



INVESTOR PRESENTATION – ALTEO Group
2021 1st Quarter
(non-audited financial results)





2021 NON-AUDITED FINANCIAL INCOME Q1

This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained herein is non-audited in terms of Q1 2021 results, and has not been audited by an independent auditor. This presentation is for advance information purposes only.

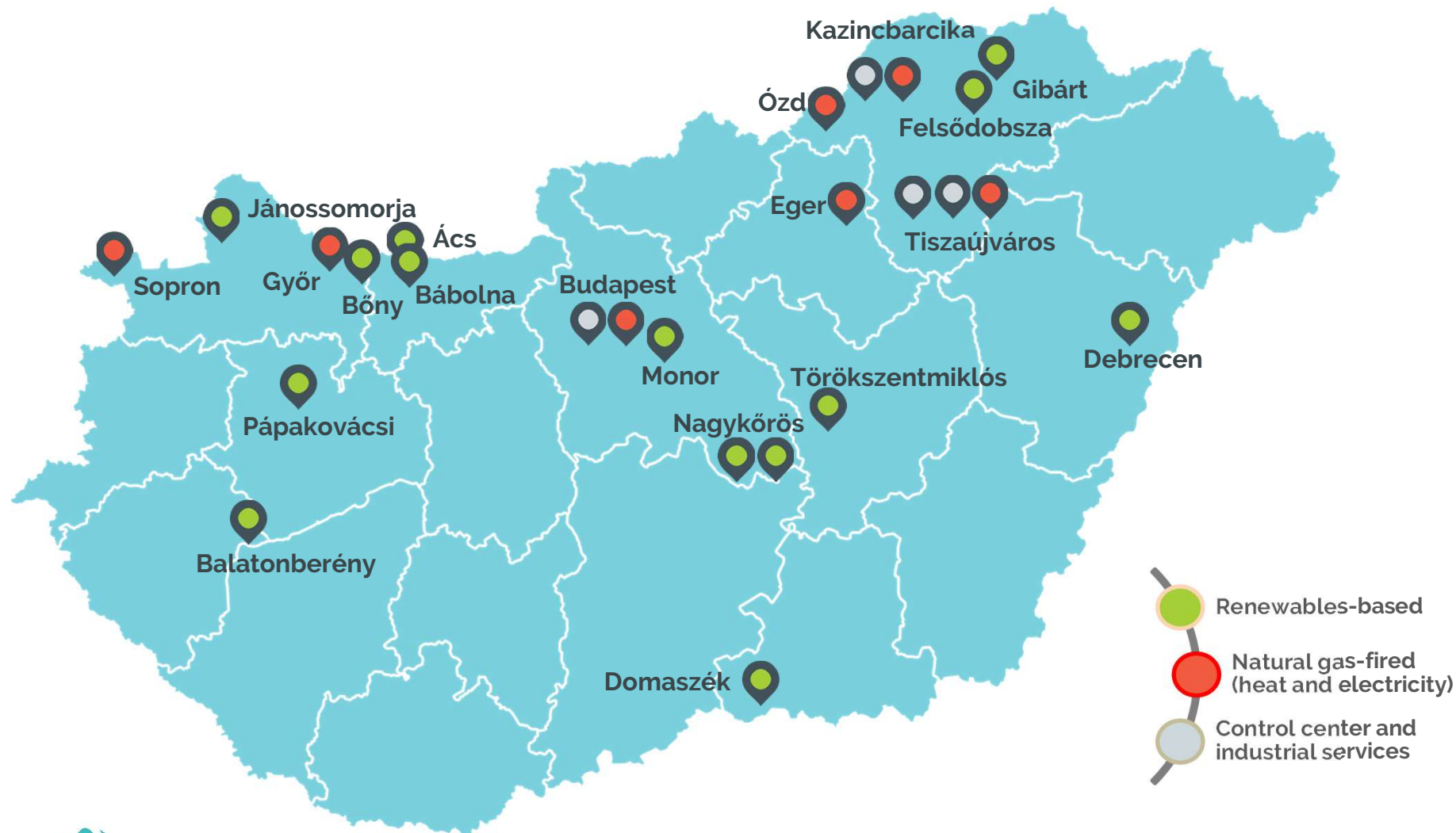
The most important events and results of 2021

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- In the Management's opinion, Q1 2021 results have massively confirmed ALTEO's strategy along with the successful investment projects of the recent period. As results for 2020 also showed, the COVID pandemic still has only moderate impact on ALTEO's profitability compared to other, more pro-cyclical sectors, thanks in part to the protective measures put in place by the company, and the arising negative effects have been far overshadowed by the outstanding results on other activities.
 - **consolidated EBITDA increased by 98%** year-on-year, primarily (i) on account of the remarkable profitability of the Control Center controlling heat and electricity generation, which was positively supported by the expansion of the center's gas engine capacities last year with an additional 18 MW, (ii) within the subsidized electricity generation segment, the surplus profits of the 15 MW wind farm acquired last year and the reconstructed Gibárt Hydropower Plant contributed to EBITDA growth, and (iii) the profits of the Energy Retail segment (which was hit the hardest by the pandemic) exceeding the preceding year also supported the substantial increase in consolidated EBITDA.
 - **consolidated net profit shows a 137% increase** over the same period last year.
- Underlying this substantial growth in profit lies the strategy centering on strengthening the capabilities of the Control Center, the resulting capacity expansion implemented, and rising demand for balancing energy services. The latter is the result of the spreading of renewable energy developments ongoing in Hungary, particularly the significant expansion in solar power plant capacities.
- **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 continued.
- The pandemic only caused a slight deceleration in respect of the **Waste Management, E-mobility** and **Renewable Production Management** business lines launched. The rise in balancing energy prices had an unfavorable impact on the Renewable Production Management business, but for the time being this negative effect is very well compensated for by the results shown by the Control Center. We are conducting a review in order to mitigate the market risks of Renewable Production Management. ALTEO has a vested interest in the long-term stability of the regulatory market, and to this end cooperates with both the professional community and the regulator.
- BC-Therm Kft., owned by ALTEO but consolidated as a lease asset, is sold by ALTEO to Borsodchem as fulfillment of its contractual obligation. The transfer of title concludes when the closing conditions are fulfilled, and the transaction does not affect ALTEO Group's profit-generation capacity, with ALTEO responsible for the operation of the power plant until the expiration of the contract.




ALTEO Group Portfolio

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ALTEO Group Portfolio

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

Consolidated statement of profit and loss (IFRS)

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Consolidated profit and loss statement

	Q1 2021	Q1 2020	Change HUF over previous year	Change % over previous year
<i>data in million HUF</i>	<i>non-audited</i>	<i>non-audited</i>		
Revenues	9 484	9 058	426	5%
Capitalized own production	60	125	(65)	52%
Material expenses	(5 935)	(6 644)	709	(11%)
Personnel expenses	(890)	(849)	(41)	5%
Depreciation and amortization	(858)	(627)	(231)	37%
Other revenues, expenses, net	(416)	(529)	114	(21%)
Impairment loss	-	-	-	N/A
Operating profit or loss	1 445	533	911	171%
Net financial income	(253)	9	(262)	2 834%
Profit or loss before taxes	1 191	542	649	120%
Income tax expenditure	(264)	(152)	(113)	74%
Net profit or loss	927	391	536	137%
<i>from which the owners of the Parent Company are entitled to:</i>	<i>924</i>	<i>389</i>	<i>536</i>	<i>138%</i>
<i>from which the minority interest is entitled to:</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>37%</i>
Base EPS (HUF/share)	49,58	20,85	28,73	138%
Diluted EPS (HUF/share)	47,68	20,05	27,63	138%
EBITDA*	2 300	1 161	1 139	98%

Consolidated comprehensive profit and loss statement

Net profit or loss	927	391	536	137%
Other comprehensive profit (after taxes on profits)	448	160	288	N/A
Comprehensive income	1 375	551	824	N/A
<i>from which the owners of the Parent Company are entitled to:</i>	<i>1 372</i>	<i>549</i>	<i>823</i>	<i>N/A</i>
<i>Of which the minority interest is entitled to:</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>27%</i>

*In the opinion of the Company, the profit category that can most reliably be used to measure the profitability of the Group is EBITDA (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed). Therefore, impairment and local business taxes and innovation contributions – if any – have been removed from the Other Revenues and Other Expenditures lines that are used to provide a more detailed elaboration of the EBITDA in the above table.

With a sales revenue increase of HUF 426 million, EBITDA shows a 98% rise over the preceding year.

Most important changes in operating profit and loss items:

- **Sales revenue increase:** The substantial increase was primarily the result of higher revenues by the Retail segment, significantly growing revenues by the Alteo Control Center and the effects of completed investment projects and acquisitions, mitigated somewhat revenues from external construction works that were lowered relative to the comparative period.
- **Decrease in material expenses:** The cost level dropped primarily as a result of lower gas utilization by the heat and electricity generation segment and the significant decrease in its unit price.
- **Depreciation:** the substantial increase is the result of the projects and investments realized. The portfolio of non-current assets grew by more than HUF 6 billion compared to 2019 year-end.
- **Other revenues, expenditures:** The drop in other expenditures is, in part, explained by the decrease in CO₂ costs relating to gas utilization and, in part, by one-off items.

Consolidated profit and loss statement (IFRS)

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Consolidated profit and loss statement				
	Q1 2021	Q1 2020	Change	Change
<i>data in million HUF</i>	<i>non-audited</i>	<i>non-audited</i>	<i>HUF over previous year</i>	<i>% over previous year</i>
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- **Financial income:** The deviation is caused mainly by the significant exchange rate gains impacting the base period due to the substantial EUR rate increase in Q1 2020.
- **Income taxes:** In line with substantially increased profits, the amount of tax payable also increased.
- **Net profit increased by HUF 536 million (137%)** compared to the base period. The growth was mainly the result of operating profit, mitigated by the corresponding higher tax payment liability, and the effect of the outstanding exchange rate gains basis in Q1 2020.
- **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/CO₂). 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 decreed 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)

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Consolidated balance sheet		data in HUF million		
	3.31.2021	12.31.2020	Change HUF million	Change %
	non-audited	Comparison, audited	over previous year	compared to the previous year
Non-current assets	30 967	31 065	(98)	(0%)
Current assets	14 266	13 819	446	3%
<i>of which financial assets</i>	4 250	3 455	795	23%
TOTAL ASSETS	45 233	44 884	349	1%
Equity	9 971	8 548	1 424	17%
Long-term liabilities	27 134	27 906	(772)	(3%)
<i>of which credit, loans, bonds, leasing</i>	24 187	24 348	(161)	(1%)
Short-term liabilities	8 127	8 431	(303)	(4%)
<i>of which credits, loans, bonds, leasing</i>	1 100	1 085	16	1%
TOTAL EQUITY and LIABILITIES	45 233	44 884	349	1%

- **Investments, capital expenditures** There were no substantial-scale individual investments implemented in the first quarter of 2021. The implementation of a research-development project and several other projects of a scale minor relative to the consolidated asset portfolio have commenced, which are expected to increase the profitability of the existing asset inventory.
- 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 impacted by the profit achieved.
- Beyond general loan repayment, **long-term liabilities and short-term loans** showed no substantial change in the given period.

Structural change in segment presentation

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- Starting from 2021, the presentation of ALTEO segments has changed in the interest of better interpretability for investors and the improved presentation of segment profitability.
- Activities related to the operation of power plants owned by ALTEO are shown directly on the segment presenting profit/loss generated by the power plant.
- Some of the indirect costs previously shown in the “Other” segment have been distributed among the segments, and in harmony with this, we have removed the management fees paid from segment results.
- EBITDA exclusive of administrative expenses allocated to the given segment is shown as EBITDA I, while the so-called EBITDA II value is calculated after the deduction of allocated indirect expenses (shown in the table as administrative expenses).
- The Comparison Q1 2020 column presents last year's results based on the same principle, thereby ensuring comparability.

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

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

	3.31.2021	3.31.2020	3.31.2020	Change HUF million	Change %
<i>data in million HUF</i>	<i>non-audited</i>	<i>comparison**</i>	<i>non-audited</i>	<i>over previous year</i>	<i>over previous year</i>
Revenue	4 419	4 255	4 264	164	4%
Capitalized own production	26	18	n.a.	8	47%
Material expenses	-2 578	-3 065	-3 406	488	-16%
Personnel expenses	-180	-188	-41	8	-4%
Other revenues and Other expenditures	-480	-527	-527	47	-9%
EBITDA*	1 208	493	290	715	145%
Allocated administrative expenses	-105	-97	n.a.	-8	8%
EBITDA II*	1 103	395	n.a.	707	179%

* EBITDA: In the opinion of the Company's management, this is the profit category that can most reliably be used to measure the profitability of the Group (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed).

- The segment's sales revenue rose by 4% (HUF 164 million).
- Capacity market revenue increased significantly relative to the comparative period (HUF 230 million, 73%), and regulatory revenue also rose dynamically, for the most part due to the exploitation of short-term market opportunities observed in the market – particularly from the second half of February – and partly thanks to the capacity expansion of the ALTEO Control Center realized last year. These together led to the outstanding EBITDA growth of the segment **(HUF +707 million, +179%)**, despite the fact that these same market anomalies had a negative impact on the recently launched Renewable Production Management business line.
- The drop in material expenses is caused primarily significantly lower gas costs, explained in turn mostly by the decrease in initial unit costs and, to a lesser degree, by lower utilization.
- The savings on other expenditures are primarily explained by the drop in gas utilization.

Electricity production (within the subsidized system)

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Electricity production (within the subsidized system)

	3.31.2021	3.31.2020	3.31.2020	Change HUF million	Change %
<i>data in million HUF</i>	<i>non-audited</i>	<i>comparison**</i>	<i>non-audited</i>	<i>over previous year</i>	<i>over previous year</i>
Revenue	1 277	854	854	423	49%
Capitalized own production	0	0	n.a.	0	n.a.
Material expenses	-136	-98	-139	-39	39%
Personnel expenses	-44	-26	0	-18	67%
Other revenues and Other expenditures	15	10	10	5	49%
EBITDA*	1 111	740	726	371	50%
Allocated administrative expenses	-22	-20	n.a.	-2	9%
EBITDA II*	1 090	720	n.a.	370	51%

**EBITDA: In the opinion of the Company's management, this is the profit category that can most reliably be used to measure the profitability of the Group (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed).*

- On October 15, 2020, ALTEO acquired a 100% ownership stake in a 15 MW wind farm, which the Company shows in its reports as of October 1, and the reconstruction of the Gibárt Hydropower Plant, which has been operating for over 100 years, was also completed and it was delivered in October 2020. This brought the capacity of ALTEO's portfolio utilizing renewable sources of energy to in excess of 70 MW.
- The segment's **EBITDA grew by HUF 370 million (51%)**, primarily on account of the profit generated through the above-mentioned assets newly involved in production and, to a lesser extent, the lower base due to 2020 malfunctions.
- 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

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Energy services

	3.31.2021	3.31.2020	3.31.2020	Change HUF million	Change %
<i>data in million HUF</i>	<i>non-audited</i>	<i>comparison**</i>	<i>non-audited</i>	<i>over previous year</i>	<i>over previous year</i>
Revenue	689	1 015	2 379	-326	-32%
Capitalized own production	32	5	n.a.	27	492%
Material expenses	-221	-507	-1 550	286	-56%
Personnel expenses	-305	-289	-574	-16	6%
Other revenues and Other expenditures	29	0	0	29	n.a.
EBITDA*	224	226	254	-1	-1%
Allocated administrative expenses	-158	-142	n.a.	-17	12%
EBITDA II*	66	84	n.a.	-18	-21%

**EBITDA: In the opinion of the Company's management, this is the profit category that can most reliably be used to measure the profitability of the Group (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed).*

- The drop in the revenues and material expenses of the Energy Services segment is mainly due to the new reporting structure, as own-purpose investments are no longer shown on these lines. The additional decrease is caused by less – compared to last year – external works implemented for third parties.
- Despite Covid-19, the profit generated from operating and maintenance services for third parties (MOL, Borsodchem, LEGO, Főtv, Siemens) **corresponds to the profit achieved in the comparative period**.
- The Waste Management and E-mobility business lines, which are also part of the segment, have a profit-generation capacity in line with expectations.
- The Enterprise and Project Development Division is in advanced negotiations concerning implementation services for multiple external partners.

Retail energy trade

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Retail energy trade

	3.31.2021	3.31.2020	3.31.2020	Change HUF million over previous year	Change % over previous year
<i>data in million HUF</i>	<i>non-audited</i>	<i>comparison**</i>	<i>non-audited</i>		
Revenue	3 819	3 447	3 447	373	11%
Capitalized own production	0	0	n.a.	0	n.a.
Material expenses	-3 561	-3 310	-3 314	-250	8%
Personnel expenses	-23	-25	-25	1	-6%
Other revenues and Other expenditures	21	-1	-1	22	n.a.
EBITDA*	257	111	107	146	131%
Allocated administrative expenses	-33	-30	n.a.	-3	9%
EBITDA II*	224	81	n.a.	143	176%

**EBITDA: In the opinion of the Company's management, this is the profit category that can most reliably be used to measure the profitability of the Group (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed).*

- The **COVID pandemic** had already made its impact felt to some extent in the comparative period, however, we have managed to minimize the pandemic-related negative effects in the current period by taking the appropriate measures.
- The profit of **electricity trade** shows a HUF 57 million increase compared to the first three months of the preceding year. The positive effect is the joint result of the favorable change in both volume and energy prices.
- The **gas trade business line** realized surplus profits of HUF 80 million year-on-year, mainly as the result of favorable system usage fees and the continued growth of portfolio volume.

Other activities not assigned to segments

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Other segments

	3.31.2021	3.31.2020	3.31.2020	Change HUF million	Change %
<i>data in million HUF</i>	non-audited	comparison**	non-audited	over previous year	over previous year
Revenue	0	0	110	0	n.a.
Capitalized own production	0	0		0	-100%
Material expenses	-34	-25	-133	-8	33%
Personnel expenses	-147	-90	-188	-57	64%
Other revenues and Other expenditures	-1	-4	-4	3	-74%
EBITDA*	-182	-119	-216	-63	53%

*EBITDA: In the opinion of the Company's management, this is the profit category that can most reliably be used to measure the profitability of the Group (a profit category from which financial items, taxes, depreciation, and non-systematic reductions – typically impairments – have been removed).

- The segment shows costs primarily related to strategic growth and stock exchange presence that are not linked to various segments, but rather the Group as a whole, and as such are not part of distributed administrative expenses.
- The increase relative to the comparative period was primarily caused by the accounting for the management share scheme included in the new remuneration policy published on 12/21/2020, and by the general cost increase corresponding to the Group's growth.



THANK YOU FOR YOUR ATTENTION!

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