INVESTOR PRESENTATION – ALTEO Group

2021 H1

(non-audited financial results)

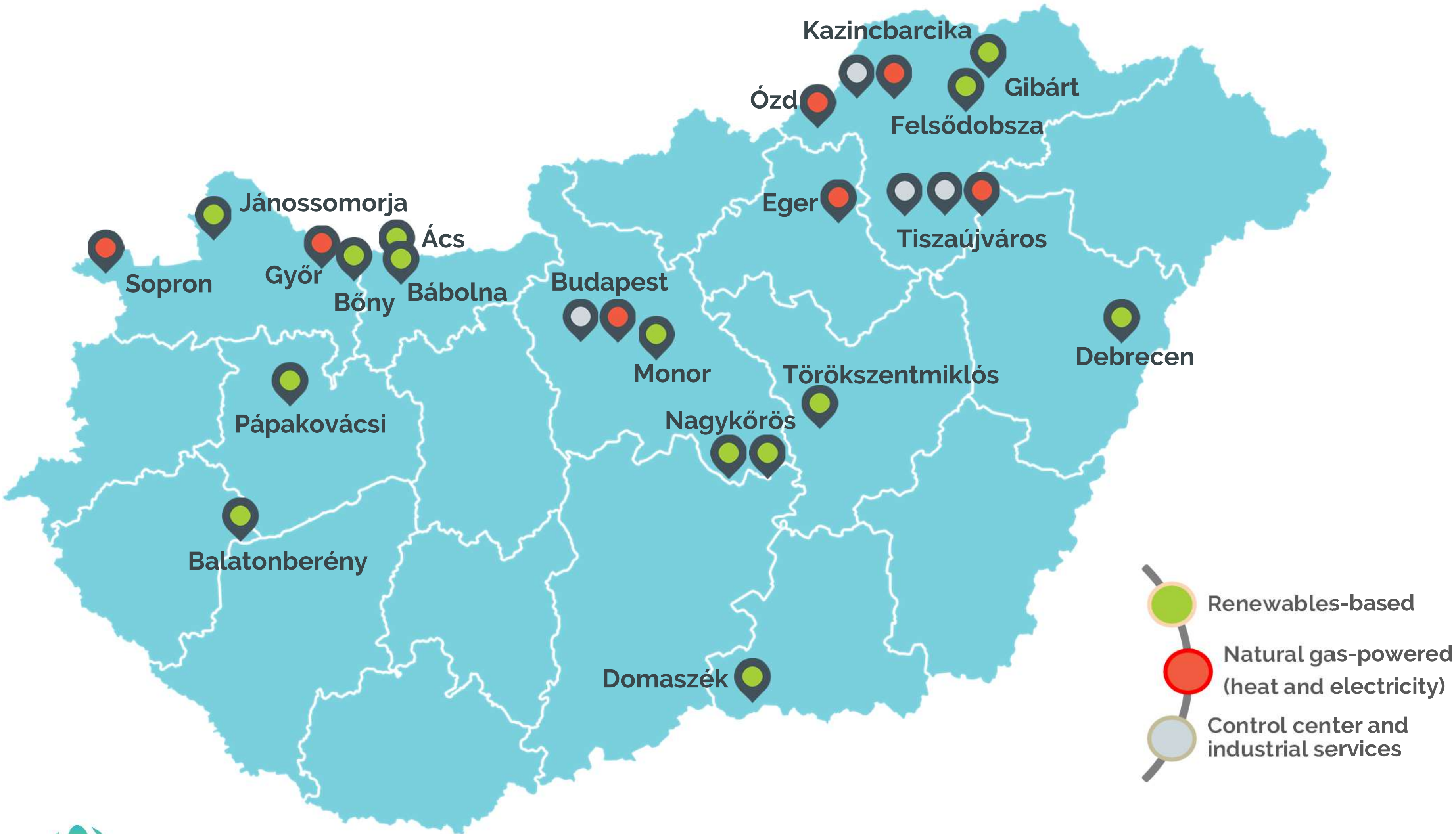
NON-AUDITED FINANCIAL RESULTS FOR H1 2021

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 H1 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

- ALTEO achieved the highest half-year results in its history in H1 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 already exceeded HUF 6.2 billion in H1, increasing 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, as well as the explosive growth in balancing energy prices and average capacity sales prices compared to base period levels. This unprecedented market situation allowed the Control Center to achieve profitability surpassing all expectations, (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 exceeded HUF 2.8 billion, another record in ALTEO's history, showing a 165% increase** over the same period last year.
- **In line with the 2020-2024 strategy** presented in the fall of 2019, the implementation of the planned investment program is still ongoing, with ALTEO planning to commission an additional 5 MW energy storage unit at the Kazincbarcika Heating Power Plant. In this context, Alteo was awarded a non-reimbursable grant of HUF 227.8 million and a reimbursable loan HUF 249.7 million from the European Union in June. In addition, the IT development of the Control Center is continuing, as is the acquisition of additional flexible high-efficiency gas engine capacities, which are key for the Control Center.
- 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.
- BC-Therm Kft., owned by ALTEO but consolidated as a lease asset, was sold by ALTEO to Borsodchem as fulfillment of its contractual obligation. 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



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 Bábolna Bőny Jánossomorja Pápakovácsi Törökszentmiklós **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

Consolidated profit and loss statement (IFRS)

Consolidated profit and loss statement

data in HUF million	2021 H1 non-audited	2020 H1 non-audited	Change HUF million over previous year	Change % over previous year
Revenues	**19 781**	**16 164**	**3 617**	***22%***
Capitalized own production	133	314	(181)	*58%*
Material expenses	(10 983)	(11 080)	97	*(1%)*
Personnel expenses	(2 189)	(1 728)	(461)	*27%*
Depreciation and amortization	(2 187)	(1 303)	(884)	*68%*
Other revenues, expenses, net	(528)	(532)	4	*(1%)*
Impairment loss	-	-	-	*N/A*
Operating profit or loss	**4 027**	**1 834**	**2 193**	***120%***
Net financial income	(565)	(312)	(253)	*(81%)*
Profit or loss before taxes	**3 462**	**1 522**	**1 940**	***127%***
Income tax expenditure	(642)	(458)	(184)	*40%*
Net profit or loss	**2 820**	**1 064**	**1 756**	***165%***
Of which the owners of the Parent (	*2 818*	*1 062*	*1 756*	*165%*
Of which the minority interest is en	2	2	0	*28%*
Base EPS (HUF/share)	**148,55**	**57,00**	**91,55**	***161%***
Diluted EPS (HUF/share)	**145,36**	**54,80**	**90,56**	***165%***
EBITDA*	**6 213**	**3 137**	**3 076**	***98%***

Consolidated overall statement of profit or loss

Net profit or loss	**2 820**	**1 064**	**1 756**	***165%***
Other comprehensive profit (after taxes on profits)	**3 043**	**773**	**2 270**	***N/A***
Comprehensive income	**5 863**	**1 837**	**4 026**	***N/A***
Of which the owners of the Parent (	5 861	1 835	4 026	*N/A*
Of which the minority interest is en	2	2	-	*22%*

**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 3 617 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 the 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 external 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.
- **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.

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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 H1 2020.
- **Income taxes:** In line with substantially increased profits, the amount of tax payable also increased.
- **Net profit increased by HUF 1 756 million** (165%) 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 H1 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/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.

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Consolidated Balance Sheet

Consolidated Balance Sheet				
	2021.06.30	2020.12.31	Change over previous year	Change over previous year
data in HUF million	non-audited	Comparison, audited	HUF million	%
Non-current assets	**29 983**	**31 065**	**(1 082)**	**(3%)**
Current assets	**19 112**	**13 819**	**5 293**	**38%**
of which financial assets	*7 154*	*3 455*	*3 698*	*107%*
TOTAL ASSETS	**49 095**	**44 884**	**4 211**	**9%**
Equity	**14 037**	**8 548**	**5 489**	**64%**
Long-term liabilities	**24 533**	**27 906**	**(3 372)**	**(12%)**
of which credit, loans, bonds, leasing	*21 533*	*24 348*	*(2 815)*	*(12%)*
Short-term liabilities	**10 525**	**8 431**	**2 094**	**25%**
of which credit, loans, bonds, leasing	*3 417*	*1 085*	*2 332*	*215%*
TOTAL EQUITY and LIABILITIES	**49 095**	**44 884**	**4 211**	**9%**

- **Investments, capital expenditures** There were no substantial-scale individual investments implemented in H1 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 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, **long-term liabilities and short-term loans** showed no substantial change in the given period.
- **International credit rating remains favourable:** The record profits, coupled with strong cash flow, have led to the significant further improvement of ALTEO's key indebtedness indicators. In part due to this fact, Scope has maintained the BBB- rating of ALTEO's bonds, a rating considered to be strong by Hungarian standards.

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)					
	30.06.2021	**30.06.2020**	**30.06.2020**	**Change HUF million**	**Change %**
data in HUF million	**non-audited**	**comparison****	**non-audited**	**over previous year**	**over previous year**
Revenue	**10 295**	**7 511**	**7 529**	**2 783**	**37%**
Capitalized own production	45	**33**	n.a.	12	38%
Material expenses	(4 869)	(4 698)	(5 337)	(171)	4%
Personnel expenses	(453)	(380)	(86)	(73)	19%
Other revenues and Other expenses	(637)	(590)	(590)	(48)	8%
EBITDA*	**4 380**	**1 876**	**1 516**	**2 504**	**133%**
Allocated administrative expenses	(242)	(199)	n.a.	(43)	21%
EBITDA II*	**4 138**	**1 677**	**n.a.**	**2 461**	**147%**

* *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 37% (HUF 2,783 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 in 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 +2 461 million, +147%)**. Despite the sharp rise in balancing energy prices, the scheduling services segment – launched at the end of 2020 – also performed in line with expectations.
- The drop in material expenses is caused primarily by lower gas costs. The segment's outstanding sales revenue is typically driven by growth in high margin activities and, as such, the increase in material expenses is not significant compared to the 37% 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)	30.06.2021	30.06.2020	30.06.2020	Change HUF million	Change %
data in HUF million	non-audited	comparison**	non-audited	over previous year	over previous year
Revenue	**2 703**	**1 826**	**1 825**	**876**	**48%**
Capitalized own production	-	-	n.a.	-	n.a.
Material expenses	(309)	(219)	(303)	(90)	41%
Personnel expenses	(104)	(60)	-	(44)	74%
Other revenues and Other expenses	19	30	24	(12)	(38%)
EBITDA*	**2 308**	**1 577**	**1 546**	**730**	**46%**
Allocated administrative expenses	(48)	(41)	n.a.	(7)	16%
EBITDA II*	**2 260**	**1 536**	**n.a.**	**724**	**47%**

**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 876 million (48%)**, 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					
	30.06.2021	30.06.2020	30.06.2020	Change HUF million	Change %
data in HUF million	non-audited	comparison**	non-audited	over previous year	over previous year
Revenue	**1 487**	**2 023**	**5 133**	**(537)**	**(27%)**
Capitalized own production	66	**10**	n.a.	56	562%
Material expenses	(597)	(1 054)	(3 561)	457	(43%)
Personnel expenses	(771)	(574)	(1 163)	(197)	34%
Other revenues and Other expenses	75	0	5	75	165 927%
EBITDA*	**260**	**406**	**414**	**(146)**	**(36%)**
Allocated administrative expenses	(369)	(286)	n.a.	(83)	29%
EBITDA II*	**-110**	**120**	**n.a.**	**-229**	**-192%**

**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).*

- In H1 of this year, the segment realized a negative EBITDA II value of HUF 110 million. The negative 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 in H1 2021 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 H1 2021, the Enterprise and Project Development Division primarily focused on internal implementation works, and is additionally in advanced negotiations concerning implementation services for multiple external partners.

Retail energy trade

Retail energy trade					
	30.06.2021	30.06.2020	30.06.2020	Change HUF million	Change %
data in HUF million	non-audited	comparison**	non-audited	over previous year	over previous year
Revenue	**6 839**	**5 652**	**5 652**	**1 187**	**21%**
Capitalized own production	-	-	n.a.	-	n.a.
Material expenses	(6 347)	(5 525)	(5 533)	(822)	15%
Personnel expenses	(57)	(49)	(49)	(8)	16%
Other revenues and Other expenses	24	28	26	(5)	(16%)
EBITDA*	**459**	**107**	**96**	**352**	**330%**
Allocated administrative expenses	(68)	(62)	n.a.	(7)	11%
EBITDA II*	**390**	**45**	**n.a.**	**345**	**767%**

**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 H1 2020 figures.
- The coverage of **electricity trade** shows a HUF 252 million increase compared to the 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 125 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 HUF million	30.06.2021 non-audited	30.06.2020 comparison**	30.06.2020 non-audited	Change HUF million over previous year	Change % over previous year
Revenue	**0**	**-**	**221**	**0**	**n.a.**
Capitalized own production	-	**0**		(0)	(100%)
Material expenses	(126)	(63)	(266)	(64)	102%
Personnel expenses	(338)	(179)	(389)	(159)	89%
Other revenues and Other expenses	(1)	0	(0)	(2)	(663%)
EBITDA*	**(466)**	**(241)**	**(435)**	**(224)**	**93%**

**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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