INVESTOR PRESENTATION – ALTEO Group

2020 Preliminary annual results

(non-audited financial results)

NON-AUDITED FINANCIAL RESULTS FOR 2020

This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained in it is non-audited in terms of 2020 results, and has not been audited by an independent auditor. This presentation is for advance information purposes only.

The most important events and results of 2020

- **Impacts of the COVID pandemic:** since a significant fraction of the profitability of ALTEO's activities is less vulnerable to changes in the economic cycle, the principal focus of ALTEO's management was to ensure uninterrupted operation through its COVID-specific precautions, while also ensuring safe working condition for its employees and partners. As a result, in comparison with companies active in other, more pro-cyclical sectors, ALTEO has been less affected by the pandemic and the ensuing economic downturn, which, in the opinion of ALTEO's management, overall is demonstrated by consolidated data. At the same time, in the course of closing 2020, we exercised great caution for determining relevant target reserves.

- In line with the **2020-2024 strategy** presented in the fall of 2019, the implementation of the planned investment programs, the uncovering of potential investment and capital expenditure opportunities, restructuring serving as basis for other points of the strategy, as well as the implementation of required processes have all commenced. In this context, the capacity of the ALTEO Control Center was expanded and, as part of a close to **HUF 3 billion investment program**, in May then December 2020, gas engines with a total electrical capacity of 18 MW were installed. This resulted in a one-third increase in ALTEO's gas engine energy production capacity and the **transformation of the control center into one of the largest in the country.**

- Through ALTEO's Enterprise business line's own implementation, the more than 100 years old **Gibárt Hydropower Plant** saw renovation works completed, while renovations of the **SARPI Dorog waste incineration plant** were also successfully concluded.

- The **Waste Management** business line launched in 2019 developed at a dynamic pace. In addition, in line with the adopted strategy, in the summer ALTEO launched its **Emobility**, and in the fall its **Scheduling** business lines.

- In September, Scope Ratings **confirmed the previous (BBB-) rating of ALTEO bonds.**

- On October 6, ALTEO implemented a successful **bond issue with a total face value of HUF 3.8 billion** as part of the Bond Funding for Growth Scheme, which helped the company win the BGS Issuer of the Year award.

- On October 15, ALTEO **acquired 100% ownership of a 15 MW wind farm** in the Bábolna region, thereby further expanding the scope of its power plants using renewable resources, which at the same time is also its most crisis-resistant asset portfolio.

- In December, the district heating agreement was **extended for an additional 10 years in Ózd**.

Key financial results of 2020

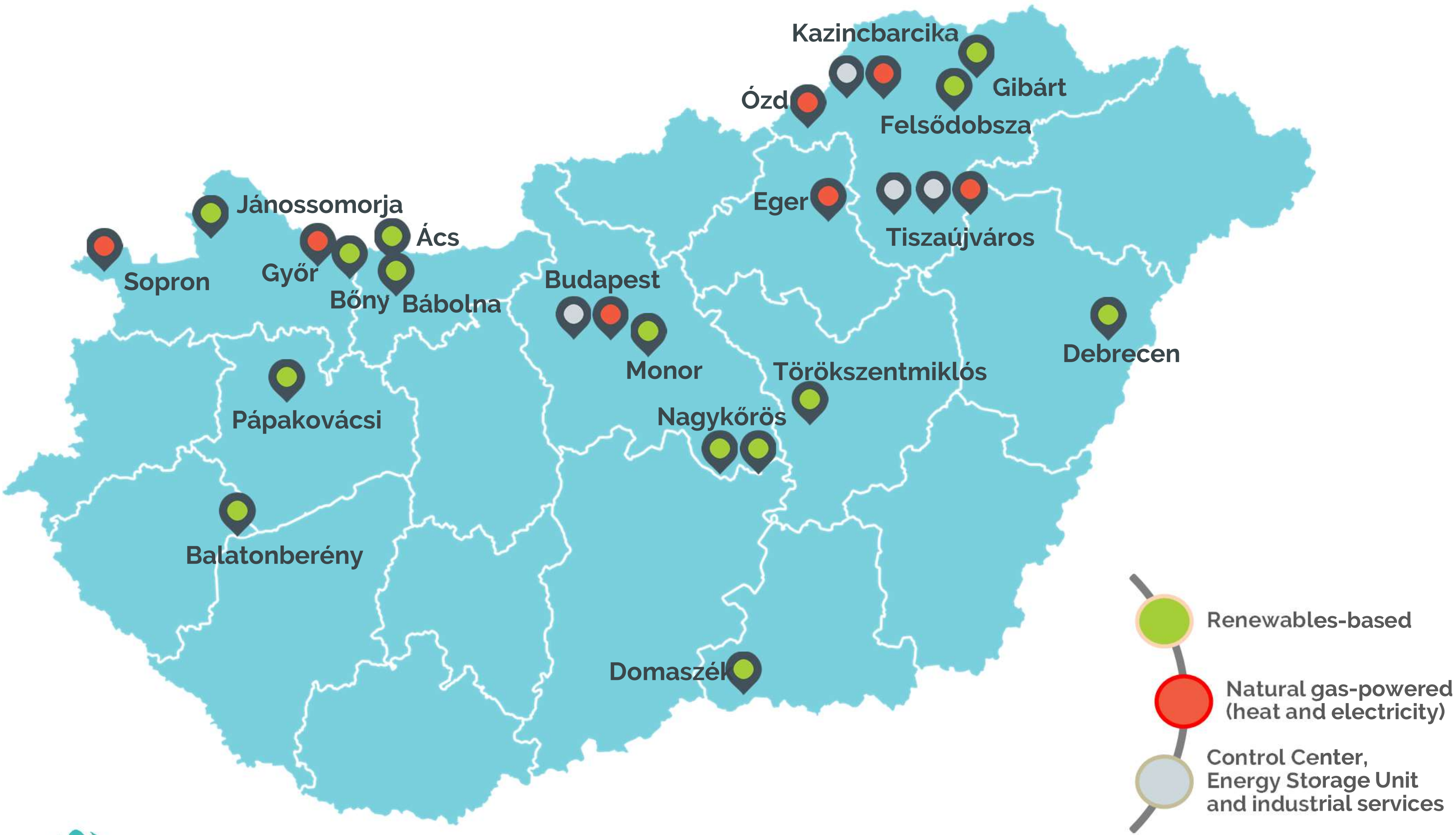
- **Overall,** the Retail segment was most affected by the pandemic, which was overcompensated by the good performance of segments less exposed to the change in economic conditions and, for this reason, the Group as a whole continued on its dynamic growth path in 2020:

  - **consolidated sales revenue increased by 29%** compared to the same period last year, primarily due to the surplus sales revenue of the Heat and Electricity Generation segment, and as a result of the sales revenue generated this year from investments and acquisitions realized last year. Additionally, the revenues of the Energy Retail segment – which was most impacted by the pandemic – also rose substantially.

  - **consolidated EBITDA shows a 46% increase** over the same period last year, resulting mainly from the inclusion of the wind farms located in the Bőny and Bábolna regions (with a total capacity of 40 MW) acquired by ALTEO, and the 14 MW solar power plant delivered last year as part of the investment program concluded in 2019. The outstanding performance delivered in the electricity regulation market by the Heat and Electricity Generation segment controlled by the Control Center also contributed to this growth.

  - **consolidated net profit** – despite higher financing costs and depreciation – **still grew by 116%**

ALTEO Group Portfolio



ALTEO Group Portfolio

RENEWABLE ENERGY PRODUCTION	INDUSTRIAL AND COMMERCIAL SERVICES	GAS ENGINE AND HEATING POWER PLANTS
ALTEO Group has significant competences, among others, in exploiting renewable energy sources.	**ALTEO Group facilitates the efficient energy management of its consumers through the services provided to industrial facilities.**	**ALTEO Group operates high-efficiency, combined heat and electricity (cogeneration) plants.**
WIND FARMS Ács Bőny Jánossomorja Pápakovácsi Törökszentmiklós Bábolna **RENEWABLE GAS** Debrecen - landfill gas Nagykőrös – biogas, operation **HYDROPOWER PLANTS** Felsődobsza Gibárt **SOLAR POWER PLANTS** Domaszék Monor Balatonberény Nagykőrös	**BORSODCHEM** – BC-Therm – heat supply service – BC Power Plant - operation **MOL Petrolkémia** – TVK Power Plant - operation – Tisza-WTP - treated water service **Audi Motor Hungária Kft.** – heat supply service **Heineken Soproni Sörgyár** – heat supply service **Agria Park** – energy center	**HEATING POWER PLANTS** Ózd Power Plant Tiszaújváros Heating Power Plant Kazincbarcika Heating Power Plant Füredi út Gas-Engine Block Power Plant Győr Power Plant Sopron Power Plant **Energy Storage Unit** Füredi út Gas Engine Block Power Plant

Consolidated statement of profit and loss (IFRS)

Consolidated statement of profit and loss	2020	2019	Change	
Data in thousand HUF	Non-audited	Comparison	HUF million	%
Sales revenues	**32 981**	**25 573**	**7 408**	***29%***
Material-type expenditures	(23 072)	(18 212)	(4 861)	*27%*
Personnel expenditures	(3 770)	(3 071)	(699)	*23%*
Depreciation and amortization	(2 947)	(2 126)	(821)	*39%*
Other revenues, expenditures, net	(1 139)	(724)	(415)	*57%*
Capitalized value of own production	512	213	299	*141%*
Operating profit or loss	**2 565**	**1 653**	**911**	***55%***
Finance income	*480*	*272*	*208*	*77%*
Financial expenses	*(1 570)*	*(1 215)*	*(354)*	*29%*
Net financial icome	(1 090)	(944)	(146)	*16%*
Profit or loss before taxes	**1 474**	**709**	**765**	***108%***
Income tax expenditures	(884)	(436)	(448)	*103%*
Net profit	**591**	**274**	**317**	***116%***
Of which the owners of the Parent Company are entitled to:	*587*	*271*	*316*	*117%*
from which the minority interest is entitled to:	4	3	1	*33%*
Base EPS (HUF/share)	**31,48**	**15,18**	**16,30**	***107%***
Diluted value of EPS (HUF/share)	**30,26**	**14,57**	**15,69**	***108%***
			0	
EBITDA*	**5 512**	**3 779**	**1 733**	***46%***
Other comprehensive income (after income tax)	**2 114**	**(1 416)**	**3 530**	**-249%**
Impact of other comprehensive income from cash flow hedges	3 235	(109)	3 344	-3057%
Reclassification to income due to closing of cash flow hedge	(1 121)	(1 305)	184	-14%
Conversion reserve	1	(1)	2	-180%
Of which the owners of the Parent Company are entitled to:	2 114	(1 416)	3 530	-249%
Of which the non-controlling interest is entitled to:	-	-	-	n.a.
Comprehensive income	**2 705**	**(1 142)**	**3 847**	**-337%**

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With a sales revenue increase of HUF 7 408 million, EBITDA shows a 46% rise over the preceding year.

Most important changes in operating profit and loss items:

- **Sales revenue increase:** The substantial increase resulted, for the most part, from the higher revenues generated by the Heat and Electricity Generation segment, completed investment projects and acquisitions, as well as the rise in the revenues of the Energy Retail segment which was most impacted by the pandemic.
- **Increase in material-type expenditures:** Primarily the result of the larger market share of the Energy Retail segment, and the cost increment arising from the expansion of the Heat and Electricity Generation segments.
- **Depreciation:** The substantial increase is the result of the projects and investments realized. The average portfolio of non-current assets increased considerably over 2019.
- **Other revenues, expenditures:** Relative to the base period, the fee relating to CO_2 emissions has increased considerably, as has the amount of target reserves set aside for the risk of buyer non-payment due to Covid and for other items, which effects are mitigated by penalties recognized as other revenue in Retail Trade.

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- **Financial profit:** The impact of higher interest-related costs as caused by the increased loan portfolio is mitigated by the refinancing of less-favorable loans refinanced at the end of 2019 under the BGS program, and the revaluation of the Group's EUR-denominated financial assets, receivables and liabilities.
- **Net profit** increased by HUF **317** million (116%) compared to the base period. The growth was mainly the result of operating profit, mitigated by the corresponding higher tax payment liability.
- **Other comprehensive profit:** ALTEO concludes hedging transactions in order to keep the future profit content of its activity independent of any changes in the price of factors it cannot control (e.g. interests, gas/electricity/CO_2). Within hedging transactions, the prices fixed in respect for the future at any given time may be different from the current market price of the given product. In such cases, the accounting profit not actually realized must be accounted as per IFRS rules. The majority of the profit recognized here is the current profit on gas and related FX hedging transactions concluded upon the publication of electricity and statutory heat prices. Decreed heat prices guarantee future sales revenue linked to these transactions which revenues, however, currently cannot be taken into account pursuant to IFRS standards.

Consolidated balance sheet (IFRS)

Balance Sheet	12/31/2020	12.31.2019	Change	
Data in thousand HUF	Non-audited	Comparison	HUF million	%
Non-current assets	**31 065**	**24 195**	**6 871**	***28%***
Current assets	**13 663**	**13 380**	**283**	***2%***
Of which Cash and cash equivalents	3 455	4 848	(1 393)	*(29%)*
TOTAL ASSETS	**44 728**	**37 575**	**7 154**	***19%***
Shareholders' equity	**8 441**	**5 750**	**2 691**	***47%***
Long-term liabilities	**27 435**	**21 759**	**5 677**	***26%***
Of which debts on the issue of bonds	14 594	10 909	3 685	*34%*
Of which long-term loans and borrowings	8 411	7 056	1 355	*19%*
Short-term liabilities	**8 852**	**10 066**	**(1 214)**	***(12%)***
Of which short-term bond payables	-	2 215	(2 215)	*(100%)*
Of which short-term loans and borrowings	930	463	467	*101%*
TOTAL EQUITY and LIABILITIES	**44 728**	**37 575**	**7 154**	***19%***

- **Investments, capital expenditures** In May then December 2020, gas engines with a total electrical capacity of 18 MW were installed, allowing the Group to substantially increase its installed capacities involved in regulation. In October 2020, the Group acquired a 15 MW wind farm, and reconstruction of the Gibárt Hydropower Plant was also completed.
- The change in **Current assets** was impacted by seasonal causes as well as the drop in deposits for hedge positions. The change in the portfolio of financial assets was primarily caused by the aforementioned investments and capital expenditures, repayment of a matured bond, and the bond issue under the BGS.
- **Long-term liabilities and short-term loans** beyond the repayment of the bond maturing at the end of September, changes were due to the aforementioned transaction and the successful BGS bond issue.

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Heat and electricity production (market rate, non-subsidized)

Heat and electricity production (market rate, outside the KÁT regime)

data in HUF million	12.31.2020 non-audited	12.31.2019 Comparison	12.31.2019 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**14 179**	**11 699**	**11 699**	**2 480**	**21%**
Capitalized value of own production	60	20	0	41	207%
Material-type expenditures	-9 966	-9 539	-9 539	-427	4%
Personnel expenditures	-269	-159	-159	-90	50%
Other revenues and Other expenditures	-1 072	-752	-752	-320	43%
EBITDA*	**2 933**	**1 249**	**1 249**	**1 684**	**135%**

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- The segment's sales revenue increased by 21% (HUF 2 480 million), primarily **on account of outstanding capacity market revenue in Q2 and Q3**. The outstanding rise in profit can most likely be traced back, among other things, to the efficient exploitation of one-off market anomalies caused by Covid.
- Concurrently, the segment's material-type expenditures rose by only 4% (HUF 427 million).
- The rise of personnel-type expenditures was caused by the expansion of the resources of the Control Center.
- The rise in other expenditures is caused by the increase of the CO_2 quota's specific cost, the drop in the quota allocated free of charge, the impairment recognized and the growing portfolio of provisions generated.
- As a result of the cost increase falling short of the increase in revenues, the segment realized **HUF 1 684 million higher EBITDA (+135%).**
- In the fall of 2020, ALTEO launched its Scheduling business line, whose profits/losses are presented in this segment.

Electricity production (within the subsidized system)

Electricity production (under the KÁT regime)

data in HUF million	12.31.2020 non-audited	12.31.2019 Comparison	12.31.2019 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**3 585**	**2 362**	**2 362**	**1 223**	**52%**
Capitalized value of own production	0	0	0	0	0%
Material-type expenditures	-669	-492	-492	-177	36%
Personnel expenditures	0	0	0	0	0%
Other revenues and Other expenditures	39	34	34	5	14%
EBITDA*	**2 955**	**1 904**	**1 904**	**1 051**	**55%**

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- On October 15, 2020, ALTEO acquired a 100% ownership stake in the 15 MW Bábolna wind farm, which the Company shows in its reports as of October 1. This brings the Group's renewable energy production capacity to 65 MW. The Company continues to examine renewable energy investment and development possibilities.
- The segment's **EBITDA increased by HUF 1 051 million (55%)**, mainly due to the Bőny wind farm (25 MW), the aforementioned Bábolna wind farm (15 MW) and the self-implemented solar plants in Balatonberény and Nagykőrös (14 MW) delivered in 2019 that were added to the scope of consolidation as of April 1, 2019, as the Bőny wind farm and the solar power plants already generated a full year's production in 2020. The segment's profit is slightly reduced by the fact that one of the Debrecen landfill gas plants was removed from the subsidized system, and that the repair of the error of the Törökszentmiklós wind farm took longer than usual on account of the pandemic.
- The profit/loss of the other plants in the segment producing under a subsidized system (hydropower plants, wind farms, landfill gas) was overall the same as the figures for the previous year.

Energy services

Energy and power engineering services

data in HUF million	12.31.2020 non-audited	12.31.2019 Comparison	12.31.2019 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**10 747**	**9 558**	**9 558**	**1 188**	**12%**
Capitalized value of own production	43	0	0	-123	-74%
Material-type expenditures	-7 809	-5 748	-5 748	-2 061	36%
Personnel expenditures	-2 446	-2 109	-1 943	-337	16%
Other revenues and Other expenditures	-95	-53	-53	-42	79%
EBITDA*	**441**	**1 815**	**1 815**	**-1 374**	**-76%**

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- In 2020, the sales revenue of Energy Services primarily rose due to a rise in services provided to external partners.
- ALTEO Group implemented internal, solar plant projects in 2019, for which the segment recognized a margin of HUF 781 million, which was eliminated at the consolidation level. In 2020, the cover for implementation within the Group was zero. Among **implementation services for external partners**, several projects are in progress or under negotiation.
- The coverage of operating and maintenance services for third parties changed primarily due to a one-off order of HUF 134 million in 2019. The profit recognized for the segment relating to power plant capacities owned by ALTEO Group decreased, in part because of maintenance works carried over from 2019, and in part due to changing internal settlements. The costs of protective measures against the pandemic were also significant.
- In 2019, ALTEO successfully launched its Waste Management and Electromobility business lines, whose profits – in line with preliminary expectations – are as yet not dominant in the segment.

Retail energy trade

Retail energy trade					
data in HUF million	**12.31.2020 non-audited**	**12.31.2019 Comparison**	**12.31.2019 audited**	**Change HUF million over previous year**	**Change % over previous year**
Sales revenue	**11 998**	**9 901**	**9 901**	**2 096**	**21%**
Capitalized value of own production	0	0	0	0	0%
Material-type expenditures	-11 616	-9 244	-9 244	-2 372	26%
Personnel expenditures	-101	-79	-79	-22	28%
Other revenues and Other expenditures	5	6	6	-1	-16%
EBITDA*	**286**	**585**	**585**	**-299**	**-51%**

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- The current **COVID pandemic** had a strong impact primarily on retail energy trade withing the company group. On account of the drop in consumption by customers due to the pandemic, pre-purchased electricity could only be sold on the prompt market, with hedging lower than the preceding year. The effect is further enhanced by the fact that spot market electricity prices dropped considerably as a result of the pandemic. Due to the prolonged pandemic and that as a result the economic situation was more difficult to project, provisions against potentially non-paying buyers were determined more cautiously than in recent years. The effects of this are mitigated by pandemic-related penalty revenues.
- The growth of sales revenue from **electricity trade** in 2020 was exceeded by the rise of related material expenses, as a result of which the cover of the business line dropped by HUF 287 million (with penalties and provisions removed). The **gas trade business line** realized surplus cover of HUF 28 million, mainly as the result of substantial portfolio growth (with penalties and provisions removed), compared to the same period in the previous year.

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Other activities not assigned to segments

Other segments

data in HUF million	12.31.2020 non-audited	12.31.2019 Comparison	12.31.2019 audited	Change HUF million over previous year	Change % over previous year
Sales revenue	**455**	**416**	**416**	**39**	**9%**
Capitalized value of own production	20	27	0	-8	-28%
Material-type expenditures	-615	-563	-563	-52	9%
Personnel expenditures	-955	-861	-834	-94	11%
Other revenues and Other expenditures	-8	-11	-11	3	25%
EBITDA*	**-1 103**	**-991**	**-991**	**-112**	**-11%**

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- The segment's sales revenue primarily comprises the services provided to subsidiaries, which are not taken into account in consolidated figures.
- Material-type expenditures typically rose as a result of IT costs, and due to office lease costs that have increased in line with the growth of company size and staff numbers.
- The higher costs on personnel expenses are primarily the result of settlement aligned with the management share award system set out in the new remuneration policy published on 12/21/2020. The increase due to wage hikes is offset by costs-savings on account of the Covid pandemic.

2020 results – Summary

- In line with the strategy announced in 2019, we increased our control center capacity by 18 MW as part of a close to HUF 3 billion investment project
- Our Enterprise business line carried out the renovation works of the more than 100 years old Gibárt Hydropower Plant, and reconstruction of the SARPI Dorog waste incineration plant was concluded
- In addition to the dynamically growing Waste Management business line launched in 2019, we also started up the Emobility and Scheduling business lines in 2020.
- The heat supply agreement was extended for an additional 10 years in Ózd
- We were successful in our acquisition and capital market activities:
  - Scope Ratings confirmed the BBB- rating of ALTEO bonds
  - Bond issue in a value of HUF 3.8 billion under the Bond Funding for Growth Scheme
  - Acquisition of a wind farm with a total capacity of 15 MW in the Bábolna region
- ALTEO's financial profits rose dynamically despite the Covid pandemic:
  - Sales revenue +29%
  - EBITDA +46%
  - Net Income +116%

THANK YOU FOR YOUR ATTENTION!

www.alteo.hu