INVESTOR PRESENTATION – ALTEO Group

Q3 2021

(non-audited financial results)

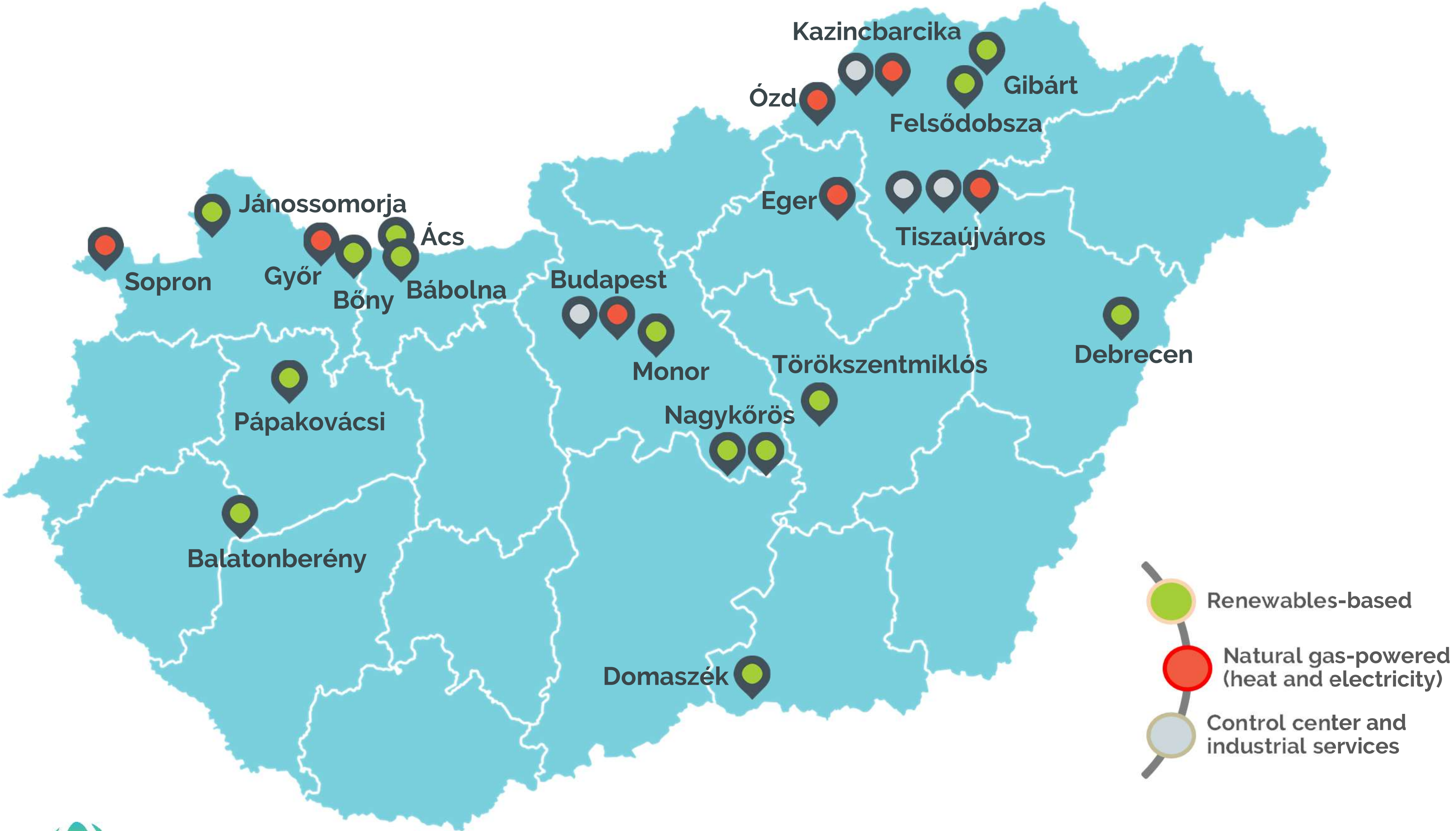
NON-AUDITED FINANCIAL RESULTS 2021 Q3

This information was not compiled on the basis of international accounting standard IAS 34 – Interim Financial Reporting; the information contained in them are non-audited in terms of Q3 2021 results, and have not been audited by an independent auditor. This presentation is for advance information purposes only.

The most important events and results of 2021

- ALTEO achieved the highest results in its history in the first nine months of 2021. The record profitability was primarily driven by the highly successful activities of the Control Center, a key area of ALTEO's strategy and development, but was also supported by a strong rebound in the retail business – which was most affected by the COVID pandemic in 2020 – and the renewable energy-based energy production business which also saw capacity expansion last year.
  - **consolidated EBITDA exceeds HUF 9.5 billion, increasing by 116%** 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, as well as the explosive growth in balancing energy prices and average capacity sales prices compared to base period levels, (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 substantial rebound in the profits of the Energy Retail segment (which was hit the hardest by the pandemic) also supported the major increase in consolidated EBITDA.
  - **consolidated net profit was HUF 4.9 billion, another record in ALTEO's history, showing a 314% increase** over the same period last year.
  - The pandemic only caused a slight deceleration in respect of the **Waste Management, E-mobility** and **Renewable Production Management** business lines launched. The increase in balancing energy prices has entailed challenges for the Renewable Production Management business, but has not had significant negative impact.
- **Key events after the closing of Q3:**
  - On November 3, ALTEO commissioned a new energy storage facility with a capacity of 5 MW at the Kazincbarcika Heating Power Plant. In this context, ALTEO was previously awarded a non-reimbursable grant of HUF 227.8 million and a reimbursable loan HUF 249.7 million from the European Union.
  - The stable thermal power market is important for the segment's profitability, thus it is an important achievement that **ALTEO has been awarded the heat supply contract of Barcika Szolg. Kft.** (district heating of Kazincbarcika) **for another 10-year period**.
  - Pursuant to **Resolution No. 2502/2021**, as of November 1, the **Hungarian Energy and Public Utility Regulatory Authority (HEA)** is obligating Mavír to enforce the requirement of industry marginal cost pricing for balancing reserve service providers in the balancing reserve energy market. ALTEO's management believes that the new resolution in itself does not have a material adverse effect on ALTEO Group's profit-generation capacity, even if it limits the profit opportunities in the balancing energy market. nevertheless the change in the prices of high-margin capacity products can also modify the profitability of these product. Within ALTEO's diversified activities, however, there are elements (e.g. the Renewable Production Management business) that benefit from the mitigation of the potential for extreme balancing reserve energy prices to be determined.

ALTEO Group Portfolio



ALTEO Group Portfolio

RENEWABLE ENERGY PRODUCTION

ALTEO Group has significant competences, among others, in exploiting renewable energy sources.

WIND FARMS
Ács
Bábolna
Bőny
Jánossomorja
Pápakovácsi
Törökszentmiklós

RENEWABLE GAS
Debrecen – landfill gas
Nagykőrös – biogas, operation

HYDROPOWER PLANTS
Felsődobsza
Gibárt

SOLAR POWER PLANTS
Domaszék
Monor
Balatonberény
Nagykőrös

INDUSTRIAL AND COMMERCIAL SERVICES

ALTEO Group facilitates the efficient energy management of its consumers through the services provided to industrial facilities.

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

GAS ENGINE AND HEATING POWER PLANTS, ENERGY STORAGE FACILITIES

ALTEO Group operates high-efficiency, combined heat and electricity (cogeneration) plants and energy storage facilities.

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

ELECTRICITY STORAGE FACILITIES
- Füredi út Storage Facility
- Kazincbarcika Storage Facility

Consolidated profit and loss statement (IFRS)

Consolidated Statement of Profit or Loss

data in HUF million	2021 Q3 non-audited	2020 Q3 non-audited	Change HUF million over previous year	Change % over previous year
Revenues	**29 050**	**23 469**	**5 581**	***24%***
Capitalized own production	188	396	(207)	*52%*
Material expenses	(15 671)	(16 195)	524	*(3%)*
Personnel expenses	(2 979)	(2 651)	(328)	*12%*
Depreciation and amortization	(3 010)	(1 941)	(1 069)	*55%*
Other revenues, expenses, net	(890)	(591)	(299)	*51%*
Impairment loss	-	(0)	0	*(100%)*
Operating profit or loss	**6 688**	**2 487**	**4 201**	***169%***
Net financial income	(751)	(564)	(187)	*33%*
Profit or loss before taxes	**5 937**	**1 923**	**4 014**	***209%***
Income tax expenditure	(1 030)	(741)	(289)	*39%*
Net profit or loss	**4 907**	**1 182**	**3 725**	***315%***
from which the owners of the Parent Company are entitled to:	*4 904*	*1 176*	*3 728*	*317%*
Of which the minority interest is entitled to:	2	6	(4)	*(59%)*
Base EPS (HUF/share)	**258,52**	**63,09**	**195,43**	***310%***
Diluted EPS (HUF/share)	**252,97**	**60,65**	**192,32**	***317%***
EBITDA*	**9 698**	**4 428**	**5 270**	***119%***

Consolidated comprehensive profit and loss statement

Net profit or loss	**4 907**	**1 182**	**3 725**	***315%***
Other comprehensive profit (after taxes on profits)	**10 839**	**1 766**	**9 073**	***N/A***
Comprehensive income	**15 746**	**2 948**	**12 798**	***N/A***
from which the owners of the Parent Company are entitled to:	15 743	2 942	12 801	*N/A*
Of which the minority interest is entitled to:	2	6	(4)	*(146%)*

**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 Expenses lines that are used to provide a more detailed elaboration of the EBITDA in the above table.*

With a sales revenue increase of HUF 5,581 million, EBITDA shows a 119% 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 rising energy market prices, significantly growing revenues by the ALTEO Control Center, the dynamic development of the Retail segment and the effects of completed investment projects and acquisitions, mitigated somewhat by revenues from third-party construction works that were lowered relative to the comparative period.
- **Decrease in material expenses:** Sales revenue growth in the Heat and Electricity Generation segment was realized in activities with non-significant material costs, such as capacity market services, and the acquired wind farm is operating with low material expenses.
- **Depreciation:** The substantial increase is the result of the projects and investments realized. The portfolio of non-current assets grew by more than HUF 10 billion year-on-year.

  Other revenues, expenditures: Other expenditures increased in line with the rise in the world market price of CO_2 quotas, but this is offset by the successful enforcement of trade receivables previously deemed irrecoverable.

Consolidated profit and loss statement (IFRS)

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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 Expenses lines that are used to provide a more detailed elaboration of the EBITDA in the above table.

- **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 the comparative period of 2020, and to a lesser extent, by higher interest rates on account of higher average loan portfolio.
- **Income taxes:** In line with substantially increased profits, the amount of tax payable also increased.
- **Net profit** increased by **HUF 3,725 million** (315%) compared to the base period. The growth was mainly the result of operating profit.
- **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 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)

Consolidated Balance Sheet				data in HUF million
	9.30.2021 non-audited	12.31.2020 Comparison, audited	Change HUF million over previous year	Change % over previous year
Non-current assets	**31 288**	**31 065**	**223**	**1%**
Current assets	**32 826**	**13 819**	**19 007**	**138%**
of which financial assets	*9 676*	*3 455*	*6 221*	*180%*
TOTAL ASSETS	**64 114**	**44 884**	**19 230**	**43%**
			-	
Equity	**23 863**	**8 548**	**15 315**	**179%**
Long-term liabilities	**25 146**	**27 906**	**(2 759)**	**(10%)**
of which credit, loans, bonds, leasing	*21 152*	*24 348*	*(3 196)*	*(13%)*
Short-term liabilities	**15 105**	**8 431**	**6 674**	**79%**
of which credit, loans, bonds, leasing	*4 051*	*1 085*	*2 966*	*273%*
TOTAL EQUITY and LIABILITIES	**64 114**	**44 884**	**19 230**	**43%**

- **Investments, capital expenditures** No significant individual investments were delivered in the first nine months of 2021. Following the closing of Q3, ALTEO's second energy storage-related research and development project was delivered in Kazincbarcika on November 3. Several projects of a scale minor relative to the consolidated asset portfolio are in progress, which are expected to increase the profitability of the existing asset inventory.
- In addition to seasonal factors, the change in **current assets** was primarily impacted by receivables and liabilities related to hedging transactions due to higher energy prices. The outstanding H1 result was coupled with exceptionally strong cash generation capacity, as reflected by the more-than-double volume of financial assets within current assets compared to year-end.
- Beyond general loan repayment, the portfolio of **long-term liabilities and short-term loans** changed substantially due to the early repayment of several of near-maturity loans, implemented in September and October 2021.

Structural change in segment presentation

- 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, 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 2020 column presents last year’s results based on the same principle, thereby ensuring comparability.

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

Heat and electricity generation (market rate, outside the KÁT regime)					
data in million HUF	9.30.2021 non-audited	9.30.2020 comparison**	9.30.2020 non-audited	Change HUF million over previous year	Change % over previous year
Revenue	**15 219**	**10 119**	**10 145**	**5 100**	**50%**
Capitalized own production	62	**66**	n.a.	(5)	(7%)
Material expenses	(6 975)	(6 297)	(7 165)	(678)	11%
Personnel expenses	(638)	(592)	(151)	(47)	8%
Other revenues and Other expenditures	(934)	(679)	(680)	(254)	37%
EBITDA*	**6 733**	**2 616**	**2 149**	**4 117**	**157%**
Allocated administrative expenses	(339)	(303)	n.a.	(35)	12%
EBITDA II*	**6 394**	**2 313**	**n.a.**	**4 082**	**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 segment's sales revenue rose by 50% (HUF 5,100 million).
- Capacity sales revenue increased significantly relative to the comparative period, and regulatory revenue also rose dynamically, for the most part due to the exploitation of market opportunities (drastic price increases in the capacity market [both UP and DOWN directions] and in balancing energy prices) observed in the market – particularly starting from Q2 – 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 +4,082 million, +176%)**. Despite the sharp rise in balancing energy prices, the Renewable Production Management services segment – launched at the end of 2020 – also performed in line with expectations.
- The increase in material expenses was primarily due to increased gas costs. The segment's outstanding sales revenue is typically driven by growth in high margin (capacity and regulatory market) activities and, as such, the increase in material expenses is not significant compared to the 50% rise in sales revenue.
- Higher other expenditures are typically the result of the increased CO_2 quota price.

Electricity production (within the subsidized system)

Electricity production (within the subsidized system)					
	9.30.2021	9.30.2020	9.30.2020	Change HUF million over previous year	Change % over previous year
data in million HUF	non-audited	comparison**	non-audited		
Revenue	**3 734**	**2 595**	**2 593**	**1 139**	**44%**
Capitalized own production	-	-	n.a.	-	n.a.
Material expenses	(481)	(356)	(461)	(126)	35%
Personnel expenses	(138)	(94)	(0)	(44)	47%
Other revenues and Other expenditures	14	40	33	(26)	(65%)
EBITDA*	**3 128**	**2 185**	**2 166**	**943**	**43%**
Allocated administrative expenses	(67)	(62)	n.a.	(5)	8%
EBITDA II*	**3 061**	**2 123**	**n.a.**	**938**	**44%**

**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 2020 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 938 million (44%)**, 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 at certain power plant units.
- 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 services	9.30.2021 non-audited	9.30.2020 comparison**	9.30.2020 non-audited	Change HUF million over previous year	Change % over previous year
data in million HUF					
Revenue	**2 364**	**3 655**	**7 833**	**(1 291)**	**(35%)**
Capitalized own production	103	**15**	n.a.	88	579%
Material expenses	(872)	(2 138)	(5 559)	1 266	(59%)
Personnel expenses	(1 032)	(901)	(1 774)	(131)	15%
Other revenues and Other expenditures	48	1	6	47	8 094%
EBITDA*	**611**	**632**	**506**	**(21)**	**(3%)**
Allocated administrative expenses	(521)	(446)	n.a.	(75)	17%
EBITDA II*	**90**	**186**	**n.a.**	**-95**	**-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).*

- The segment achieved EBITDA II of HUF 90 million by the end of Q3. The moderate value is mainly due to higher allocated administrative costs relating to the launch and ramping-up of newly introduced business lines. ALTEO's management continues to see the long-term value-creation of the new business lines to be ensured.
- Despite Covid-19, the profit generated from operating and maintenance services for third parties (MOL, Borsodchem, LEGO, Főtáv, Siemens) **corresponds to the profit achieved in the comparative period** .
- The waste management business realized lower profits relative to last year due to the closure of the HORECA (hotels, restaurants and hospitality) segment due to Covid-19.
- The E-mobility business line, which is also part of the segment, has a profit-generation capacity in line with expectations.
- In 2021, the Enterprise and Project Development Division primarily focused on internal implementation works. In addition, the lifespan extension investment project of the TVK Power Plant was delivered with outstanding results and customer satisfaction. It is also in advanced negotiations concerning implementation services for multiple external partners.

Retail energy trade

Retail energy trade					
data in million HUF	9.30.2021 non-audited	9.30.2020 comparison**	9.30.2020 non-audited	Change HUF million over previous year	Change % over previous year
Revenue	**10 295**	**8 533**	**8 533**	**1 762**	**21%**
Capitalized own production	-	-	n.a.	-	n.a.
Material expenses	(9 335)	(8 219)	(8 232)	(1 116)	14%
Personnel expenses	(86)	(74)	(74)	(12)	16%
Other revenues and Other expenditures	(13)	50	48	(63)	(127%)
EBITDA*	**860**	**290**	**275**	**570**	**197%**
Allocated administrative expenses	(97)	(92)	n.a.	(5)	5%
EBITDA II*	**763**	**198**	**n.a.**	**565**	**285%**

**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 a significant impact on the segment's results in the comparative period resulting in a low base, however, we have managed to minimize the pandemic-related negative effects in the current period by taking the appropriate measures and, as such, the segment's performance is showing a strong rebound relative to the figures for the first nine months of 2020.
- The coverage of **electricity trade** shows a HUF 495 million increase compared to H1 of the preceding year. The positive effect is the joint result of the volume sold and favorable change in energy prices.
- The **gas trade business line** realized a surplus cover of HUF 124 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

Other segments

data in million HUF	9.30.2021 non-audited	9.30.2020 comparison**	9.30.2020 non-audited	Change HUF million over previous year	Change % over previous year
Revenue	**1**	**-**	**333**	**1**	**n.a.**
Capitalized own production	-	**0**		(0)	(100%)
Material expenses	(160)	(118)	(410)	(41)	35%
Personnel expenses	(451)	(270)	(591)	(181)	67%
Other revenues and Other expenditures	(1)	8	(1)	(8)	(111%)
EBITDA*	**(611)**	**(381)**	**(669)**	**(230)**	**60%**

**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. The effect is reinforced by lower material expenses in Q2 2020 due to Covid-19, which generated a lower base.

THANK YOU FOR YOUR ATTENTION!

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