



ALTEO **STRATEGY** **PRESENTATION** **2025-2030**

January 9, 2025

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BEFORE A LEAP IN SCALE

Even with dynamic growth, ALTEO has been able to maintain its sustainability and cultural values, which are also strategically highlighted. Thanks to its diversified portfolio and outstanding team of professionals, it has been able to proactively seize market opportunities over the past decade and a half. In order to exceed additional growth potential available in the Hungarian market, **ALTEO is redefining its strategy at the regional level.**

STRONG FOUNDATIONS

Key competences

Significant energy know-how that can be exported abroad

Complex digital production management solutions (ARTEMIS)

Significant experience in acquisitions, greenfield and brownfield investments

Outstanding staff of professionals

ESG approach

Focus on sustainability since the Company's foundation

Power plant portfolio and energy services focused on renewable producers

Energy solutions to support green transition

International ESG certification

Supportive ownership background

Well-capitalized

Substantial synergy opportunities

Preference for green investing

Regional presence

LEAP IN SCALE: building on strong foundations, our aim is to enter international markets with similar success to our domestic track record, thus becoming a regional sustainable large corporation by 2030, generating significant shareholder value.

VISION: REGIONAL SUSTAINABILITY CHAMPION

STRATEGIC FOCUS AREAS



ENERGY PRODUCTION
AND ENERGY SERVICES



CIRCULAR ECONOMY



REGIONAL EXPANSION

STRATEGIC OBJECTIVES 2025-2030

- ✓ Further developing core competences both domestically and abroad, and exploiting arising opportunities quickly and efficiently, in particular in the field of **energy production, energy services** and **circular economy services**;
- ✓ Becoming one of the leading domestic companies **in the waste management sector** in the medium term, followed by exploring opportunities abroad;
- ✓ Expanding and diversifying our asset portfolio and activities in regional destination countries, through concurrent organic and acquisition-based entry, which includes the **utilization of synergies** from the international presence of the ownership group.

NEW STRATEGIC VISION:

Regional sustainability champion with market-leading solutions and a diverse portfolio foundation of company-owned assets and assets managed for third parties

STRATEGIC OBJECTIVES FOR 2022-2026 HAVE BEEN MET AHEAD OF SCHEDULE

EBITDA

OBJECTIVES FOR 2022-2026
Median EBITDA **HUF 11 bn** by 2026
FACTS AT THE END OF 2024
EBITDA in 2023: **HUF 19.4 bn**

ROIC

OBJECTIVES FOR 2022-2026
Target minimum ROIC: **9%**
FACTS AT THE END OF 2024
ROIC has been **15% or above** in each of the last 3 years.

DIVIDEND PAYMENT

OBJECTIVES FOR 2022-2026
Depends on the financing need of growth opportunities and on profitability. Between 2022 and 2026, we also see potential for a significant increase, even compared to the record dividend of **HUF 24/share** post-2020
FACTS AT THE END OF 2024
After 2023, record dividend of **HUF 403/share**

CAPEX

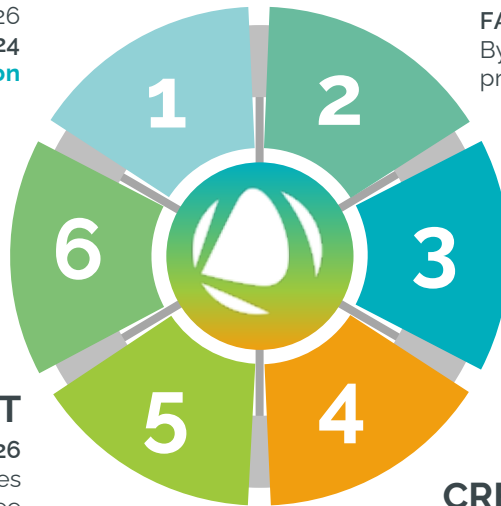
OBJECTIVES FOR 2022-2026
HUF 35 bn in investment volume between 2022 and 2026.
FACTS AT THE END OF 2024
By the end of 2025, expansion/acquisition investments with projects already approved will significantly exceed **HUF 41 bn**

LONG-TERM EQUITY STRUCTURE

OBJECTIVES FOR 2022-2026
(equity/interest-bearing debt): **30% / 70%**.
FACTS AT THE END OF 2024
ALTEO's **strong balance sheet** and **current indebtedness below the target level** create the financial security for future significant investments.

CREDIT RATING

OBJECTIVES FOR 2022-2026
Maintaining the credit rating (**BBB-**)
FACTS AT THE END OF 2024
Maintaining the **BBB-** rating



- ALTEO's financial targets for the 2022-2026 strategic cycle were exceeded by 2024.
- Thanks to the change in majority ownership, new opportunities have opened up for regional expansion and the exploitation of synergies.

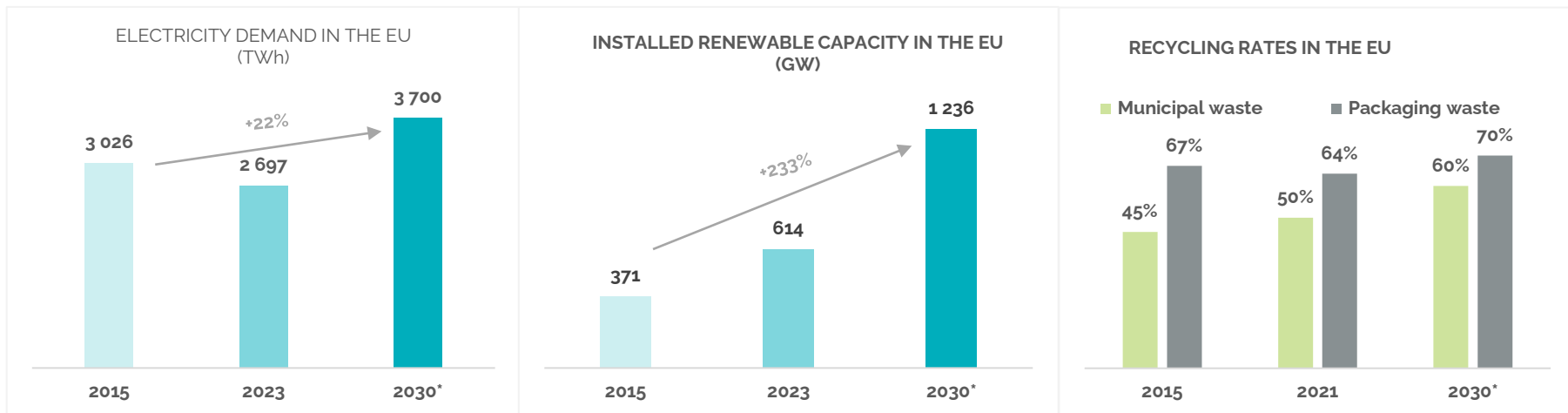
THE TIME HAS COME
TO RENEW
THE STRATEGY.





SUSTAINABILITY TRENDS SHAPING THE FUTURE

The most dominant trend of the 21st century is the pursuit of sustainability, to which ALTEO has been firmly committed for more than a decade and a half: not only setting a new path for economic growth, but also transforming our daily lives and our future through a commitment to renewable energy sources, waste recycling and the circular economy, and designating a path for economic development.



*Objectives

A sustainable transition would define market developments at both global and local level, which represents significant challenges as well as growth potential for ALTEO.

1. FOCUS AREA: EXPANDING ENERGY EXCELLENCE

Laying the foundation for further growth by building on unique AI and knowledge-based production management and activities, high quality production, operation and maintenance services, renewable and energy storage solutions, and an asset base growing organically and through acquisitions.



ENERGY PRODUCTION AND PRODUCTION MANAGEMENT

The ongoing development of **ARTEMIS'** complex digital production management solutions to increase market performance and maintain a long-term competitive advantage.

AVPP: The primary objective is the expansion of the portfolio, achieving a significant market share in the electricity storage market and the maintenance of the leading position among the virtual power plants.

RPM: Maintenance and further strengthening of the market leading position.

The spread of renewables is unimaginable without the development of flexible energy services and capabilities.



RENEWABLE PORTFOLIO

The primary focus is to identify investments that generate returns and to significantly increase ALTEO's green portfolio.

Exploiting synergies within the ownership group in the field of green investments, linking to the MOL-Res led consortium's strategic objectives on renewable energy.



ENERGY SERVICES

In addition to the development of ALTEO's external maintenance services, the exploitation of synergies within the ownership group and active involvement in the use of MOL inert gas and the ownership group's energy investments.



ENERGY TRADING

The era of high margins is over, which we intend to compensate for by increasing volume. A positive effect from the ownership background can also be expected.



1. FOCUS AREA (continued): ENERGY PRODUCTION AND PRODUCTION MANAGEMENT

Only flexible operators offering complex services will be able to benefit from market changes

MARKET TRENDS, CHALLENGES

Electricity production

- With the increase of the share of renewables, the high volatility of market prices is expected to persist, in part due to the great variability of the supply curve.
- In the long term, both the supply and demand sides are expected to grow.

Balancing energy markets

- The entry of renewables, electricity storage facilities and other power plants is transforming the size and structure of supply in the regulatory market.
- The demand side is also changing dynamically, to which electricity system operators are responding.
- The regulatory environment is constantly changing.
- Common European balancing energy markets bring both opportunities and threats.

SOLUTIONS

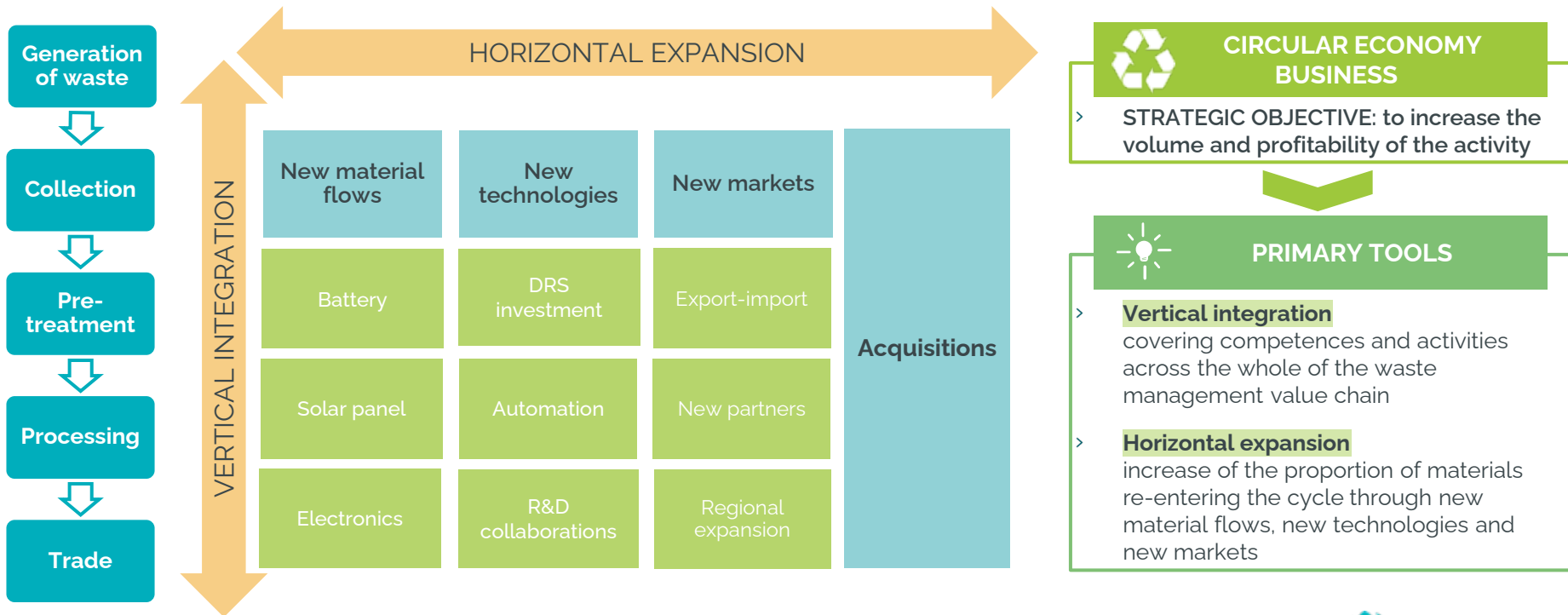
- Development of a diverse, flexible portfolio (electricity storage facilities, boilers, gas engines, renewables), with a strong focus on the controllability of assets.
- Continuous investment in software development (ARTEMIS): focus on high levels of automation, intelligent trading and risk management tools.
- Optimization of energy production, capacity and electricity sales at portfolio level, continuous development of end-to-end robotized trading activities.

STRATEGIC OBJECTIVES

- Development of a scalable, digital, integrated competence center for electricity market partners, providing them with market access, trading and production management, and risk management, enabling them to respond flexibly to rapidly changing regulatory and market challenges.
- Achievement of the highest controllable installed capacity in Hungary.
- Creation of exportable know-how for regional expansion and support for the regional expansion of other business lines.

2. FOCUS AREA: A STEP UP IN THE CIRCULAR ECONOMY

The waste management sector continues to show strong potential for acquisition and organic growth. The successful exploitation of the changes in the waste market (EU recycling rules, launch of concession) and the strategic support of the ownership group created the opportunity for ALTEO's circular economy business to make a leap in scale.



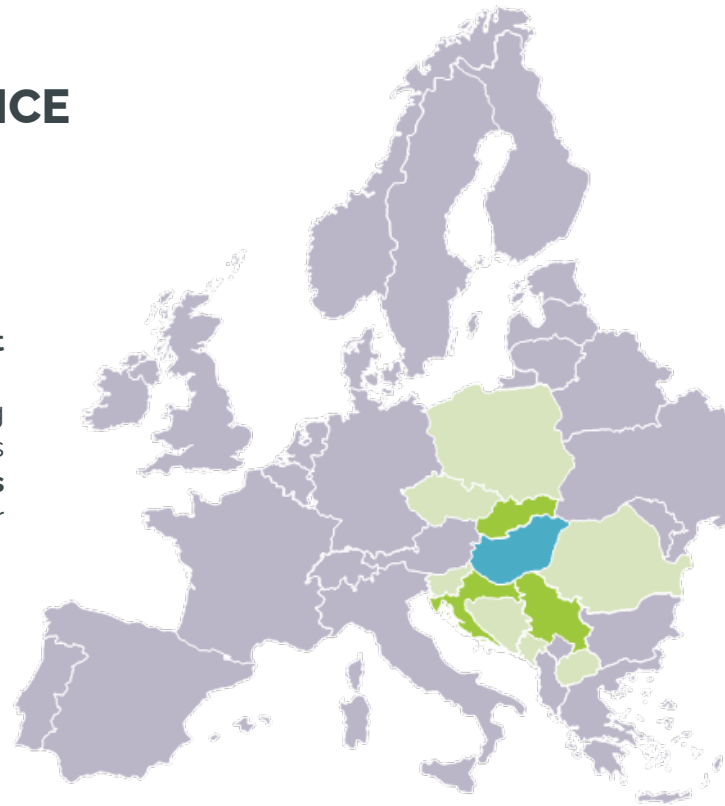
3. FOCUS AREA: REGIONAL GROWTH – EXPORTING EXCELLENCE

Progressing to another level in terms of both size and complexity: the next stage of development is regional growth in close and synergistic cooperation with large owners.

OBJECTIVE: Development of a **regional renewable portfolio and market presence, with a key role in achieving the owners' medium-term objectives.** ALTEO diversifies its EBITDA generation capacity geographically as well, along with the domestic regulatory risk, broadens its financing options towards international markets, **increases its cross-border presence by focusing on its core capabilities**, with access to resources and partners and with a stronger bargaining position.

ESTABLISHMENT OF A GREEN PLATFORM WITH A 1,500-2,000 MW CAPACITY

- ✓ Significant expansion of the renewable portfolio, concurrently with the further expansion of unique production management and operational and maintenance capabilities;
- ✓ Strengthening of wholesale and retail presence, exploitation of ETS and energy efficiency opportunities;
- ✓ Beyond energy: leading role in developing the circular economy, innovatively exploiting the potential in waste management and e-mobility.



Primary destination countries

- Hungary
- Slovakia
- Croatia
- Serbia



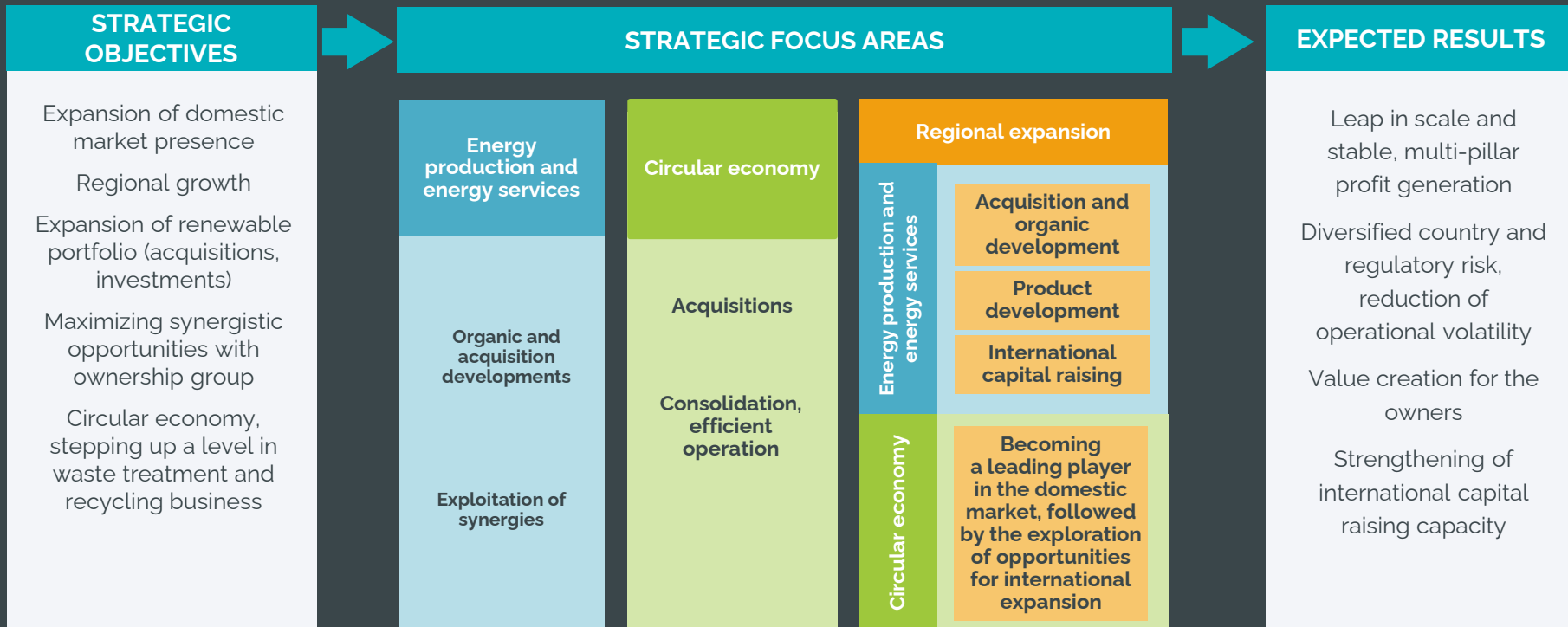
Secondary destination countries

- Romania
- Czech Republic
- Other ex-Yugoslav states
- Poland



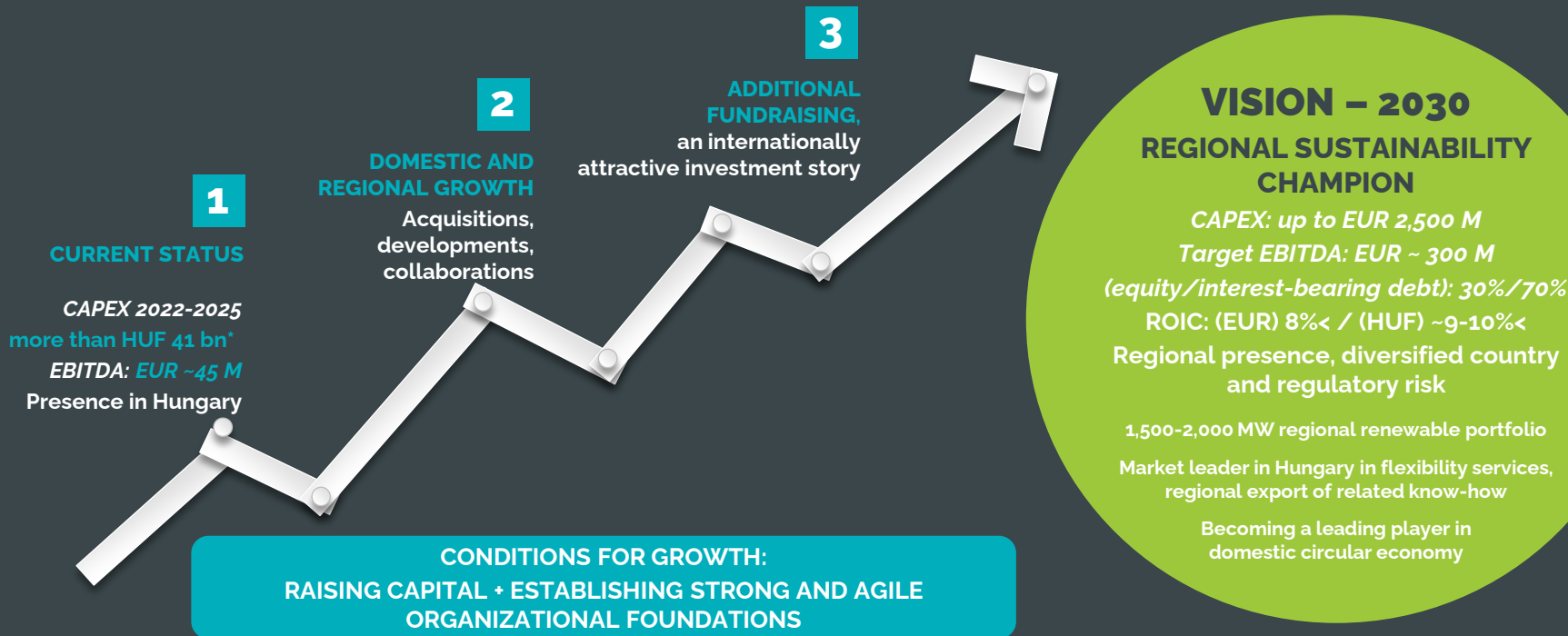
MEANS FOR THE IMPLEMENTATION OF THE GROWTH CONCEPT

ALTEO'S STRATEGIC VISION TO BECOME A REGIONAL SUSTAINABILITY CHAMPION BY 2030



INCREASE IN SIZE FOR ALTEO

ALTEO's growth strategy already goes beyond Hungarian financing opportunities, and in order to successfully attract international investors, it is implementing a significant scale-up in both its renewable portfolio and operations, which may induce significant capital increases over the next few years.



Dividend payment: depends on the financing need of growth opportunities and on profitability.



E (ENVIRONMENT)

Focus areas:

- Climate protection
- Environmental Protection
- Green transition



Challenges:

In the short term, until 2025:

- E.I: Cleaner technologies, alternative fuels, emission reduction, energy efficiency improvements and measurement system expansion program
- E.II: Implementation of a biodiversity strategy
- E.III: Definition of strategic ESG objectives for waste management

In the medium-long term:

- E.IV: Carbon reduction model – roadmap definition – with CAPEX items:
 - by 2030 Scope 1*: -20
 - Scope 2*: -30
 - Scope 3**: -50%
- by 2050 Zero carbon

*2019 base year; **2021 base year

S (SOCIAL)

Focus areas:

- Health and Safety, Employees and Local communities



Challenges:

In the short term, until 2025:

- S.I: CSR Strategy: strengthening volunteering (1,500 hours/year), creation of donation application system, establishment of partnerships in local communities
- S.II: Strengthening Safety^{1st} culture: zero serious or fatal accidents (in-house and subcontractors),
- S.III: Implementation of employee well-being program

In the medium-long term:

- S.IV: Attraction and retention of competent staff + education (mentoring, dual training)
- S.V: Social transparency: Transparent presentation of gender and wage ratios

G (GOVERNANCE)

Focus areas:

- Ethical operation
- Transparency
- Responsible corporate governance



Challenges:

In the short term, until 2025:

- G.I: Integration of ESG aspects into decision-making mechanisms (risk management system, project and transaction ESG due diligence, integration policy in case of acquisitions)
- G.II: Increasing transparency (ESG supplementation to quarterly reports)
- G.III: Development of sustainable procurement (value chain due diligence, education)

In the medium-long term:

- G.IV: Responsible corporate governance: incorporation of ESG KPIs in senior management incentivization scheme, only EU Taxonomy-aligned/eligible investments

DEFINITION OF TERMS IN THE PRESENTATION

AI	Artificial Intelligence, a computer technology that can simulate human intelligence
ARTEMIS	Autonomous Real-Time Energy Management Information System, a highly autonomous, real-time production management system integrated in the AZURE cloud environment
AVPP	ALTEO Virtual Power Plant
CAPEX	Capital expenditure that the company spends on long-term investments
CSR	Corporate social responsibility
DRS	The deposit refund scheme for products with DRS fees
EBITDA	Earnings before financial expenditures and revenues, taxes, depreciation and amortization and other loss-entailing non-financial accounting expenditures, e.g. recognized impairment
ESG	A set of criteria focusing on environment (Environment), social aspects (Social) and corporate governance (Governance), which primarily provides financial and capital market participants with a basis for assessing the sustainability of the activities of economic entities
ETS	The European Union's greenhouse gas emissions trading system
EUR M	million euro
HUF bn	billion forints
Median EBITDA	A term used by ALTEO management: median EBITDA achievable with assets available at the end of a given period over a period of operation of 12 months under average market and weather conditions, around which actual EBITDA value for the given year may fluctuate
NOPLAT	Net operating profit less adjusted taxes, increased by the depreciation of intangible assets that no longer require any investment in the future
Renewables	Power production units utilizing renewable energy sources
ROIC	NOPLAT divided by total invested capital
RPM	Renewable production management, which primarily provides services to weather-dependent renewable power plants, fast-growing solar power plants in particular, by minimizing the balancing energy costs related to production
Scope 1	Direct emissions generated by companies that result from the companies' own activities
Scope 2	Indirect emissions from energy purchased by companies, that do not result from companies' direct activities but from the production of energy they use
Scope 3	Indirect emissions that do not result from the direct activities or energy purchases of companies. At this level, the entire corporate value chain must be taken into account.
Total invested capital	The amount calculated by adding up averages of equity and credit for a specific period (i.e. the arithmetic average of volumes at the start and end of a period) of a given year



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