

**Remuneration Report
as per the Remuneration Policy**

**established for the Directors of
ALTEO Nyrt.**

and consolidated on April 19, 2021

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 19, 2021 (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://www.bet.hu/newkibdata/128550286/ALTEO_javpol_20210419.pdf

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, awarded to Directors in accordance with the Remuneration Policy during, or based on the results of, the previous fiscal year, as well as the elements mandatorily set out in Sections 19(2) and (3) of the Act, while respecting the applicable data protection rules. The Remuneration Report helps 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 Introduction

As a forward-thinking and forward-looking company, ALTEO creates sustainable business advantage for its partners by providing the best energy solutions available today, however this would not be possible without efficient work of committees and senior executives committed in the long term. To that effect, the ALTEO Group designed a competitive remuneration structure to support, recognize and motivate Directors in achieving the objectives of the Company. The remuneration structure contributes to the business strategy, long-term interests and sustainability through its short- and long-term incentive schemes. The size and composition of the remuneration elements was decided in view of labor-market benchmarks.

DESCRIPTION OF THE CIRCUMSTANCES AFFECTING REMUNERATION

In 2022, 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:

- basic salaries changed in the normal annual pay raise cycle and during the extraordinary mid-year inflationary pay raise;
- there were no changes in the application of the Remuneration Policy during the year;
- we were able to enhance some remuneration elements under the ALTEOFitt Wellbeing Program: we redesigned our health and life insurance plans, with a particular focus on senior and mid-level executive groups;
- in 2022, we carried out market benchmarking based on the KornFerry job evaluation system.

Additional and more detailed information on the key facts and developments in performance and the business environment, as well as the main decisions that have and may have affected remuneration in 2022 and to date so far in 2023, are summarized below:

There are significant upward wage pressures in the labor market as the supply side of the labor market still appears narrower, while unemployment rates are low. If the trend reverses and a recession starts,

it will not hit the groups of people and workforce relevant for the operation of the ALTEO Group, e.g., from the construction and hospitality sectors. If Hungary fell into recession, outward migration may increase and it may give a boost to certain sectors (e.g. service centers), further intensifying competition. High inflation and a rising interest rate environment continues to erode the wage hikes received so far, and within inflation, the price of widely and regularly purchased consumer goods (e.g. food, fuel) is rising most dramatically, and thus we are experiencing inflation directly. The increase in the minimum wage and the guaranteed minimum wage has an impact on almost all wage levels.

3 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 4. The remuneration figures presented in this chapter are gross accounted data.

3.1 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	N/A	HUF 3,600,000	N/A	N/A	N/A	N/A	HUF 3,600,000	N/A
Zsolt Müllner, Member of the Board of Directors	N/A	HUF 3,000,000	N/A	N/A	N/A	N/A	HUF 3,000,000	N/A
Ferenc Karvalits, Member of the Board of Directors	N/A	HUF 4,001,666*	N/A	N/A	N/A	N/A	HUF 4,001,666	N/A

* adjusted for the previous period

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. It is not subject to automatic wage adjustment to consumer prices.

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

3.2 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 ⁽¹⁾	Annual bonus*				
Attila László Chikán, Chief Executive Officer	HUF 30,559,320	HUF 3,000,000	HUF 6,554,473	HUF 22,215,203	HUF ...	HUF 1,833,558	HUF 64,162,554	55.4%
Domonkos Kovács, Member of the Board of Directors, Deputy CEO, M&A and Capital Markets	HUF 21,426,300	HUF 3,000,000	HUF 4,093,130	HUF 12,570,613	HUF 500,000	HUF 1,285,578	HUF 42,875,621	44.1%

3.3 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 ²	Annual bonus				
István Zsigmond Bakács, Chairman of the Supervisory Board and the Audit Committee	N/A	HUF 3,000,000	N/A	N/A	N/A	N/A	HUF 3,000,000	N/A
Dr. János Lukács, Member of the Supervisory Board and the Audit Committee	N/A	HUF 2,400,000	N/A	N/A	N/A	N/A	HUF 2,400,000	N/A
Dr. István Borbíró, Member of the Supervisory Board and the Audit Committee	N/A	HUF 2,400,000	N/A	N/A	N/A	N/A	HUF 2,400,000	N/A
Péter Jancsó, Member of the Supervisory Board	N/A	HUF 2,400,000	N/A	N/A	N/A	N/A	HUF 2,400,000	N/A
Attila Gyula Sütő, Member of the Supervisory Board	N/A	HUF 2,400,000	N/A	N/A	N/A	N/A	HUF 2,400,000	N/A

The honorarium applied provides fixed remuneration that reflects the role and responsibility assigned to members of the Supervisory Board. It is not subject to automatic wage adjustment to 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.

² See Footnote 1.

3.4 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 ^[1]	Annual bonus*				
Zoltán Bodnár, Chief Financial Officer	HUF 30,353,202	HUF ...	HUF 4,751,800	HUF 15,829,430	HUF 1,295,564	HUF 1,821,192	HUF 54,051,188	45.1%
Péter Luczay, Deputy CEO for Production Management and Business Development	HUF 33,486,750	HUF ...	HUF 4,585,193	HUF 18,158,192	HUF 8,575,875	HUF 2,303,551	HUF 67,109,561	47.7%
Viktor Varga, Deputy CEO for Energy Production and Energy Supply	HUF 23,999,514	HUF ...	HUF 6,728,458	HUF 12,515,933	HUF 3,822,539	HUF 1,439,970	HUF 48,506,414	40.7%
Anita Simon, Deputy CEO for Sustainability and Circular Economy	HUF 20,441,124	HUF ...	HUF 4,504,093	HUF 7,824,884	HUF 500,000	HUF 1,226,466	HUF 34,496,567	31.4%

Additional information: With reference to Section 13 of the Remuneration Policy, the Company has reserved the right, in certain cases and under certain conditions, to grant to its Directors remuneration that is not fully in line with the provisions of the Remuneration Policy. Such remuneration includes a loan of HUF 15,000,000 granted by the Company as employer to Péter Luczay under an employer loan agreement concluded on September 03, 2018 (principal outstanding on December 31, 2022: HUF 7,312,301), and a loan of HUF 5,000,000 to Viktor Varga under an agreement concluded on May 11, 2016 and amended on July 01, 2022 with regard to the loan amount (principal outstanding on December 31, 2022: HUF 12,493,562), both with market-based interest rates. The repayment of the two loan agreements is in progress, and the parties involved receive a statement letter each year informing them of the outstanding balance. The loan agreements were concluded prior to the effective date of the Remuneration Policy, and were not illegal or unethical at the time they were concluded. As such, the conditions set out in Section 13 of the Remuneration Policy are met.

4 Share-based remuneration

4.1 Employee share ownership program

Under the Employee Share Ownership Program described in Section 7.1 of the Remuneration Policy, the following internal Directors have received a share award:

Name and position of director	Legal title of remuneration	Remuneration/benefit
Péter Luczay, Deputy CEO for Production Management and Business Development	Loyalty award, in respect of length of service with ALTEO	ALTEO ordinary shares equivalent to HUF 100,000

4.2 Share award to Directors

On December 21, 2020, the Company as Founder adopted the 2020 share award program of ALTEO's Employee Share Ownership Program Organization (hereinafter the "**ESOP Organization**"), and on the same day it also published the remuneration policy serving as a basis thereof (hereinafter the "**ESOP RP**"). Pursuant to the ESOP RP, executive members of the Board of Directors Domonkos Kovács and Attila Chikán are also eligible for the share award, and all of the Company's Deputy CEOs participate in the 2020 program. With a view to the fact that the responsibility of determining the remuneration for 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 this 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 RP if the criteria set out therein are met.

Pursuant to the ESOP RP, the shares available when the criteria are met, may be distributed after the closing of the 2022 fiscal year of the Company (following the adoption of the consolidated financial statement), and as such no eligible Directors received an award in 2022.

The ESOP RP is available at the following link:

https://www.bet.hu/newkibdata/128507470/ALTEO_2020_evi_MRP_Jav_Pol_20201221.pdf

5 Enforcement of clawback rights

In 2022, the Company did not exercise its clawback rights in Section 8.3 of the Remuneration Policy against any of its Directors.

6 Compliance with the Remuneration Policy, evaluation of individual performance

In 2022, 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 4.2. They are described in detail in the referenced Section and in the documents referred to above.

The short-term incentive scheme is gradually restructured and the message of the ESOP complements this process by aligning individual and corporate interests. We aim to promote a performance-oriented organizational culture and reinforce commitment.

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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 (financial) benefits when individual and corporate objectives are met, aptly representing our efforts at ALTEO to share the success of the Company with our employees. The first payment will be made after the assessment of the achievements in 2023, i.e. in June 2024 for the first time.

7 Deviations from the Remuneration Policy and its implementation procedure

In 2022, the Company has not deviated from the principles set out in the Remuneration Policy in relation to remunerations provided to Directors.

8 Comparative information on changes in remuneration and company performance

Report for the current year, HUF million	2018	2019	2020	2021	2022
Headcount (year-end)	248	231	260	273	313
Personnel expenses	2,507	2,858	3,770	4,082	5,952
EBITDA	1,801	3,779	5,512	11,837	20,220
Inflation	2.8%	3.4%	3.3%	4.7%	14.5%
ALTEO wage hike limit	3.0%	12.0%	8.0%	4.0%	17.5*

* In 2022, wage hikes took place in two stages: a 10% general raise early in the year and an additional 7.5% raise on average, depending on the pay bracket, in the form of an extraordinary mid-year pay raise (particularly in view of the inflationary situation and based on market surveys).

Our existing team is a key part of our past success and growth, and preserving our values and expertise is the key to our future success. The main indicators show a positive trend: ALTEO's growth is accelerating, while the increase in personnel expenses is slowing down. In a number of businesses (e.g. AVPP, Retail, RPM), ALTEO delivered higher profits/growth compared to the competition's average, in which the efforts of a highly-qualified professional team was essential. Salary increases have been in line with market levels, cumulatively multiplied by the annual rate of inflation, with a differential tracking of market movements. In establishing the wage hike limit, external and internal competitiveness factors and individual performance are taken into account, in addition to macroeconomic indicators and market benchmarks. The remuneration of members of the Board of Directors is also reviewed as part of this process, as part of the annual cycle.

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

At the last General Meeting of April 19, 2022, 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. 13/2023 (IV.21.) adopted on April 21, 2023.

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