | <b>2 037 536</b> | <b>2 038 970</b> | <b>1 902 636</b> |

## 2. Profit and Loss Account (Figures in HUF thousands)

|                                           | 12.31.2016<br>(modified) | 6.30.2017      | 12.31.2017      | 6.30.2018      |
|-------------------------------------------|--------------------------|----------------|-----------------|----------------|
| Revenue                                   | 1 037 280                | 420 849        | 671 928         | 291 002        |
| Cost of sales                             | -479 959                 | -227 403       | -300 571        | -107 911       |
| <b>Gross Profit</b>                       | <b>557 321</b>           | <b>193 446</b> | <b>371 357</b>  | <b>183 091</b> |
| Material type expenditures                | -17 861                  | 0              | -11 657         | -2 616         |
| Personnel cost                            | -204 253                 | -87 628        | -145 517        | -56 012        |
| Shared based payment cost                 | -230 516                 | 0              | -135 720        | 0              |
| Service used                              | -356 914                 | -106 773       | -181 462        | -103 894       |
| Other revenue and expenditures, net       | 161 605                  | 8 865          | -191 571        | 3 233          |
| Depreciation                              | -806 379                 | 50 053         | -20 964         | -6 826         |
| Net profit/loss from financial activities | 5 612                    | 272 485        | 41 329          | 80 835         |
| <b>Profit before tax</b>                  | <b>-891 385</b>          | <b>330 448</b> | <b>-274 205</b> | <b>97 811</b>  |
| Income tax expense                        | 11 228                   | -15            | 211 138         | -4 872         |
| <b>Profit for the year</b>                | <b>-880 157</b>          | <b>330 433</b> | <b>-63 067</b>  | <b>92 939</b>  |
| <b>Discontinued operations</b>            |                          |                |                 |                |
| Result on the sold entities               | 1 474 029                | 0              | 0               | 0              |
| Current year profit/loss of sold entities | -77 146                  | 0              | 0               | 0              |
| Profit/loss on entities sold              | 25 739                   | 0              | 206 024         | 0              |
| <b>Profit for the year</b>                | <b>542 465</b>           | <b>330 433</b> | <b>142 957</b>  | <b>92 939</b>  |
| Attributable to:                          |                          |                |                 |                |
| Owners of the Company                     | 548 632                  | 324 871        | 135 770         | 92 284         |
| Non-controlling interests                 | -6 167                   | 5 562          | 7 187           | 655            |
| Foreign currency translation differences  | 164 266                  | -11 553        | 10 567          | -62 887        |
| <b>Total comprehensive income</b>         | <b>164 266</b>           | <b>-11 553</b> | <b>10 567</b>   | <b>-62 887</b> |
| Attributable to:                          |                          |                |                 |                |
| Owners of the Company                     | 712 898                  | 313 318        | 146 337         | 29 397         |
| Non-controlling interests                 | -6 167                   | 5 562          | 7 187           | 655            |
| <b>Earnings per share (HUF)</b>           |                          |                |                 |                |
| Continued and discontinued operations     |                          |                |                 |                |
| Basic earning per share                   | 49,82                    |                | 15,55           |                |
| Diluted earnings per share                | 129,18                   |                | 23,59           |                |
| Countinued operations                     |                          |                |                 |                |
| Basic earning per share                   | 49,82                    |                | 15,55           |                |
| Diluted earnings per share                | 129,18                   |                | 23,59           |                |

### 3. Equity of the Owners of the Company (Figures in HUF thousands)

|                              | Share capital | Share premium | Accumulated revaluation reserve | Share-based benefit reserve | Treasury shares | Retained earnings | Equity attributable to owners of the Company | Non-controlling interest | Total equity |
|------------------------------|---------------|---------------|---------------------------------|-----------------------------|-----------------|-------------------|----------------------------------------------|--------------------------|--------------|
| Balance at December 31, 2016 | 271 726       | 21 254 954    | 33 881                          | 230 516                     | -5 099 748      | -15 406 796       | 1 284 533                                    | 22 459                   | 1 306 992    |
| Sale of treasury shares      | 0             | 0             | 0                               | 0                           | -46 742         | 0                 | -46 742                                      | 0                        | -46 742      |
| Profit of the period         | 0             | 0             | 0                               | 0                           | 0               | 324 871           | 324 871                                      | 5 562                    | 330 433      |
| Other movement               | 0             | 0             | 0                               | 0                           | 0               | -203 617          | -203 617                                     | -14 209                  | -217 826     |
| Other comprehensive income   | 0             | 0             | -11 553                         | 0                           | 0               | 0                 | -11 553                                      | 0                        | -11 553      |
| Balance at June 30, 2018     | 271 726       | 21 254 954    | 22 328                          | 230 516                     | -5 146 490      | -15 285 542       | 1 347 492                                    | 13 812                   | 1 361 304    |
| Balance at December 31, 2017 | 100 000       | 21 423 391    | 44 448                          | 65 520                      | -425 877        | -19 738 766       | 1 468 716                                    | 29 588                   | 1 498 304    |
| Purchase of treasury shares  | 0             | 0             | 0                               | 0                           | -44 620         | 0                 | -44 620                                      | 0                        | -44 620      |
| Profit of the period         | 0             | 0             | 0                               | 0                           | 0               | 92 287            | 92 287                                       | -655                     | 91 632       |
| Other comprehensive income   | 0             | 0             | -62 887                         | 0                           | 0               | 0                 | -62 887                                      | 0                        | -62 887      |
| Other movements              | 0             | 0             | 0                               | 0                           | 0               | 1 536             | 1 536                                        | -158                     | 1 378        |
| Balance at June 30, 2018     | 100 000       | 21 423 391    | -18 439                         | 65 520                      | -470 497        | -19 644 943       | 1 455 032                                    | 28 777                   | 1 483 809    |

#### **4. Cash Flow (data in HUF thousands)**

**Modification: 09/12/2020: Net cash-flow from operating activity 2018H1 wrong: – 19 867 e Ft correct: 64 989 e Ft.**

|                                                                 | 2017 H1        | 2018 H1        |
|-----------------------------------------------------------------|----------------|----------------|
| <b>Cash flow from operations</b>                                |                |                |
| Profit /loss for the period from continuing operations          | 307 923        | 93 013         |
| Depreciation and amortization                                   | 50 053         | 6 826          |
| Other non cash items                                            | -417 818       | -62 887        |
| Changes of fair value of financial assets                       | 91 907         | 64 186         |
| Changes of provisions                                           | -94 116        | 0              |
| Change in other long term liabilities                           | 1 385          | 0              |
| Change in deferred tax and liabilities                          | 8 307          | -16 282        |
| <b>Adjusted profit/loss in the year concerned:</b>              | <b>-52 358</b> | <b>84 856</b>  |
| <b>Change in operating capital</b>                              |                |                |
| Changes of receivables and other current assets                 | 364 292        | 93 347         |
| Changes of accruals                                             | -9 585         | 8 711          |
| Changes of Inventories                                          | 6 924          | -85            |
| Changes of Trade payables and other liabilities                 | -312 569       | -121 840       |
| <b>Net cash-flow from operating activity</b>                    | <b>49 062</b>  | <b>-19 867</b> |
| <b>Cash flows from investing activities</b>                     | 0              | 0              |
| Payments related to purchasing property, machines and equipment | 0              | -1 043         |
| <b>Net cash flow from investing activity</b>                    | <b>0</b>       | <b>-1 043</b>  |
| <b>Cash flows from financing activities</b>                     |                |                |
| Részvénykibocsátás bevétele                                     | -17 342        | 0              |
| Sale - purchase of treasury shares                              | 0              | -44 620        |
| <b>Net cash flow from financial activities</b>                  | <b>-17 342</b> | <b>-44 620</b> |
| Change of Cash and cash equivalents                             | -20 639        | 19 326         |
| Cash and cash equivalents at the beginning of the year          | 108 324        | 416 588        |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>87 685</b>  | <b>435 914</b> |

## 5. Declaration of the Issuer

The issuer hereby declares that the consolidated report of the first half year of 2018 prepared on the basis of the provisions of the IFRS in accordance with its best knowledge, presents a realistic and reliable picture of the assets, debts, financial situation and the profit and loss statement of the issuer and the companies involved in the consolidation.

Soós Csaba - Gagyí Pálffy Attila - Bálint László  
Members of the Board of Directors  
ENEFI Energy Efficiency Plc.



**ENEFI Energy Efficiency Plc.**

**Consolidated**

**Executive Report**

for the H1 2018 report



## **Objective of the Report:**

Assessing the figures of the report, this report aims to present the property, financial and revenue circumstances, and the course of business of ENEFI Energy Efficiency Plc. (hereinafter: "Company", or "Enterprise", or "ENEFI", or "Issuer") together with the major risks and uncertainties arising in its operations so that it provides a reliable and realistic picture of these, meeting the actual circumstances on the basis of past factual and expected future data.

I.

## **Information on the Parent Company, ENEFI Energy Efficiency Plc.:**

### **Basic Information of the Company**

|                                |                                                  |
|--------------------------------|--------------------------------------------------|
| Company name:                  | ENEFI Energy Efficiency Plc.                     |
| The company's name in English: | ENEFI Energy Efficiency Plc.                     |
| Registered seat:               | 1134 Budapest, Klapka utca 11.                   |
| Branch office of the company:  | 8413 Eplény, Veszprémi u. 66. Building A.        |
| Country of registered seat:    | Hungary                                          |
| Phone:                         | 06-1- 279-3550                                   |
| Fax:                           | 06-1- 279-3551                                   |
| Governing law:                 | (Hungarian)                                      |
| Initial Public Offering:       | Budapest Stock Exchange<br>Warsaw Stock Exchange |
| Corporate form:                | Public Limited Corporation                       |

### **Predecessors of the Company and Changes in Corporate Form**

The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation as follows:

#### *Regionális Fejlesztési Vállalat Korlátolt Felelősségű Társaság (Regional Development Company Limited Liability Company)*

|                       |            |
|-----------------------|------------|
| Date of foundation:   | 17/05/2000 |
| Date of registration: | 29/06/2000 |
| Date of termination:  | 12/06/2006 |

#### *Regionális Fejlesztési Vállalat zártkörűen működő Részvénytársaság (Regional Development Company Private Limited Corporation)*

|                       |            |
|-----------------------|------------|
| Date of registration: | 12/06/2006 |
|-----------------------|------------|

#### *RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Nyilvánosan Működő Részvénytársaság (RFV Regional Development, Investment, Production and Service Public Limited Corporation)*

|                 |            |
|-----------------|------------|
| Date of change: | 12/03/2007 |
|-----------------|------------|

The Initial Public Offer of the shares took place at the Budapest Stock Exchange on 29 May 2007.

#### *E-STAR Alternative Energy Service Plc.*

|                       |            |
|-----------------------|------------|
| Date of change:       | 17/02/2011 |
| Date of registration: | 04/03/2011 |

#### *ENEFI Energy Efficiency Plc.*

|                 |            |
|-----------------|------------|
| Date of change: | 09/12/2013 |
|-----------------|------------|

Date of registration: 17/12/2013

**Term of the Operation of the Company**

The Company was founded for an indefinite period of time.

**Registered Capital of the Company**

Registered capital of the public limited company on 31/12/2017. HUF 100,000,000

**Shares of the Company**

The registered capital consists of 7,500,000 pieces of registered, dematerialised, regulated, publicly offered ordinary shares, the par value of which is HUF 10, each (Series A) and 2,500,000 pieces of dematerialised employee shares, the par value of which is HUF 10, each (Series B). Therefore the total number of shares issued by the Company: 10,000,000 pieces

II.

**Information on the Companies Involved in the Consolidation:**

The following subsidiaries belong to the sphere of consolidation of ENEFI Energy Efficiency Plc:

|    | Name of the Company                        | Country | Registered Capital | Direct and indirect business share (%) | Voting Ratio (%) |
|----|--------------------------------------------|---------|--------------------|----------------------------------------|------------------|
| 1  | ENEFI Energy Efficiency Plc.               | Hungary | HUF 100.000.000    | -                                      | -                |
| 2  | E-STAR Management Zrt.                     | Hungary | HUF 5,000,000      | 100%                                   | 100%             |
| 3  | RFV Józsefváros Szolgáltató Kft.           | Hungary | HUF 3,000,000      | 49%                                    | 70%              |
| 4  | ENEFI Projektársaság Kft.                  | Hungary | HUF 3,000,000      | 100%                                   | 100%             |
| 5  | Termoenergy SRL                            | Romania | RON 6,960          | 99.50%                                 | 99.50%           |
| 6  | E-STAR Centrul de Dezvoltare Regionala SRL | Romania | RON 525,410        | 100%                                   | 100%             |
| 7  | E-STAR Energy Generation SA                | Romania | RON 90,000         | 99.99%                                 | 99.99%           |
| 8  | E-STAR Alternative Energy SA               | Romania | RON 90,000         | 99.99%                                 | 99.99%           |
| 9  | SC Faapritek SA                            | Romania | RON 90,000         | 99.99%                                 | 99.99%           |
| 10 | EETEK Limited                              | Cyprus  | EUR 1,000,000      | 100%                                   | 100%             |

## **1. Business Environment and Development of Operations and Comprehensive Analysis of the Performance and the Circumstances of the Company; Business Policy of the Company:**

### **Brief Story of the Issuer**

The predecessor of the Company named Regionális Fejlesztési Kft. was founded by two private people in 2000. The founders intended to establish an ESCO (Energy Service Co., i.e. dealing with energy saving) type of company. Initially one of the main activities of the Company was cost-effective electrical energy supply which still provides significant revenues today. The Company provided continuous consultancy for its customers to assist them to choose the most favourable tariff package from the regionally competent energy supplier. In the framework of the service, the electrical energy was purchased by the Company and sold to its customers at a more favourable price than earlier. The customer and the Company shared the saved costs on the basis of a long term agreement concluded between them. Since 1 January 2008 however the free energy market was opened, which means that economic organisations may freely choose their energy suppliers and individually determine the conditions of the service. The Company also adapts to the changed circumstances and negotiates with several traders of the energy market, takes steps together with its partners to achieve the best possible conditions. The other main activity of the Company has been luminous flux regulation of street lighting since its foundation. Then in 2004 the Company took heating modernisation and thermal energy supply to its product range. A significant part of the customers of the Company are municipalities and municipal institutions but there are also public institutions, church institutions, condominiums and private enterprises among them. The Company was transformed into a private limited corporation on 12 June 2006, then on 12 March 2007 the Court of Registration registered the change of “private limited corporation” form into “public limited corporation”. The Initial Public Offering of the shares of the Company took place at the Budapest Stock Exchange on 29 May 2007. The Initial Public Offering of the shares of the Company took place at the Warsaw Stock Exchange on 22/03/2011. The Company was brought under bankruptcy proceedings in 2012 which was successfully closed by an agreement with the creditors. The actual operation of the Company is currently limited to the territory of Hungary and there are legal proceedings in progress concerning its terminated agreements.

### **Business Environment of the Company**

The Corporate group with its registered seat in Budapest consists of enterprises present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity.

ENEFI sold its operations in Poland and it is not operating any working project in Romania any more, it is enforcing its claim in front of court. Among the Romanian companies of the group SC E-Star Mures Energy, SA SC E-Star Investment Management SRL and SC E-Star ZA Distriterm SRL are under liquidation.

### **Introduction of Business Activity by Spheres of Activity**

The sales revenue of the Company comes from the following major activities:

- Heat supply service

#### **Heat supply service with heating system modernisation**

Municipalities and public institutions often solve the heating of their institutions with obsolete, wasteful heating systems. Moreover the maintenance of the obsolete systems can only be solved with greater difficulties and higher maintenance costs; the potential failure of the equipment may cause significant, unplanned investment. The investment may potentially be only implemented by loan and the further worsening credit rating due to the poor municipality management. Following the individual survey of the buildings of the customers and the preliminary survey of needs, the

Company prepares an offer package in this business branch, which includes a proposal for the long term solution of heat supply at higher standards. Following the conclusion of the agreement the Company implements the energetic modernisation prepared during the survey and undertaken in the impact study without involving the resources of the customer, then it provides long term (10-25 years) heat supply service on the modern system, including operating and maintenance tasks. Depending on individual needs, the modernisation may include the replacement of the boiler, the conversion of the heat consumption into a controllable and measurable system (converting the heating systems into multiple circles, installing thermostatic controls, building in heat pump, etc.). The Company acquires the further factors required for providing the heat supply (e.g. leasing boiler-house, electric energy, water, etc.) partly from the customers. The Company purchases the equipment from the Hungarian representatives of worldwide companies (e.g. in case of boilers, these companies are typically Viessmann, Buderus, Hoval, etc.), who usually perform installation too. The Company also concludes long term agreements for the maintenance of the equipment with a local subcontractor. The modernisation results in significant, even 40-50% energy cost saving among the same conditions. In order to ensure heat supply, the Company usually uses gas-fired equipment. Instead of the direct "gas supplier - municipality" relationship, the Company purchases gas and supplies heat to the customers in a "gas supplier (gas trader) - Company" relationship. The customer uses the heat supply at lower costs while the heating system is modernised. The customer periodically (monthly) pays a basic, or service fee and a consumption fee according to a previously determined formula. The Company adjusts the unit price of the heat supply service to the gas price invoiced by the utility gas supplier.

## **Major Markets**

### **Geographical Penetration of ENEFI**

- Initially ENEFI Plc. implemented successful heating supply, public lighting and kitchen technology developments in Hungary, primarily in the municipality sector.
- Due to the changing economic and social requirement in our region, the demand for the solutions offered by the Company increased, which allowed for the regional expansion of the Company becoming stronger and obtaining references in Hungary.
- Since the municipalities are rather under-financed in our region, the heating technology of public institutions is also obsolete, significant savings may be achieved, therefore the attention of ENEFI has turned towards the surrounding countries, especially Romania since 2010 and Poland since 2011. The Company sold its operations in Poland in 2016, it is not operating any working project in Romania either, thus the area of operation has been limited to the territory of Hungary.

### **The most important services (branches) of the entire group are the following**

The most important services (branches) of the entire group are the following:

- efficient thermal energy and district heating supply based on sustainable primary energy sources
- modernisation and exploitation of efficiency in energy supply and transformation equipment

## **Management of the Company, Objectives and Strategy**

Among its first tasks the newly elected Board of Directors of the Company have found it important to determine and communicate its short and medium term objectives about the Company to the honourable Shareholders: [https://www.bet.hu/newkibdata/120976438/K\\_zlem\\_ny\\_IG\\_c\\_lkit\\_z\\_sek.pdf](https://www.bet.hu/newkibdata/120976438/K_zlem_ny_IG_c_lkit_z_sek.pdf)

## **Major Resources of the Company**

The number of employees in the Company has been reduced to the minimum as a result of the former dramatic downsizing of operations. The head count is sufficient to maintain daily operations. Operations with the significantly downsized corporate centre can be compared with the basic operations of an investment. In case of starting new and large projects more staff may be required. The successful closure of the former bankruptcy proceedings stabilised the market position of the Company in Hungary. The amount

of external liabilities in Hungary has practically been reduced to the incoming invoices during the daily operations. The payment discipline of the remaining customers is sufficient. The Company is able to finance the operations from its revenues. In case of starting new projects it acts with due carefulness and consideration of risks. The customers (municipalities and their institutions) involve the risk of not paying. Currently the entire Hungarian operation takes place without using bank financing. In the event that the capital requirement of the newly started projects exceeds the available amount of resources, the Company will need external financing.

### **Risk factors**

The detailed description of the risk factors is included in the previously published Consolidated Report of the Company (pages 22-37), which is available here: [http://bet.hu/newkibdata/115693892/T\\_j\\_koztat\\_.pdf](http://bet.hu/newkibdata/115693892/T_j_koztat_.pdf)

### **Summary of the Reference Period**

**The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website ([www.e-star.hu](http://www.e-star.hu) , [www.enefi.hu](http://www.enefi.hu)) and on the website of Budapest Stock Exchange Plc. ([www.bet.hu](http://www.bet.hu)) as well as the website operated by MNB ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).**

The Company still does not plan to implement new energy projects. The Company focuses in its business on effectively operating its assets, selling those in given circumstances and it is open to close its lawsuits in progress by out of court agreements. The Company intends to continue its previous own share repurchase programme from its free cash.

### **Trading Profit of the Reference Period and Prospects**

The trading profit of 2018H1 was negatively influenced by the fact that heat year 2017-18 was an exceptionally warm year. After the actual closure of the Romanian branch of the Company, the future temperatures will not affect the business of the Company.

## Quantitative and Qualitative Indexes and Indicators of Performance Measurement.

| <b>Name of index</b>                                                                | <b>June 30, 2018</b> | <b>December 31, 2017</b> |
|-------------------------------------------------------------------------------------|----------------------|--------------------------|
| Rate of fixed assets:<br>(fixed assets/total assets)                                | 64,64%               | 61,99%                   |
| Indebtedness rate:<br>(payables/Resources)                                          | 22,01%               | 26,52%                   |
| Liquidity index I.:<br>(current assets/short-term liabilities)                      | 209,43%              | 174,91%                  |
| Quick liquidity ratio<br>(cash/short-term liabilities)                              | 135,69%              | 94,02%                   |
| <b>Name of index</b>                                                                | <b>June 30, 2018</b> | <b>June 30, 2017</b>     |
| Profitability in the ratio of sales revenues<br>(pre-tax profit/net sales revenues) | 33,61%               | 78,52%                   |
| Profitability in the ratio of own capital<br>(pre-tax profit/own capital)           | 6,59%                | 24,27%                   |

IV.

### Declaration of the Issuer

The Company hereby states that the executive report provides a reliable picture of the circumstances, development and performance of the Issuer, informing about major risks and factors of uncertainty.

Soós Csaba - Gagyí Pálffy Attila - Bálint László  
Members of the Board of Directors  
ENEFI Energy Efficiency Plc.