

Remuneration Report

in accordance with the Remuneration Policy

**established for the Directors of ALTEO Nyrt. and consolidated on April 21,
2023**

1 The purpose of the Remuneration Report

ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (hereinafter: “ALTEO” or “Company”) has established a remuneration policy applicable to its Directors, the current version of which was amended in a consolidated form on April 21, 2023 (hereinafter: “**Remuneration Policy**”). The purpose of the Remuneration Policy is to ensure compliance with Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legal Harmonization (hereinafter: “**Act**”), and is available at the following link:

https://bet.hu/site/newkib/hu/2023.04./Tajekoztatas_az_ALTEO_Nyrt._igazgatoi_tekinteteben_megallapitott_2023._aprilis_21._napjatol_hatalyos_Javadalmazasi_Politikajarol_-_2023.04.21._128876434

The purpose of the Remuneration Report is to provide an overview (along the principles detailed in the Remuneration Policy) of the remuneration, including all benefits in whatever form, granted to directors as per Section 2(2) of the Act (hereinafter: “**Directors**”) in accordance with the Remuneration Policy during, or based on the results of, the previous fiscal year, as well as the elements prescribed as mandatory in Sections 19(2) and (3) of the Act, while respecting the applicable data protection rules. The Remuneration Report helps to understand the remuneration structure, the significance of the components and its relationship with business performance. Increasing transparency helps ensure fairness and equal opportunities.

However, words which are used in this Remuneration Report with capital initials, but are not defined herein have the meaning assigned to them in the Remuneration Policy.

2 Remuneration philosophy

As a forward-thinking and forward-looking company, ALTEO provides its partners sustainable business edge by providing the best energy solutions available today. The formulation and implementation of our corporate strategy is inconceivable without effectively functioning committees and Directors who are committed to the long term. To this end, ALTEO designed a competitive remuneration structure to support, recognize and motivate Directors in achieving the objectives of the Company. The remuneration structure contributes to the implementation of the business strategy through its short and long-term incentive schemes. The size and composition of the various remuneration elements was decided in view of labor market benchmarks relevant in ALTEO's market environment.

3 Description of circumstances affecting remuneration

In 2023, the key events in the Company's business environment impacting the Directors' remuneration and the most significant changes in the composition of the Directors, the Remuneration Policy or the application thereof are summarized below:

- on April 3, 2023, following the successful statutory public takeover bid, there was a change in the person of the majority shareholder. As a result, there were also changes in the composition of the Board of Directors and the Supervisory Board, which the Company discloses in detail in its Consolidated Annual Report published concurrently with this Remuneration Report;
- as of October 2, 2023, Magdolna Tokai joined the Company's management as Deputy CEO for Corporate Support;
- base wages changed over the normal annual pay rise cycle, with wage hikes averaging at 16%;
- there were no changes in the application of the Remuneration Policy during the year;
- in April 2023, the Company as Founder adopted several remuneration policies within the framework of the Employee Share Ownership Program (hereinafter: “**ESOP**”), for senior management, for middle management as well as for talented young managers and experts;
- the award conditions set out in the 2020 Remuneration Policy have been met, which fact has also been confirmed by ALTEO's Board of Directors and, as such, the shares allocated for this purpose and available at the ALTEO Employee Share Ownership Program Organization (hereinafter: “**ESOP Organization**”) (612,940 shares) have become distributable to those eligible for them (senior executives and key middle managers);
- in 2023, we continued our practice of market benchmarking based on the Korn Ferry job evaluation system.

4 Full remuneration of Directors

This chapter presents the full remuneration scheme available to Directors for each position of Directors broken down as per the Remuneration Policy, except for share award, which is detailed in Chapter 5. The remuneration figures presented in this chapter are gross accounted data.

4.1 Remuneration provided to non-executive members of the Board of Directors

Name and position of director	Fixed remuneration element			Variable remuneration elements	Extraordinary reward	Pension	Full remuneration	Ratio of fixed and variable remuneration elements
	Base wage and other wage supplements, fees due pursuant to the Labor Code	Honorarium	Benefits in kind ¹	Annual bonus				
Gyula Zoltán Mező, Chairman of the Board of Directors ²	N/A	HUF 930,000	N/A	N/A	N/A	N/A	HUF 930,000	N/A
Zsolt Müllner, Member of the Board of Directors ³	N/A	HUF 775,000	N/A	N/A	N/A	N/A	HUF 775,000	N/A
Ferenc Karvalits, Member of the Board of Directors ⁴	N/A	HUF 775,000	N/A	N/A	N/A	N/A	HUF 775,000	N/A
Dr. György Bacsa, Deputy Chairman of the Board of Directors ⁵	N/A	HUF 6,700,000	N/A	N/A	N/A	N/A	HUF 6,700,000	N/A
Ágnes Bencsik, Member of the Board of Directors ⁶	N/A	HUF 6,700,000	N/A	N/A	N/A	N/A	HUF 6,700,000	N/A
Álmos Mikešy, Member of the Board of Directors ⁷	N/A	HUF 6,700,000	N/A	N/A	N/A	N/A	HUF 6,700,000	N/A

¹ The benefits in kind described in the Remuneration Policy, such as Cafeteria, health and accident insurance, company car use, fuel reimbursement, other low-value benefits, reimbursement of expenses, are presented as benefits in kind in this Remuneration Report.

² The mandate of Gyula Zoltán Mező as Chair of the Board of Directors expired with effect from the adoption of Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

³ The mandate of Zsolt Müllner as Member of the Board of Directors expired with effect from the adoption of Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

⁴ The mandate of Dr. Ferenc Karvalits as Member of the Board of Directors expired with effect from the adoption of Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

⁵ György Bacsa was elected Deputy Chair of the Board of Directors of the Company by Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

⁶ Ágnes Bencsik was elected member of the Board of Directors of the Company by Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

⁷ Álmos Mikešy was elected Member of the Board of Directors of the Company by Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

The honorarium applied provides fixed remuneration that reflects the role and responsibility of the function as the second highest decision-making body of the Company, following the General Meeting. In 2023, it is not subject to automatic wage adjustment to changes in consumer prices.

4.2 Remuneration provided to executive members of the Board of Directors

Name and position of director	Fixed remuneration element			Variable remuneration elements	Extraordinary reward	Pension	Full remuneration	Ratio of fixed and variable remuneration elements
	Base wage and other wage supplements, fees due pursuant to the Labor Code	Honorarium	Benefits in kind	Annual bonus				
Attila László Chikán, Chair of the Board of Directors, CEO	HUF 37,779,000	HUF 7,466,667	HUF 2,748,318	HUF 29,672,669	HUF 36,090,226	HUF -	HUF 113,884,880	61.8%
Domonkos Kovács, Member of the Board of Directors, Deputy CEO for M&A and Capital Markets ⁸	HUF 28,023,000	HUF 775,000	HUF 1,993,880	HUF 14,365,026	HUF 21,052,632	HUF -	HUF 66,209,538	46.7%

4.3 Remuneration provided to the Supervisory Board

Name and position of director	Fixed remuneration element			Variable remuneration elements	Extraordinary reward	Pension	Full remuneration	Ratio of fixed and variable remuneration elements
	Base wage and other wage supplements, fees due pursuant to the Labor Code	Honorarium	Benefits in kind ⁹	Annual bonus				
István Zsigmond Bakács, Chair of the Supervisory Board and the Audit Committee ¹⁰	N/A	HUF 766,667	N/A	N/A	N/A	N/A	HUF 766,667	N/A
Dr. János Lukács, Member of the Supervisory Board and the Audit Committee ¹¹	N/A	HUF 613,333	N/A	N/A	N/A	N/A	HUF 613,333	N/A
Dr. István Borbíró, Member of the Supervisory Board and the Audit Committee ¹²	N/A	HUF 613,333	N/A	N/A	N/A	N/A	HUF 613,333	N/A

⁸ The mandate of Domonkos Kovács as Member of the Board of Directors expired with effect from the adoption of Resolution No. 8/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

⁹ See Footnote 1.

¹⁰ The mandate of István Zsigmond Bakács as Chairman of the Supervisory Board and the Audit Committee expired with effect from the adoption of Resolutions Nos. 14/2023. (IV.03.) and 15/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

¹¹ The mandate of Dr. János Lukács as Member of the Supervisory Board and the Audit Committee expired with effect from the adoption of Resolutions Nos. 14/2023. (IV.03.) and 15/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

¹² The mandate of Dr. István Borbíró as Member of the Supervisory Board and the Audit Committee expired with effect from the adoption of Resolutions Nos. 14/2023. (IV.03.) and 15/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

Péter Jancsó, Member of the Supervisory Board ¹³	N/A	HUF 613,333	N/A	N/A	N/A	N/A	HUF 613,333	N/A
Attila Gyula Sütő, Member of the Supervisory Board	HUF 12,486,000	HUF 5,080,000	HUF 1,061,660	HUF 1,220,155	HUF 450,000	N/A	HUF 20,408,933	6%
Dr. Ákos Székely, Chair of the Supervisory Board and the Audit Committee ¹⁴	N/A	HUF 4,466,667	N/A	N/A	N/A	N/A	HUF 4,466,667	N/A
Péter Kaderják, Member of the Supervisory Board and the Audit Committee ¹⁵	N/A	HUF 4,466,667	N/A	N/A	N/A	N/A	HUF 4,466,667	N/A
Márton Oláh, Member of the Supervisory Board and the Audit Committee ¹⁶	N/A	HUF 4,466,667	N/A	N/A	N/A	N/A	HUF 4,466,667	N/A

The honorarium applied provides fixed remuneration that reflects the role and responsibility assigned to members of the Supervisory Board. In 2023, it is not subject to automatic wage adjustment to changes in consumer prices.

For Supervisory Board member(s) who are also employed by the Company, other remuneration items (received as employees) are not recognized as these wage elements fall within the scope of the employee remuneration system which is not covered by the Remuneration Policy.

4.4 Remuneration provided to Directors who are not members of ALTEO's Board of Directors or Supervisory Board

Name and position of director	Fixed remuneration element			Variable remuneration elements	Extraordinary reward	Pension	Full remuneration	Ratio of fixed and variable remuneration elements
	Base wage and other wage supplements, fees due pursuant to the Labor Code	Honorarium	Benefits in kind	Annual bonus				
Zoltán Bodnár, Chief Financial Officer	HUF 35,757,600	HUF -	HUF 2,457,956	HUF 17,851,261	HUF 26,015,038	HUF -	HUF 82,081,855	46.70%
Péter Luczay, Deputy CEO for Production Management and Business Development	HUF 39,449,400	HUF -	HUF 3,107,258	HUF 21,553,043	HUF 29,172,933	HUF -	HUF 93,282,634	50.60%
Viktor Varga, Deputy CEO for Energy Production and Energy Supply	HUF 28,272,600	HUF -	HUF 2,008,462	HUF 14,114,543	HUF 23,155,640	HUF -	HUF 67,743,245	46.60%
Anita Simon, Deputy CEO for Sustainability and Circular Economy	HUF 26,496,000	HUF -	HUF 1,902,260	HUF 10,682,628	HUF 8,869,925	HUF -	HUF 47,950,813	37.60%

¹³ The mandate of Péter Jancsó as Member of the Board of Directors expired with effect from the adoption of Resolution No. 14/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

¹⁴ Dr. Ákos Székely was elected Member of the Supervisory Board and the Audit Committee of the Company by Resolutions Nos. 16/2023. (IV.03.) and 18/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

¹⁵ Péter Kaderják was elected Member of the Supervisory Board and the Audit Committee of the Company by Resolutions Nos. 16/2023. (IV.03.) and 18/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

¹⁶ Márton Oláh was elected Member of the Supervisory Board and the Audit Committee of the Company by Resolutions Nos. 16/2023. (IV.03.) and 18/2023. (IV.03.) of the General Meeting. Their remuneration is presented pro rata temporis in line with their mandate.

Magdolna Tokai, Deputy CEO for Corporate Support ¹⁷	HUF 8,400,000	HUF -	HUF -	HUF -	HUF -	HUF -	HUF 8,400,000	- %
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Additional information:

With reference to Section 7.4 of the Remuneration Policy, the Company granted Viktor Varga a loan in the amount of HUF 12,506,438 in February 2023 under an employer loan agreement, which was repaid in June 2023, thus no employer loan is outstanding.

The Company certifies that a detailed offer on the conclusion of the employment contract was sent to Magdolna Tokai in accordance with the principles set out in Section 12 of the Remuneration Policy. In addition, the Company has offered Magdolna Tokai a signing bonus to encourage her to change employer, which becomes payable in 2024 and, as such, is presented in the 2024 Remuneration Report.

5 Share-based remuneration

5.1 Share award to Directors

On December 21, 2020, the Company as Founder adopted the 2020 share award program of the ESOP Organization, and on the same day it also published the remuneration policy serving as a basis thereof (hereinafter: “**ESOP Remuneration Policy for 2020**”). Pursuant to the ESOP Remuneration Policy for 2020, executive member of the Board of Directors, Attila László Chikán is also eligible for the share award, and all Deputy CEOs of the Company at the time of the adoption of the applicable policy participate in the ESOP Remuneration Policy for 2020. With a view to the fact that the responsibility of determining the remuneration given to the members of the Board of Directors falls under the competence of the General Meeting, and that the remuneration for Deputy CEOs may only be paid on the basis of the Remuneration Policy, the General Meeting adopted Resolution No. 6/2021. (IV.19) which approved that the aforementioned people receive the share award specified in the ESOP Remuneration Policy for 2020 if the criteria set out therein are met.

On May 9, 2023, the Company informed investors that the conditions set out in the ESOP Remuneration Policy for 2020 have been met, which fact has also been confirmed by ALTEO’s Board of Directors, and as such, the shares allocated for this purpose at the ALTEO ESOP Organization (612,940 shares) became distributable to those eligible for them under the ESOP Remuneration Policy for 2020 who at the time were employed by ALTEO as employees. Accordingly, in 2023 the eligible Directors received remuneration as follows.

Name and position of director	Legal title of remuneration	Remuneration/benefit
Attila László Chikán, Chief Executive Officer	with a view to the fulfilment criteria of the ESOP RP for 2020	154,848 ALTEO ordinary shares
Zoltán Bodnár, Chief Financial Officer	with a view to the fulfilment criteria of the ESOP RP for 2020	90,328 ALTEO ordinary shares
Domonkos Kovács, Deputy CEO for M&A and Capital Markets	with a view to the fulfilment criteria of the ESOP RP for 2020	90,328 ALTEO ordinary shares
Péter Luczay, Deputy CEO for Production Management and Business Development	with a view to the fulfilment criteria of the ESOP RP for 2020	90,328 ALTEO ordinary shares
Viktor Varga, Deputy CEO for Energy Production and Energy Supply	with a view to the fulfilment criteria of the ESOP RP for 2020	90,328 ALTEO ordinary shares
Anita Simon, Deputy CEO for Sustainability and Circular Economy	with a view to the fulfilment criteria of the ESOP RP for 2020	32,260 ALTEO ordinary shares

6 Enforcement of clawback rights

In 2023, the Company did not exercise its clawback rights in Section 8.3 of the Remuneration Policy against any of its Directors.

¹⁷ Magdolna Tokai joined the Company's management as Deputy CEO for Corporate Support as of October 2, 2023, thus their remuneration is presented pro rata temporis.

7 Compliance with the Remuneration Policy, evaluation of individual performance

In 2023, the Directors of the Company received only the remuneration and benefits detailed in the Remuneration Policy, subject to the terms and conditions described therein.

The long-term objectives for the Directors of the Company, which are aligned with the Company's business objectives, are set out in the ESOP RP as specified in Section 5.1. They are described in detail in the referenced Section and in the documents referred to above.

During 2022, the Company's Board of Directors adopted two new ESOP Remuneration Policies for 2024 and 2025. The Remuneration Policies adopted under the ESOP enable ALTEO to provide certain employees (executives and key experts, specialists) with share-based (but financial) benefits when individual and corporate objectives are met, aptly representing ALTEO's efforts to share the success of the Company with its employees. The first such payment will be made after the 2023 performance assessment, i.e. in June 2024 for the first time.

In April 2023, the Company as Founder adopted the ESOP remuneration policies for the senior and middle management levels, and for talented young managers and experts. The aim of the ESOP remuneration policies adopted is to put in place a remuneration system that is in harmony with ALTEO's business strategy and is aimed at improving the ALTEO Group's performance and, thereby, increasing shareholder value, in line with the related HR strategy, ALTEO's long-term interests and corporate values, while also providing employees and associates (including members of senior management) with an attractive long-term incentive program. The share-based (but financial) benefits will be available to participants subject to the conditions set out in the ESOP remuneration policies, expected to be provided in 2025.

8 Deviations from the Remuneration Policy and its implementation procedure

The Company applied a derogation for 2023 in relation to the extraordinary bonus for executive Directors Attila László Chikán, Domonkos Kovács, Zoltán Bodnár, Péter Luczay, Viktor Varga and Anita Simon, referring to and as set out in Section 15 of the Remuneration Policy, the main reason for which was to increase the incentive remuneration and commitment of executive Directors.

9 Remuneration of employees

The Company sets the base wage of non-senior-management employees on a market basis, relying on benchmark data of the Korn Ferry job evaluation system, and with a view to competitiveness aspects.

In accordance with its applicable remuneration policy, the Company uses fixed and variable benefit elements to incentivize its employees. The variable benefit elements of the Company's remuneration system are bonuses for employees who meet predefined conditions, and rewards granted based on individual assessment.

The average grade salary of non-senior-management employees (with the rate of change compared to the previous year shown) was as follows:

Period	2019	2020	2021	2022	2023
Average base wage/person	500,633	541,780	598,629	735,886	900,338
Rate of change (with the previous year being 100%)		108%	110%	123%	122%
ALTEO Nyrt. comprehensive income, net of tax (HUF thousand)	174,563	266,918	6,262,118	14,026,978	12,514,771
Rate of change (with the previous year being 100%)		153%	2346%	224%	89%

10 Comparative information on changes in remuneration and company performance

Report for the current year, HUF million	2018	2019	2020	2021	2022	2023
Headcount (year-end)	248	231	260	273	313	361
Personnel expenses	2,507	2,858	3,770	4,082	5,952	7,072
EBITDA	1,801	3,779	5,512	11,837	20,220	19,430

Report for the current year, HUF million	2018	2019	2020	2021	2022	2023
Inflation	2.8%	3.4%	3.3%	4.7%	14.5%	17.6%
ALTEO wage hike limit	3.0%	12.0%	8.0%	4.0%	17.5*	16% ^{*18}

11 Information on the taking into account of the previous decision of the General Meeting

At the last General Meeting of April 21, 2023, no opinions were voiced or decisions taken that the Company should have taken into account in the preparation of this Remuneration Report.

This Remuneration Report was approved by the Company's General Meeting with its Resolution No. 13/2024. (IV.19.) adopted on April 19, 2024.

Disclaimer: All information contained within this article is for information purposes only, and shall not be considered an official translation of the official communication referred to herein. This document does not include the integral wording of the official communication referred to herein, the original Hungarian language version of it remains to be the solely legally binding material in the subject matter. For further information, please do not hesitate to contact us.

¹⁸ * In 2023, the rate of wage increase was 15% for white-collar staff and 17% for blue-collar staff, with the aim of converging the wage levels of the two employee groups, taking market competitiveness into account.